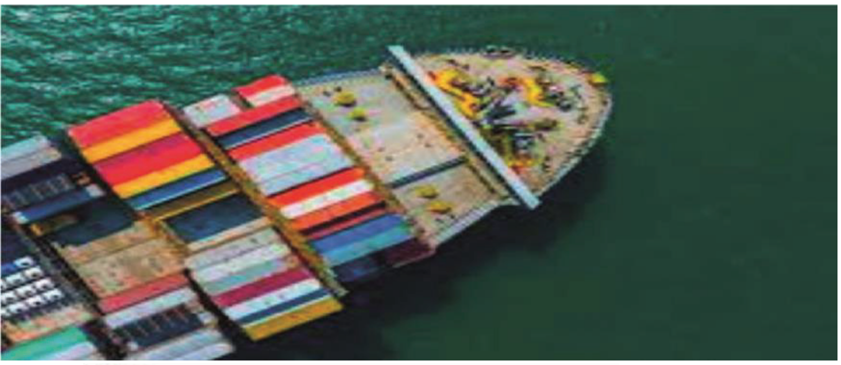
National Export Strategy 2021-2025

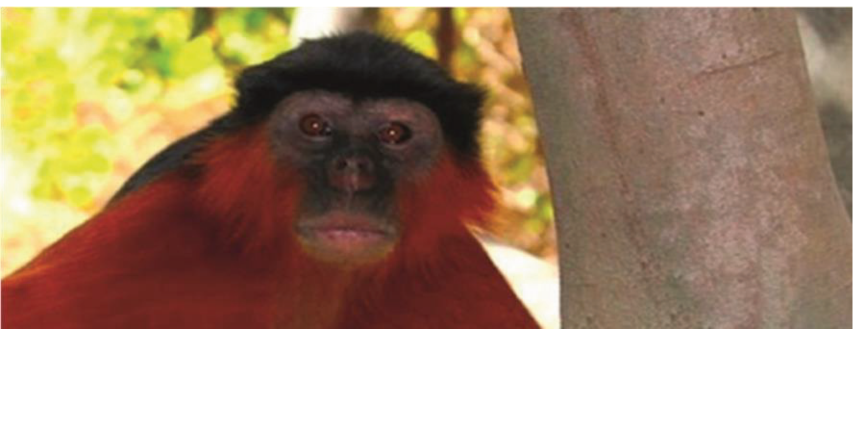
THE GAMBIA

THE SMILING COAST OF AFRICA



Gambia Investment and Export Promotion Agency

SECTOR PROFILE
CASHEW



Content

Sector Profile (Horticulture)

Summary of the NES

The National Export Strategy (NES) 2021–2025 is a critical roadmap to guide The Gambia towards export growth and diversification, recalibrating the economy away from its dependence on low value-added commodity trade; helping Gambian businesses to enter global value chains; and facilitating its post-COVID recovery, growth and resilience.

The Gambia is a small economy that has been operating with a trade deficit for many years, with heavy dependence on imports (which account for 80% of trade). In addition, The Gambia is heavily dependent on the export of goods, particularly, rain-dependent agricultural products.

The government, through technical support from the Commonwealth Secretariat to the Gambia Investment and Export Promotion Agency, is advancing the second National Export Strategy (NES II), which attempts to diversify exports, strengthen expanding sectors and contribute to the achievement of the overarching objectives of the National Development Plan (NDP) and the Sustainable Development Goals (SDGs). NES II is comprehensive and targeted, with a focus on ownership, implementation, sustainability and resilience (especially within the context of COVID-19).

The NES (2020-2025) focuses on supporting The Gambia's export-ready firms to enter regional and global value chains, particularly in value-addition horticulture and agro - processing, groundnuts, cashew, fisheries, light manufacturing and services, and more especially tourism, to bring further benefits to the country. The Government of The Gambia (GOTG) wants to bring about economic stability, grow employment and drive entrepreneurship.

In designing NES II, critical consideration was given to ensuring that the Strategy was comprehensive and targeted, paying particular attention to ownership and implementation. Most importantly, it was key that the revised NES was relevant to the needs, objectives and priorities of the government and people of The Gambia; had clearly defined and actionable strategies and actions that could be effectively implemented; that the design reflected the government's ongoing and planned policies and initiatives, efficiently complementing and reinforcing them; that the NES generated the greatest impacts for beneficiaries; and that both activities and results of the NES were sustainable, measurable and actionable.

In this regard, the priority sectors and cross-cutting areas for this NES have been reviewed, refined and strengthened to align with the government's other policies, plans and projects and to complement rather than compete with other ongoing initiatives.

Priority Sectors and Cross – Cutting Areas under NES II

PRIORITY SECTORS	CORE CROSS-CUTTING AREAS
1. TOURISM	1. Transportation and trade facilitation
2.HORTICULTURE AND AGRIBUSINESS	2. Information and communications technology (ICT)
3. FISHERIES	3. Access to finance
4. GROUNDNUTS	4. Human resource development
5. CASHEW	5. Research, intelligence and innovation
6. LIGHT MANUFACTURING	

The NES II seeks to bring out key successes through; **(i), Resilience, (ii), Removing Supply Constraints, (iii) Moving up the Value Chain – Value addition, (iv) A Market-Driven Approach, (v) Strengthening the Country Brand, (vi) A Sustainability-Driven NES, (vii) Strong Stakeholder Involvement, (viii) Excellent Institutional Support, (ix) A Distribution-Oriented Focus, (x) Women and Youth Impact and Inclusiveness, (xi) Measurable Results.**

Vision

The vision of the NES was stated as follows: 'An efficient and globally-competitive export sector that is innovative, inclusive, resilient and responsible.

Mission

The mission to support the vision is as follows: 'To fully utilize Gambia's human and natural resources to drive export growth.

The Goals of the National Export Strategy

The National Export Strategy (NES) was designed as a practical roadmap for The Gambia to achieve increased levels of economic development, by focusing its limited but valuable resources on developing export capacity in those priority sectors for which The Gambia has the greatest potential for export development. The specific goals and expected targets from effective delivery of the National Export Strategy 2020–2025 are as follows:

- To build a stronger, more responsible, robust and resilient economy
- To diversify export markets
- To move the economy up the value chain through higher value-generating export activities
- To improve the brand image of The Gambia in the international markets and to showcase The Gambia as a quality exporter of strategic products
- To use exports as a tool to alleviate poverty through high-value job creation
- To attract more foreign direct investment in the priority sectors, particularly for high value generating activities.
- To create a more inclusive economy that invests in and values human capital
- To drive resilience through sound export strategies
- To encourage and facilitate innovation

As a practical roadmap, the National Export Strategy (NES II) was designed for The Gambia to achieve increased levels of economic development, by focusing its limited but valuable resources on developing export capacity in those priority sectors for which The Gambia has the greatest potential for export development, those utilizing the human and natural resources to drive export growth.

With the evolving global dynamics on macro – economic variables, trade and investment, the Agency developed a new strategic plan for the period 2023 – 2027 to provide the Agency with a strategic direction to better serve the country and attract potential investors, improve the export value, enhance market access for MSMEs and develop the entrepreneurship culture aligning with developed policies and strategies such as the new NDP – Green Recovery, NES II with a firm commitment to achieving the SDGs.

Sector Profile

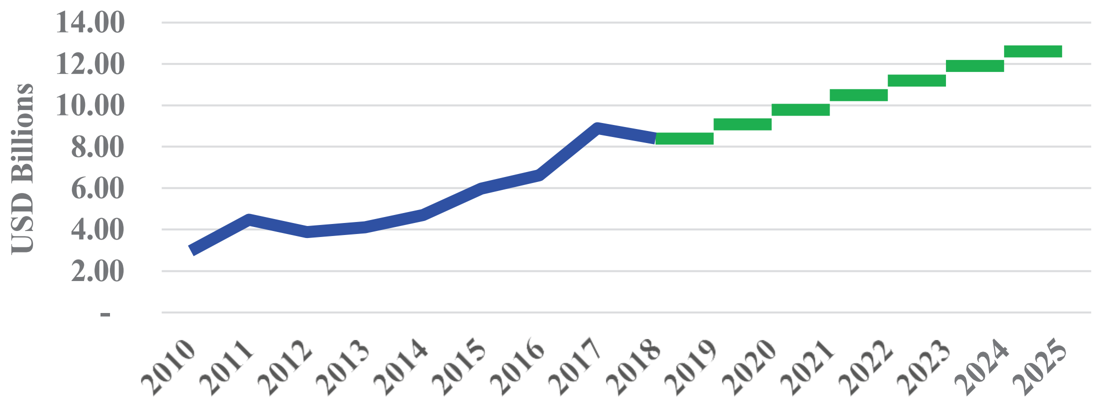
Cashew

Cashews offer one of the most dynamic alternatives to The Gambia's main export commodity – groundnuts. Not only does The Gambia already produce and export a significant volume of cashews, but high-quality Gambian cashews currently command a premium from international buyers. As such, the cashew sector has been identified as a key priority sector for export growth in The Gambia.

The Global Cashew Sector

The international cashew export market was valued at US$8.4 billion in 2018, growing at a CAGR of 9.4 per cent between 2010 and 2018. Global cashew exports are projected to reach US$13.3 billion by 2025, with a forecasted CAGR of 6.8 per cent between 2019 and 2025, to account for both production growth as well as increased prices.

Global cashew export (USD billions)

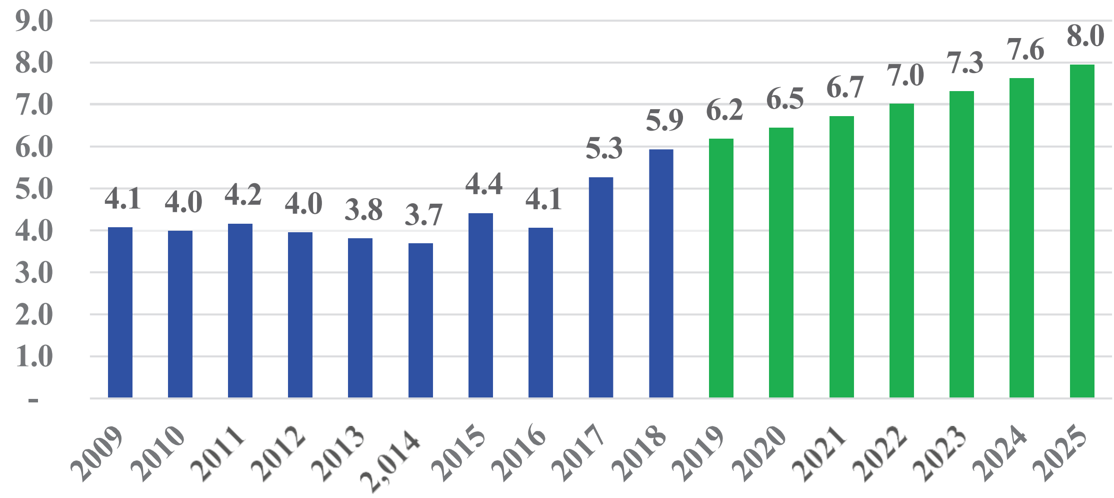


Source: TraedMap.org 2020

*Note: Forecast by Tourism Intelligence International 2020

Raw cashew nut (RCN) production has been growing at a CAGR of 4.28 per cent (between 2009 and 2018) and is projected to reach 8 million tonnes by 2025. At present, The Gambia accounts for 0.05 per cent of global RCN production.

Global raw cashew nuts (RCN) production

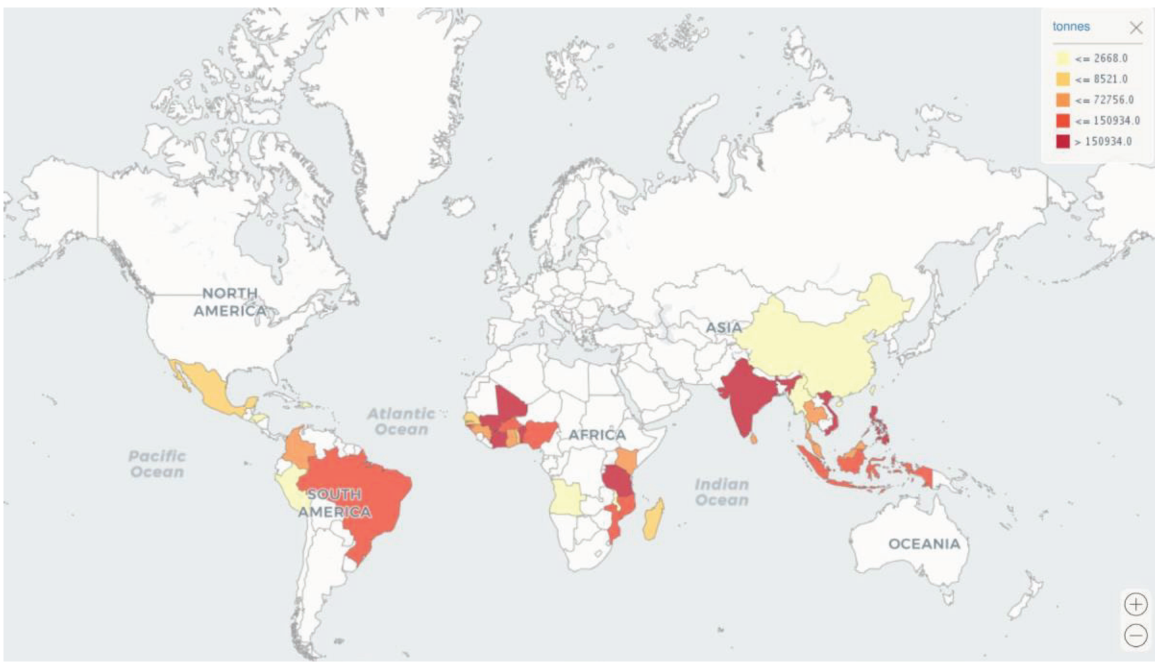


Source: FAOSTAT 2020

* Note: Forecast by Tourism Intelligence International 2019–2025

The growth drivers identified in the global market are increasing demand for healthy snacks, increasing demand from European countries and an increase in the number of primary processing units in Africa. The restraints identified in the market are weather-related uncertainties, food safety issues and the prevalence of small-scale primary processing infrastructure.

Global RCN production by country



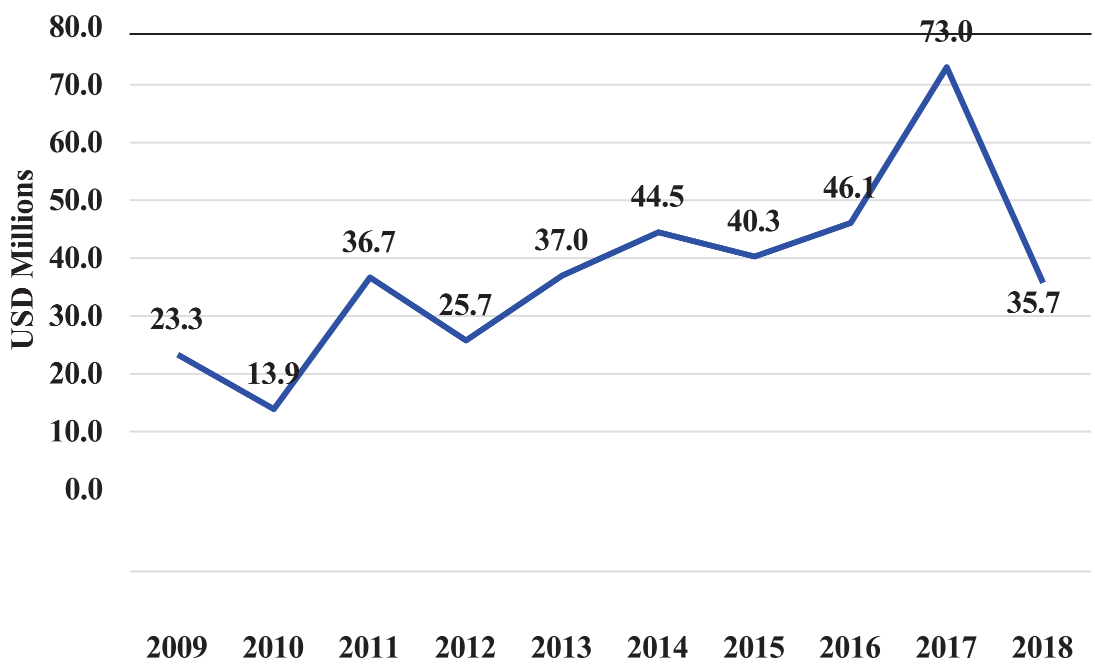
Source: FAOSTAT 2020

Performance of Cashew Exports from The Gambia

The cashew nut sector in The Gambia has been growing rapidly. Between 2009 and 2017, cashew exports from The Gambia were growing at a CAGR of 15.3 per cent. However, there

was a significant dip between 2017 and 2018 of 51 per cent (which was due to an embargo placed on RCN from specifically Senegal and Guinea Bissau coming into The Gambia for re- export). The Gambia mainly exports raw cashew nuts and does not currently export cashew nuts without shell. The relative high export value (mirror data) could also be accounted for based on imports of cashew from Bissau and Senegal for further export.

Cashew exports (USD millions)[1]



Source: TradeMap.org Mirror Statistics 2020

Market Analysis

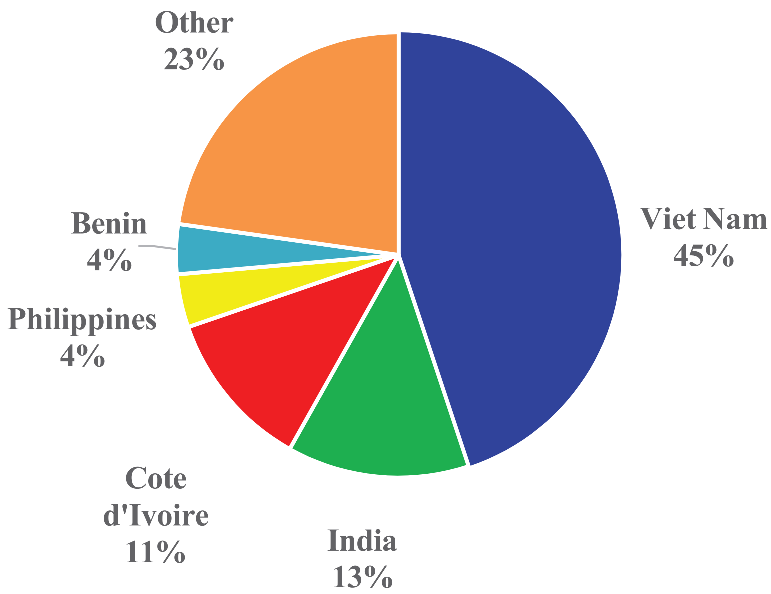
India is the largest market to receive raw cashew nut exports from The Gambia. The second-largest market is Vietnam. Collectively, these two markets account for virtually 100 per cent of the exports of cashew from The Gambia.

Globally, the top importers of cashew (shelled 'processed kernel' and in shell 'RCN' combined) are India, the USA and Vietnam. The Gambia is not sufficiently capitalising on key markets such as USA and Europe, and is not taking adequate advantage of trade agreements such as AGOA and the EU–EPA.

Competitive Environment

Vietnam is the largest cashew-producing country in the world. In 2018, Vietnam accounted for 45 per cent of global production. It is the largest supplier of cashew to the some of the largest consumers in the world: the United States, China, Australia, Canada and New Zealand. India, the second-largest cashew producer, accounted for 13.3 per cent and Cote d'Ivoire 11.6 per cent in 2018.

Main producers of cashew, 2018



Source: FAOSTAT 2020

The Gambia cannot compete with large cashew-producing giants such as India and Vietnam because of limited comparative land availability. To truly benefit from the trade in cashew, The Gambia needs to move up the value chain (for example, via value-added processing, marketing and packaging), focusing on being niche (for example, producing organic cashew milk), and exploiting key assets such as the River Gambia for transportation and irrigation.

The Cashew Sector in The Gambia

The cashew sector in The Gambia continues to receive strong support from the government. Cashew development is addressed in the National Development Plan and further supported by several initiatives, including the Youth and Trade Roadmap for Agro-processing and Nuts, developed by ITC through the YEP. And now, the sector has been elected for priority consideration within the National Export Strategy.

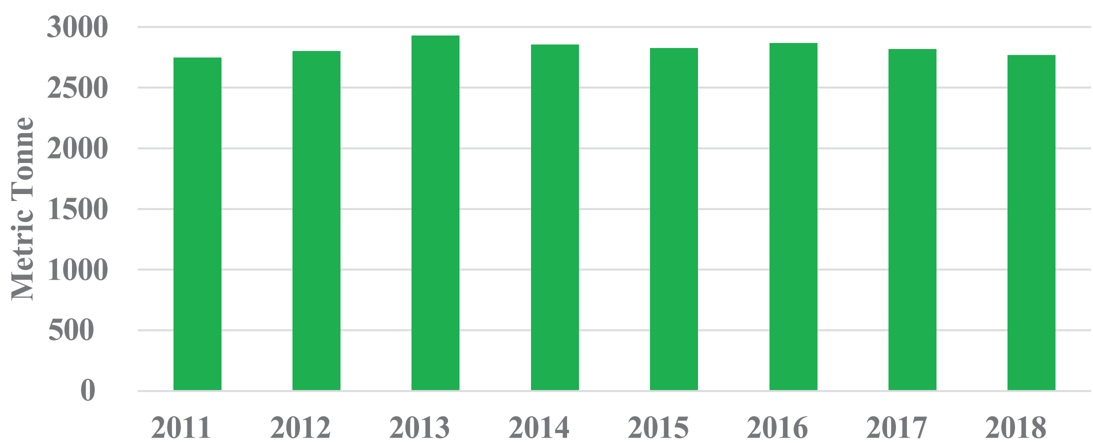
The production of raw cashew nuts steadily increased from a low 200 tonnes in 1998 to 2,768 tonnes in 2018. Since cashew took off in The Gambia, production has been steady. The sector currently has over 12,000[2] cashew growers, while the majority of cashew farmers are individual landowners with average holdings of 1–3 hectares (ha).[3]

Gambian cashew nut farming has gained most of its momentum in the Western and North Bank regions. It is estimated that there more than 2 million cashew trees planted on approximately 23,529 ha.

Although the overall production capacity of RCN is still relatively low in The Gambia, the throughput of RCN at Gambian ports is estimated at around 70,000 metric tonnes. The difference between the throughput and local production comes from neighbouring Bissau and Casamance (Senegal). These RCN find their way into the country primarily for two reasons: an efficient port in The Gambia and the proximity of The Gambia's ports to Casamance relative to that of the Port of Dakar, Senegal.

The challenge with cashew processing, though not peculiar to The Gambia, is that to be economically viable there must be enough output of processed kernels. This implies the need for a calculated expansion either in the size of existing farms, the entering of new farmers into cashew production, or an increase in imports of RCN from the subregion to ensure processing plants can achieve economically sustainable operations.

Cashew production in The Gambia (metric tonnes)



Source: FAOSTAT 2020

Opportunities and Implications

One of the key opportunities for The Gambia cashew sector is to move up the value chain. Currently, cashew is mostly exported in its raw or near-raw form. More processing is recommended, particularly at the higher end of the value chain – roasted cashew, cashew butter, cashew milk, cashew juice (from the fruit), etc.

In addition, local demand and taste for cashew could be positively influenced. Cashew could be used in a variety of dishes. Also, the fruit could be used for local juicing. The hotel and restaurant sector provide an additional 'market' for processed cashew.

SWOT analysis for the cashew sector

Strengths	Weaknesses
• 24-hour port operations service with quick turnaround time on throughput shipments • High-quality local crop variety with good resistance to diseases • Ready availability of arable land – 45% of arable land available for cultivation • Existence of industry organisation and collaboration through the National Cashew Federation • Attractive investment incentives • Favourable climatic conditions for production • Inexpensive and available labour supply • Favourable investment climate and incentives for agricultural investment • Proximity to EU and African markets • The River Gambia for transportation and irrigation	• Lack of R&D in cashew • High fuel and electricity costs • Numerous checkpoints which impede the transit and export of RCN • High corporate tax (32%) and municipality taxes • High interest rates (17%–30%) and other charges • Low skills in processing and cropping best practice • Underutilisation of available land • Periodic ferry inefficiencies and delays • Limited access to finance • Lack of technical know-how in value-addition processing of cashew and cashew apple • Marketing challenges and inadequate financing for marketing of cashew to international buyers • Inadequate processing equipment and storage facilities • High cost of transportation from farm gate to buying and processing centres

• Geographic location within Africa and location near to seaports	• High cost of farming inputs • Inadequate commercial farms and predominant use of subsistence-type farming techniques and practices • Ineffective co-operative schemes • High inputs and logistics costs – seeds, fertilisers, electricity • Inadequate agricultural extension services • Unfavourable land tenure system for financing • Lack of knowledge of international markets and their entry requirements • Limited innovation and use of technology to match evolving market trends • Increasing security costs due to praedial larceny • The sector is very fragmented and highly informal /artisanal in nature • An aging farmer population and low involvement in the sector by young people • The infusion of low-quality RCN from neighbouring countries, especially Mali, into the harvest of organic RCN, can lead to the loss of premium organic cashew status being enjoyed in the global market (traceability)
Opportunities	Threat

• Value-addition opportunities through processing, for example, cashew milk, cashew butter, cashew apple jams • High and consistent global demand for cashew nuts and related products • The River Gambia for transportation • The River Gambia for irrigation • AGOA, EU Everything But Arms initiative, WA-EU EPA and GSP export market access • Commercialised horticulture for exports • Packaging and processing • Proximity to a major export market (South Africa) • Climate and soil quality conducive to growing certain crops • Environmental positioning based on products and processes/systems • Exploitation of regional African markets (and their diasporas) yet to be fully explored • Co-operative / cluster base to be better explored for greater efficiency and output	• Port of Bissau improving on its efficiency, thus making it more attractive to export from Bissau • Periodic closure of the Senegal–Gambia border • Non-compliance with ECOWAS Protocols, specifically Free Movement of Goods and Persons • Global warming and climate change, for example, Sahelian drought • Rural–urban migration • Preference of farmers for alternative cash crops – notably groundnut supplemented by other annual crops • International price volatility • Pests and disease – also occasional invasion of locusts from the Sahara • Increasing and new non-tariff barriers on exports – specifically sanitary and phytosanitary (SPS) measures and environmental regulations • Low growth in the domestic market • Low levels of investment in the sector • Strong competition • Issue of non-comparable treatment of imports – not same level of diligence as trading partners • Volatile foreign exchange rates

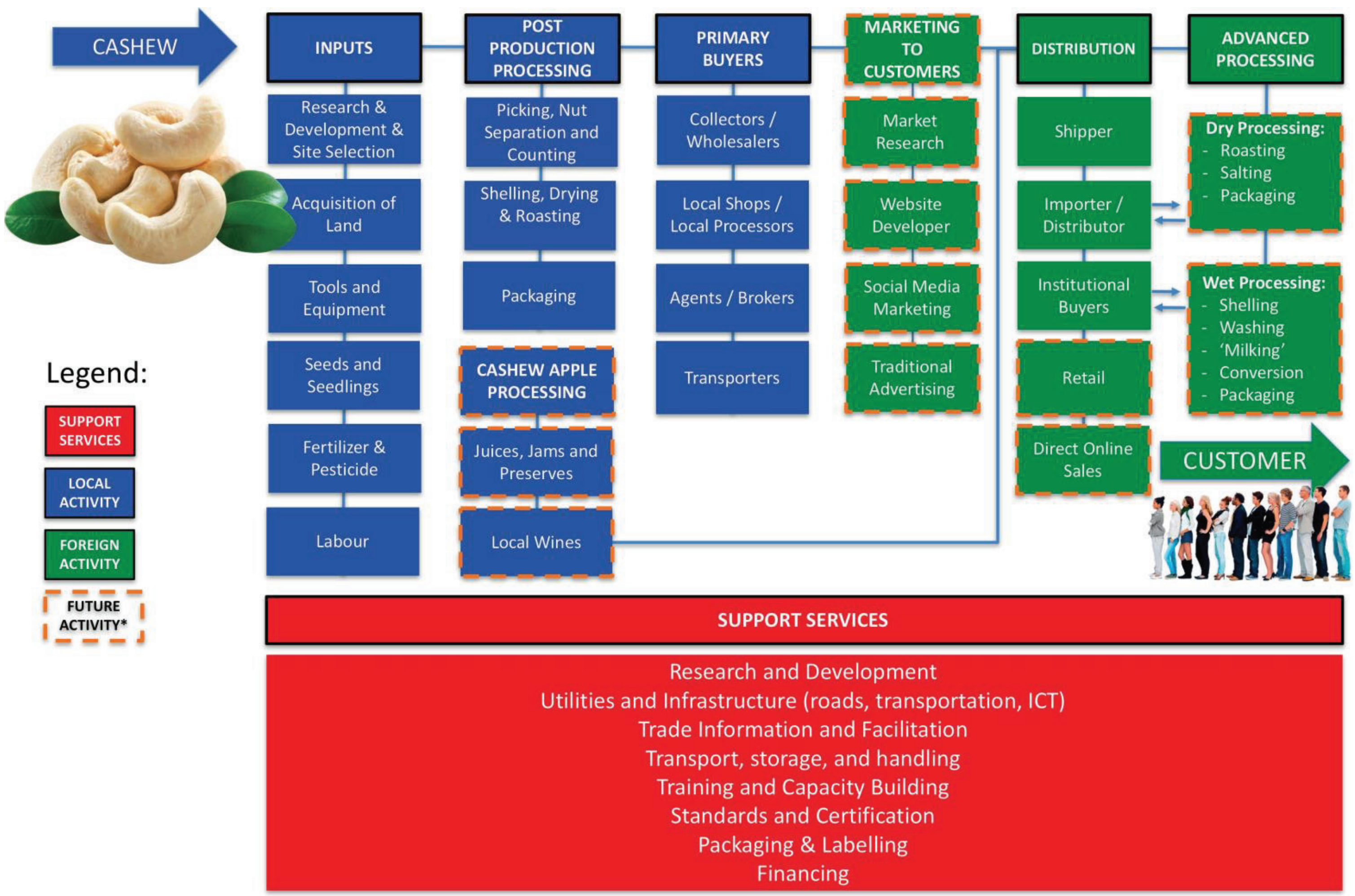
Endnotes

[1] Note: Data may possibly include goods being transported by land from Southern Senegal, leaving through the port in Banjul and being counted as The Gambia's export.

[2] Based on discussions/meetings with the Cashew growers stakeholders. [Stakeholder discussions,March 2019, Banjul]

[3] African Cashew Initiative (2011), Analysis of the Cashew Value Chain in Senegal and The Gambia, GIZ, Germany.

The cashew sector value chain analysis



Strategies and actions

Key objectives and strategies	Activities	Lead responsibility / support	Timeframe	Budget (USD)	OVIs / targets
To organise and strengthen cashew sector with support services that enable structured development	Bringing the value chain players under a single umbrella.	Ministry of Agriculture (MOA), sector associations	Jan 2021-Dec 2022	50,000.00	Appropriate organisation established
	Developing a regulatory mechanism for the cashew sector by institutionalising registration of cashew value chain players, cashew harvesting and trading seasons.		Jan 2021-Dec 2025	100,000	Regulatory mechanism implemented
	Identifying, training and coaching quality controllers along the value chain.		Jan 2021-Dec 2025	250,000	Training and coaching implemented
To improve cashew sector with the ability to produce higher volumes and better-quality raw cashew nuts to compete globally	- Introducing recommended quality varieties. - Coming up with well-equipped R&D units. - Adopting good agricultural practices. - Introducing organic cashew farming. - Creating viable markets for The Gambian RCN.	Ministry of Trade, MOA GIEPA, sector associations	Jan 2021-Dec 2025	2,000,000	- New varieties introduced - R&D carried out - Organic farming introduced - New markets explored
To increase capacity of Gambian RCN and its value-added (processed) products to develop, enter and perform in global markets	- Training value chain players to become value adders/processors. - Accessing advanced processing machinery to enhance productivity. - Branding the processed or value-added products to be attractive in the global market.	Ministry of Trade MOA, Cashew Alliance the Gambia Gambia Chamber of Commerce and Industries, GIEPA Gambia Ports Authority	Jan 2021-Dec 2025	2,500,000	- Training implemented - Machinery identified - Branding carried out - Support given for certification - Markets identified and targeted

Key objectives and strategies	Activities	Lead responsibility / support	Timeframe	Budget (USD)	OVIs / targets
	- Supporting certification of value adders. - Creating a viable market and market linkages for value-added products. - Creating access to an efficient market information system.				- Market information system implemented
To encourage equitable opportunities in the sector	- Ensuring that women entrepreneurs and female workers are included throughout activities. - Ensuring that youth entrepreneurs and young workers are included throughout activities. - Ensuring that rural entrepreneurs and rural workers are included throughout activities.	GIEPA, MOTIE	Jan 2021-Dec 2025	750,000	- 150 women targeted for training and entrepreneurial /employment support - 150 young persons targeted for training and entrepreneurial /employment support - 75% of all outreach/support is targeted towards rural communities

Total cashew budget: US$5,650,000.00