



Project evaluation: summary report

Benin, Burkina Faso, Côte d'Ivoire, Ghana, and Mozambique: Competitive African value chains for pro-poor growth/ African Cashew initiative (ACi)

Project no.:	2012.2026.8
Sectoral attribution:	Rural Development and Agriculture
Project objective:	The competitiveness of the cashew value chain and its contribution to poverty reduction has increased and is consolidated in selected African countries.
Project term:	01/2013 – 04/2016
Project volume:	EUR 14,060,000
Commissioning party:	German Federal Ministry for Economic Cooperation and Development
Lead executing agency:	Ministère de l'Agriculture, de l'Élevage et de la Pêche [MAEP]) in Benin, Ministère de l'Agriculture et de l'Hydraulique) in Burkina Faso, Ministère de l'Agriculture [MINAGR]) and Conseil du Coton et de l'Anacarde [CCA] in Côte d'Ivoire, Instituto de Formento de Caju [INCAJU]) in Mozambique, and Ministry of Food & Agriculture [MoFA]) in Ghana.
Implementing organisations (in the partner country):	Agricultural Ministries in selected partner countries
Other participating development organisations:	TechnoServe, FairMatch Support
Target groups:	Main target groups are small-holder producers, processors, buyers, government institutions and their different national and regional platforms and associations.

Project description

West African cashew producing countries have great potential to profit from a currently rising demand on world markets. However, even though geographic characteristics hold competitive advantages both for cashew production as well as for processing, these potentials are rarely used: Poor efficiency within the cashew value chain hinders the development of the sectors' market potential as well as its impact on poverty reduction and its contribution to improved food and nutrition security.

When the African Cashew initiative (ACi) began in the year 2009, about 1.5 million African smallholder farmers produced roughly 38 % of the world's cashews, but Africa represented only 3 % of cashew shelling and 3 % of cashew consumption.

Cashews, typically harvested during the so-called “hungry season”, help rural poor households diversify their incomes to manage the period of food insecurity. On average, farmers earned as little as US-\$ 120 – 450 per year from cashews, which represented about 20 to 50 % of farmers’ cash income. About 72 % of the farmers were poor, living in rural deprived areas. Most of them were not organized and disconnected from markets, and had poor production practices, along with a lack of access to training, finance, and inputs such as improved planting materials. Governments in several West African countries had not prioritized the crop as an additional income source or profitable business venture but had planted cashew trees in order to prevent soil erosion. As a result, technical training for cashew growers in good agricultural practices (GAP), harvest, and post-harvest handlings were rarely integrated in government extension services. Similarly, finance, infrastructure, and skills for research and multiplication of improved planting material were insufficient and remain so. Hence, even though African producers contributed more than one third of the world’s cashew production, productivity lagged far behind major competing countries with 250 – 430 kg/ ha in African countries compared to as much as 1,000 – 1,200 kg/ ha in India, Vietnam or Brazil. However, evidence from a cashew development program in Ghana showed that potential was strong, as Ghanaian farmers using improved planting material were able to reach yields of more than 800 kg/ha¹.

Apart from challenges in production, the processing industry in Africa is still young. They face challenges and comparative disadvantages as to processing techniques, equipment, human resource management and cost structures, as well as constraints in working capital and equity. Furthermore, linkages to suppliers of raw nuts and to buyers of kernels are yet to be improved. As a result, most of the regionally produced cashew nuts are processed in major competing Asian countries or Brazil, where processing of one metric ton (MT) costs around US-\$ 250 in comparison to currently US-\$ 350 to 600 in West Africa.

Further up the value chain, relationships between traders and producers were weak and did not typically create knowledge transfer on quality and marketing issues, as private sector actors – also including processors and exporters – were also unorganized in 2009. The lack of stable business relationships led to high transaction costs and increased the risk of doing business. It also contributed to low levels of farmer cooperation and aggregation, allowing middlemen to play intermediary roles and capture margin.

The Africa Cashew initiative (ACi) was launched in 2009 with a broad-based multi-stakeholder partnership approach. It is mainly financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Bill & Melinda Gates Foundation (BMGF), together contributing almost EUR 39,000,000² in the first and second phase of the program. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH serves as lead implementer and works closely with its implementing partners FairMatch Support (FMS), a Dutch-based non-governmental organization (NGO) working on sustainable supply chain linkages, and the US-based NGO TechnoServe (TNS), providing technical assistance to local processors.

Since the beginning, it is the aim of the ACi to increase and consolidate the competitiveness of the cashew value chain and its contribution to poverty reduction in the selected West African countries Benin, Burkina Faso, Côte d’Ivoire, and Ghana as well as in Mozambique. Main target groups are smallholder producers, processors, buyers, government institutions and their different national and regional platforms and associations.

The program is organized in two phases: ACi Phase 2 took the opportunity to pivot the implementation structure to align with lessons learned in phase 1. During phase 1, ACi was implemented jointly with GIZ (the lead grantee), TNS, FMS, and African Cashew Alliance ACA (implementing partners). The majority of work (outreach to farmers on production issues) was completed by ACi’s own country teams (employed by GIZ) in cooperation with local extension services and research institutions. While direct intervention was originally necessary to ensure uptake and create adaptive training methodologies for each focus country, in phase 2, ACi scaled back the in-the-field training personnel and restructured the implementation partnership. All involved actors were part of the discussion, learning and transformation process. Thus, in Phase 2, ACi took over the role of a coach for sector actors – compared with the more active implementing role in Phase 1.

ACi acts now rather as facilitator and moderator between the different actors, to provide relevant information to the right people and offer national, regional and international platforms to encourage mutual exchange and learning. ACi adopted an integrated, market-led approach that focused on local, regional, and international private sector companies, public sector actors who influence policy and extension services, and research in the sector. It intervenes in four areas:

- (i) production (improving yields, management practices, and business skills);
- (ii) processing (building capacity, knowledge transfer, and investments in technology);
- (iii) supply chain linkages (reducing information gap and strengthening producer-buyer relationships); and
- (iv) sector organization (policy development, industry advocacy, and public-private dialogue and coalition).

Phase 2 (01/2013 – 04/2016; BMZ budget of EUR 14,060,000), subject to this evaluation, utilized the same partners under a revised format, with the majority of funding deployed through a matching fund program.

¹ In comparison to 413 kg/ ha in Benin, 234 kg/ ha in Burkina Faso and 416 kg/ ha in Côte d’Ivoire as (October 2014),

² BMZ funded EUR 13,800,000 (1st phase EUR 6,400,000; 2nd phase EUR 7,400,000); BMGF contributed EUR 25,170,000 (1st phase EUR 18,512,000; 2nd phase 6,660,000). Kraft Foods also contributed EUR 739,000 in the 1st phase.

The program strategy is based on a sound analysis of the current situation of the context conditions of the relevant partner systems. The strategy of the program output is defined in a joint process by all relevant partners, and there is a mutual understanding of the change process. The Core Partners, national and international private and public entities³, constitute the ACi steering and decision making body. The contributions of the cooperation partners are harmonized and agreed in bi-annual Core Partner meetings. All changes in the ACi operational plan are discussed with the Core Partners and must be adopted and approved by them. In addition, the Steering Committee is an advisory group to ACi with government and value chain actors (farmer and processor representatives included) and remains an important consultation body. The annually held meeting present a platform for open discussions and the place where joint decisions are being made that provide directions for future project activities and set-up.

All implementing partners as well as Core Partners want to attain the same larger objective of increasing farmer incomes and creating a sustainable cashew processing industry. They signed Memorandum of Understandings specifying their commitment and specific contributions. Implementing partners and Core Partners were keen to adopt new financing instrument such as the Cashew Matching Fund or support ACi in the development and the execution of the Master Training Program. Several cooperation partners have contributed to the improvement of the interface between the involved organizations to increase the overall performance of the partner system, g.e. by organizing conferences to promote exchange as well as cashew processing in Africa and technology transfer. The project is working with various partners in all countries on technology, innovation transfer and knowledge management and exchange. ACi is advising its partners in investments, innovative business models, and collaboration models.

Through the regular meeting with partners on all levels, ACi is aware of the challenges in the sector. One major challenge is the creating of an enabling environment for cashew actors as well as knowledge management. Thus a new component on Sector Organization has been introduced in Phase 2 in the project to better focus on and facilitate this challenge.

All activities of the project are geared towards attaining the overall project objective of increasing incomes for cashew farmers and for the sustainable development of a local cashew processing industry. As such, the project carries out activities at all capacity development levels, which are naturally complementary.

Basis for assessment of the OECD-DAC criteria:	Individual and overall rating of the OECD-DAC criteria:
<p>To determine the TC measure's overall rating, calculate the average of the individual ratings of the five OECD-DAC criteria:</p> <p>14 – 16 points: very successful 12 – 13 points: successful 10 – 11 points: rather successful 8 – 9 points: rather unsatisfactory 6 – 7 points: unsatisfactory 4 – 5 points: very unsatisfactory</p>	<p>Relevance: 16 points, very successful Effectiveness: 13 points, successful> Impact: 16 points, very successful> Efficiency: 16 points, very successful> Sustainability: 14 points, very successful></p> <p>Overall, the TC measure is rated very successful with a total average of 15 out of 16 points.</p>

Apart from some minor recommendations on specification most indicators meet the SMART criteria (specific, measurable, achievable, relevant and time-bound). The objectives system is considered logical and consistent and the module objective formulated at outcome level. However, part of outcome indicator one and indicator four are activity indicators and therewith indicators at output level (cp. subsequent remarks on effectiveness).

In regard to the four areas of intervention, defining criteria for impact are whether the ACi did contribute to an improved quality and quantity of cashews within the ACi's countries on the one hand side and whether it did achieve to become an established and recognized player within the African cashew sector, facilitating exchange between different stakeholders. Thereby, the ACi would considerably contribute to poverty reduction and to achieving several overarching and crosscutting issues, such as such as several Millennium Development Goals (MDGs): MDG 1 (reduction / eradicate extreme poverty and hunger), MDG 3 (promotion of gender equality and empowerment of women), MDG 7 (environmental sustainability) and MDG 8 F (technology exchange and cooperation with the private sector increase availability of new technologies e.g. information, communication).

³ Private and public entities are core partners, qualified with a contribution of US-\$ 2,000,000 in cash or in-kind services toward the initiative's objectives per each project phase. Today there are 13 core partners being part of the project's management. Core Partners are: German Federal Ministry for Economic Cooperation and Development (BMZ), Bill & Melinda Gates Foundation (BMGF), African Cashew Alliance (ACA), Conseil du Coton et de l'Anacarde (CCA), Sustainable Trade Initiative (IDH), Instituto de Formento de Caju, Mozambique (INCAJU), Intersnack, Kraft Foods, Olam International, Ministry of Food and Agriculture (MoFA) Ghana, SAP Research, Trade and Development Group (TDG), United States Agency for International Development (USAID). In addition, in phase 1 only: Oltremare. An additional 60 private and public sector partners continue to complement the ACi's activities.

Risks

A risk for the ACi is the huge fluctuations in the cashew markets. If cashew prices and demand take a markedly negative trend or other competitors improve their comparative advantages, this affects farmers, but particularly the young processing industry. The partners' willingness to invest and the availability of financing for processors in the ACi countries strongly depend on market trends. However, the ACi continuously carries out in-depth market analysis in order to anticipate risks and adapts its strategies to the overall developments.

Performance of privately owned medium-scale processors that recently started is another risk factor. Their business growth depends strongly on individual learning capacities and behaviours, which are not under the project's control, but are mitigated by guided technical assistance.

Relevance (Are we doing the right thing?)

With its focus on increasing and consolidating the competitiveness of the cashew value chain and contributing to poverty reduction, the ACi is highly relevant for the target group. The labor-intensive cashew sector allows for additional income from production and processing. The ACi's activities comply with relevant strategies, as the increase of income and employment is part of national development strategies in all five ACi countries. On supra-national level, the ACi contributes to almost all pillars of the Comprehensive Africa Agriculture Development Programme (CAADP).

The relevance of the TC measure is rated very successful with 16 points.

Effectiveness (Will we achieve the project's objective?)

Objectives indicator	Target value according to the offer	Current status according to the project evaluation
<p>1) 430,000 farmers qualified by trainings (30 % women).</p> <p>Accumulative additional net income created: \$-US 80 million based on 330.000 trained farmers.</p>	<ul style="list-style-type: none"> • 430,000 farmers (30 % women) • \$-US 80,000,000 	<ul style="list-style-type: none"> • 358,874 (22 % women) producers were fully trained (twice) by June 2015. This counting excludes: <ul style="list-style-type: none"> ▪ 70,000 trained producers with extra funds of BMZ on harvest & post-harvest (as they will have their second training until 2016). ▪ 56,177 farmers that have had training through Matching Fund partners on only one topic. • Approximately \$-US 120,000,000 accumulated additional net income by the end of 2014.
<p>2) 15 Matching grant fund supported cashew processors source 50% of their raw nuts directly with farmers and farmer groups.</p>	<ul style="list-style-type: none"> • 50 % 	<ul style="list-style-type: none"> • In total 21 contracts with processors were signed under the matching fund (plus five additional projects under the ACi umbrella with parallel funding by the Sustainable Trade Initiative (IDH). 14 concerning supply-chain linkages (including IDH), as in, June 2015 • 69% of raw nuts were sourced directly with farmers and groups.

3) The share of locally processed raw nuts reaches an average of 30 % in the five ACi countries.	<ul style="list-style-type: none"> • 30 % 	<ul style="list-style-type: none"> • The share reached approximately 10 %.
4) In the frame of the matching fund: 20,000 ha replaced with improved planting material.	<ul style="list-style-type: none"> • 20,000 ha 	<ul style="list-style-type: none"> • 30,392 ha improved with planting material.
13,000 ha improved by top-working with improved material.	<ul style="list-style-type: none"> • 13,000 ha 	<ul style="list-style-type: none"> • 620 ha improved by top-working with improved planting material.

The evaluation team comes to the conclusion that

- **Objective indicator 1 will probably be *fully* achieved**
- **Objective indicator 2 will be *fully* achieved**
- **Objective indicator 3 will probably be *not* achieved**
- **Objective indicator 4 will probably be *partly* achieved**

by the end of the programme.

The effectiveness of the TC measure is rated successful with 13 points.

Overarching development results (impact) (Are we contributing to the achievement of overarching development results?)

The ACi achieved significant large-scale impact. Due to the project's intervention, net additional income per average assisted farmer increased by \$-US 120 per annum and approximately 5,800 new jobs have been created in the processing industry, especially for women. The ACi has developed important global, regional and national business information (intelligence), which is constantly shared with all stakeholders. One key element is a Master Training Program for Cashew Value Chain Promotion (MTP) for all actors along the Cashew Value Chain. This ACi instrument was born from the needs analysis of sector partners and cashew stakeholders for a sustainable development of the African Cashew Sector. The 1st edition of the MTP already graduated 58 cashew experts from 7 countries, the 2nd edition will graduate another approx. 60 cashew experts from 9 countries. Furthermore, the initiative has trained 2,200 cashew growing experts, who qualify as trainers in the sector. In addition, for 20 processing companies tailor made capacity development is conceived. All actors along the cashew value chain are involved and have a large-scale impact upon the development and promotion of the supply chain.

Furthermore, an innovative instrument, the Cashew Matching Grant Fund (MF) has been established to pair private and public funds for investment in project that dedicated a portion of spending to farmer's needs. This mechanism multiplied funding impact by creating direct relationships between market actors and strong buy-in from private industry players reflecting their interests and needs. With each MF call, the number of project has increased showing consistently high demand for this form of cooperation.

However, the projects implemented with this instrument depend on the engagement of private and public partners. Due to suitable communication and networking strategies, the core partners of the ACi have made heavy use of the matching fund in the second phase as they perceived the instrument as appropriate to implement small projects which deal with specific issues related to their factories, buying transactions, etc. The ACi uses part of the matching funding in the form of technical expertise with experienced technical assistance service providers. The advisory staff of the ACi continuously coaches these business and technical service providers.

The activities massively increased visibility and focus on the cashew sector through public relations and insertion in national strategies. The ACi's activities contribute to the achievement of several Millennium Development Goals (MDG 1, 3, 7, 8).

The impact of the TC measure is rated very successful with 16 points.

Efficiency (Are the objectives being achieved cost-effectively?)

The overall efficiency with regard to the use of its resources and the coordination with other donors/ projects is considered to be very high. The activities of the program are coordinated with other donors in sector, such as: GIZ bilateral agricultural programs; International donors from the public sector (e.g. IDH, BMGF, EU/ACP; USAID, Worldbank); International donors/contributors from the private sector (Kraft Foods, Intersnack, OLAM, Trade and Development Group, SAP), influential contributors from partner Government(s) or their institutions.

The ACi operates from two regional offices located in Accra, Ghana (with the international executive director, four national and one international professional) and Ouagadougou, Burkina Faso (with the international director operations, two regional experts, two national and one international professional) and is supported by a project manager (100%) and a

finance manager (50%) in Eschborn. Through the establishment of a communication department in ACi, a support component to ACi's main forces was introduced to support the knowledge sharing and management process with partners. Also, monitoring and evaluation procedures were strengthened internally in the project, which results in more comprehensive and faster learning loops. The management team is gender balanced as it consists of six male and six female GIZ employees.

In addition to the BMZ and BMGF funds, the ACi was able to attract a massive amount of co-financing which – when looking at farmers' income increases – has been turned into a fund leverage ratio of 1:8.5. Synergies and task sharing with bilateral programs were established (notably in Benin, Burkina Faso, and Côte d'Ivoire).

The efficiency of the TC measure is rated very successful with 16 points.

Sustainability (Are the positive results durable?)

The program is considered to operate highly sustainable with durable positive results. Productivity and production effects will be maintained and will further increase in the mid-term. Capacities of producers, processors, trainers and staff of partner organizations have been strengthened and lasting expertise and ownership in the cashew value-chain and in project implementation know-how has been created within national and regional public, private and civil society organizations' structure. The created business relationships throughout the supply chain are expected to exist beyond project duration.

Generally, institutional development lies beyond the project's direct control. National governments determine their priorities, and can change their cashew strategy and support mechanism into various ways – supporting a balanced industry growth, or biased towards one of the actors. With the close interaction with private and public actors and an intensive capacity development approach, the ACi lowers the institutional risks that therefore do not endanger the projects' success at current state.

The sustainability of the TC measure is rated very successful with 14 points.

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