## The One-Pager Business Plan (Cashew Production)

The One-Pager Business plan is presented in bite-size and easy-to-understand language. It highlights the basic insights and considerations that help you decide if and how to engage in agricultural ventures.

## Cashew in the World

Cashews are one of the most popular nuts in the world. Cashew nut production reached 3,852,868 tonnes in 2022 in the world, according to FAOSTAT. Côte d'Ivoire, with 970,000 MT annual production, ranks first, followed by India, Vietnam and the Philippines, averaging 752,000; 341,680 and 217,583 MT, respectively. Côte d'Ivoire is Africa's highest producer of cashews, followed by Tanzania, Benin and Burkina Faso, with 216,907; 215,000 and 145,246 MT, respectively.

## Cashew in Nigeria

Nigeria is a major and growing player in the cashew industry with a rising market share in global cashew production, with an annual average production increase of 5%. Production is projected to go only one way – upwards. By 2030, Nigeria will produce 300,000 metric tonnes of cashew. Cashew is a national crop and is grown in 21 states, namely Abia, Anambra, Akwa Ibom, Benue, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Imo, Kogi, Niger, Nassarawa, Ogun, Osun, Oyo, Taraba, Kwara and the FCT. However, cashews can be grown in almost all the states of Nigeria.

## Cashew Value Chain

**Policy**
Government Aid,
Multilateral, etc.

**Input**
Seed,
Fertiliser services,
etc.

**Farm**
You-Farm
Labour
Services, etc.

**Processing**
Manufacturer,
Marketing dist.
Export, etc.

**Consumption**
Industry Consumer,
Export Trader,
etc.

## Calendar Pattern for Cashew Production in Nigeria

🟢 Start 🔴 End

| Activity | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field Preparation | | 🟢 | | | | | 🔴 | | | | | |
| Planting | | | 🟢 | | | | | 🔴 | | | | |
| Weeding | | | 🟢 | | | | | | 🔴 | | | |
| Fertiliser App | | | 🟢 | | | | | | 🔴 | | | |
| Harvest | | | 🟢 | | | | | | | | | 🔴 |

## SWOT Analysis

**STRENGTH:** Available base resources of land, labour and technical know-how, well known in local and international markets.

**WEAKNESS:** Financing new entrants may be difficult. Cashew farming is a long-term investment.

**OPPORTUNITY:** A growing market with an increase in population.

**THREAT:** Dumping of imported processed cashews into the country.

## PESTLE Analysis

**POLITICAL:** Agricultural transformation policies to encourage more farmers to produce cashew.

**ECONOMIC:** Economic reforms and a growing market for cashew exports.

**SOCIAL:** Strong agricultural base and popularity of cashew.

**TECHNOLOGY:** Low-complexity technology for medium-holder, mechanisation and a good spread of digital technology for information and extension.

**LEGAL:** Relative ease of doing farming business, as little to no licenses or regulation are required.

**ENVIRONMENT:** Suitable weather and climatic conditions.

## Technical Consideration

Cashews can be cultivated on a wide variety of soils. However, to realise better yield, sandy loam soils without a hardpan are desirable. Although cashew is drought tolerant, the tree requires well-drained soil with substantial moisture available for the root zone if commercial yields are to be attained. It is strongly recommended that the crop be raised from grafted plants. Recommended spacing is 4.5m – 4.5m, which gives a total cashew stand between 330 stands per hectare. For big cashew nut production, use 7m x 7m spacing; this gives an average of 200 stands per hectare. A pit of 50 cm x 50 cm x 50 cm sizes is opened, and manure is mixed and placed in the pit. It is recommended that planting be started during the early rains in May to ensure maximum tree survival. Cashew trees should be trained to one main stem. After branching begins, training may be practised to achieve a tree with one leader shoot of 0.5 - 1.5m. Cashews may produce fruit in year 2 or 3 after planting if the trees are raised from grafted plants. The cashew tree should be pruned lightly after harvesting to allow new vegetative flushes and to get rid of dead wood. At 18 months after planting, 1 kg of nuts is expected per cashew tree. An average of 15 kg per cashew stand is expected between 3-5 years after planting, which gives an average of 4950 kg of nut production per hectare.

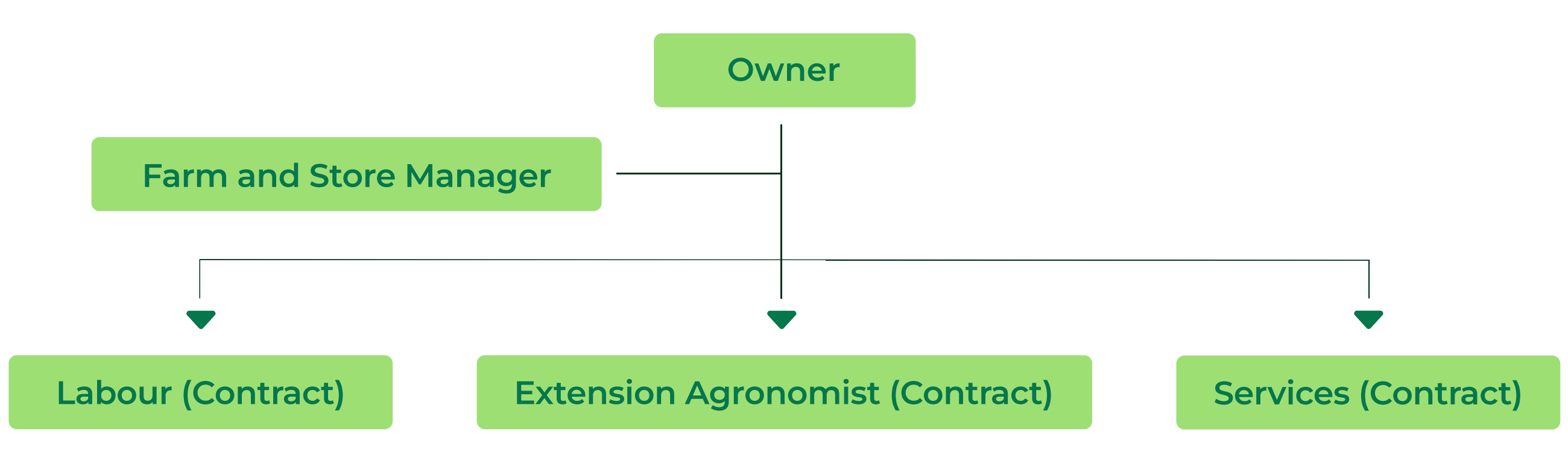
## Marketing and Distribution

Raw cashews can be sold as fruits (which carry the nut) or whole nuts. It can also be processed into various finished products such as nuts, oil, etc. The market sale and distribution are based on the channel adopted by the farmers. **The target markets/ channels** include:

- Online customers
- Households
- Individuals
- Hotels
- Restaurants
- Fast food eateries
- Agriculture merchants (wholesalers and retailers)

## Operations

A medium-holder farm can be managed with a lean operational framework of not more than 5 people, mostly contracts with little overhead cost. Most administrative tools for such tasks as bookkeeping, project management and reporting can be sourced freely.



Owner

Farm and Store Manager

Labour (Contract)

Extension Agronomist (Contract)

Services (Contract)

As farms grow, headcount may increase; however, it is advised to keep operations lean and overhead low by using contract workers for most of the farm tasks while growing capacity in managerial areas.

## Risk

Cashew farming at a medium scale is presented with a few risks that can be mitigated with low-complexity considerations and actions.

| | | |
|---|---|---|
| **Environment**<br>Unfavourable environments such as land issues, insecurity or poor relationships with the host community | **Mitigant**<br>Ensure the land is purchased legally. Plan community engagement and carry the community along. Give them jobs if possible. Establish farms in safe areas. | **High Probability** |
| **Technical**<br>Technical | **Mitigant**<br>Obtain cashew farming knowledge, work with extension agronomists, and join communities of cashew growers to exchange information. | **Low Probability** |
| **Pest & Diseases**<br>Outbreak of pests and diseases | **Mitigant**<br>Apply pre and post-emergence herbicides, pesticides and use the right pest integration management. | **Medium Probability** |
| **Climate**<br>Drought or flood | **Mitigant**<br>Use an area that is suitable ecologically for cashew production. Avoid flood-prone areas and use irrigation when necessary. | **High Probability** |
| **Finance**<br>Lack of adequate finance or availability of funds as and when required | **Mitigant**<br>Ensure financing is secured before cultivation commences. Keep a proper book and management system to demonstrate capability and capacity to financiers. | **Medium Probability** |
| **Market**<br>Market rejection of cashew | **Mitigant**<br>Ensure good-quality cashew nuts are produced by using good agronomic practices and good technical management for drying and storing cashew nuts. | **Low Probability** |
| **Pricing**<br>Negative price movement | **Mitigant**<br>Obtain a forward contract with the off-taker and work with the aggregating association or commodity board to ensure cashew stability. | **Medium Probability** |

## Economics of Production (May 2024)

### AgroMall Market Survey

| Description | Activities | Unit | Quantity | Cost /Unit | Total Cost /Plot ₦ |
|---|---|---|---|---|---|
| **Land Value & Land Preparation** | | | | | |
| **Land Acquisition** | Land Purchase | Ha | 1 | 700,000 | 700,000 |
| **Land Acquisition** | Ploughing | Ha | 1 | 70,000 | 70,000 |
| | Harrowing | Ha | 1 | 67,000 | 67,000 |
| **Plantation Establishmen** | Planting | Ha | 3 | 10,000 | 30,000 |
| **Inputs** | | | | | |
| **200 grafted seedlings at 7m x 7m** | Grafted seedlings/seeds | Ha | 200 | 800 | 160,000 |
| **Use 500g per stand and apply twice a year** | fertilizer(NPK) | Ha | 4 | 35,000 | 140,000 |
| **Spray at any sign of outbreak** | Pesticides | Ha | 5 | 5,500 | 27,500 |
| **3litres/ha for 3 spray/ year** | Herbicides | Ha | 12 | 6,000 | 72,000 |
| **Farm maintenance** | | | | | |
| | Prunning labour | Ha | 2 | 10,000 | 20,000 |
| **3litres/ha for 3 spray/ year** | Weeding (spraying) | Ha | 4 | 8,000 | 32,000 |
| **Spray at any sign of outbreak** | Pesticides spraying (labour) | Ha | 3 | 8,000 | 24,000 |
| | Fertilizer app (Labour) | Ha | 6 | 8,000 | 48,000 |
| **Harvesting** | | | | | |
| **Fruiting starts between 3-5 years after seedlings transplanting** | Cashew fruit plugging | | 200 | 700 | 140,000 |
| **Fruiting is twice a year** | Loading cost | | 200 | 100 | 20,000 |
| **Fruiting is twice a year** | Offloading cost | | 200 | 100 | 20,000 |
| **Logistic within farm** | Haulage (Transportation) | | 200 | 8,000 | 1,600,000 |
| | | | | | |
| **Logistics** | | | | | 100,000 |
| **Total Variable Cost (TVC)** | | | | | 3,270,500 |
| **Insurance** | | | | 3.0% | 98,115 |
| **Cost of funds** | | | | 10.0% | 9,812 |
| **Total cost of Production** | | | | | **3,280,312** |

***Note: The prices of input quoted in this EoP are subject to change as prices of goods are on the increase*.**
It is advised that capital expenditure is avoided at this stage and all capabilities are sourced as services.
Labour and services costs vary per state or region and are amortised per hectare.

## Profitability of Production (May 2024)

### AgroMall Market Survey

| Description | Parameter | Unit | Quantity | Amount |
|---|---|---|---|---|
| **Fruiting starts 2-3 years after planting the seedlings. Each cashew stand is expected to produce an average of 1 kg of nuts per tree in 18 months and 15 kg per stand between 3-5 years. 330 trees give 15 kg x 200 nuts per hectare. An average of 4950 kg of nuts per hectare after 5 years of planting.** | Total cost of production/ha | | | 3,419,327 |
| | Expected yield/200 stands/ha (Kg) | 1 Ha | 3,000 kg | 2,222 |
| | Market Price/fruit (NGN) | | | 8,000 |
| | Expected revenue/ ha (NGN) | | | 17,776,000 |
| | Margin/ha (NGN) | | | 14,356,673 |
| | Return on Investment(ROI) % | | | 420% |
| | Capital Turnover (CTO) (%) | | | 81 |

Salaries and operating expenses are amortised per hectare.

Profitability can move widely with commodity price movements.

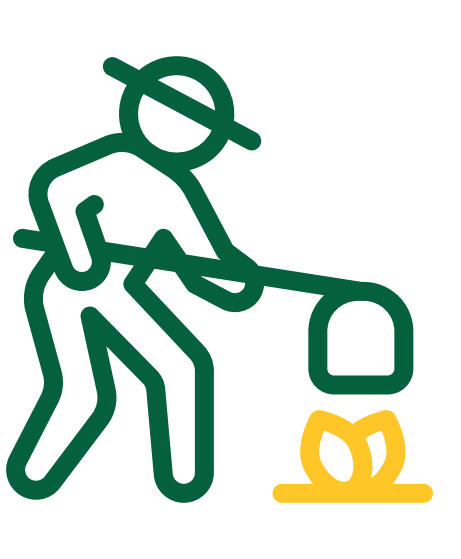
## Funding

There are funding sources for medium-scale cashew farming if capacity and capability are demonstrated. Typical funding sources from formal financial institutions include:

- **Out growers**
- **Investors and partnerships**
- **Grants**
- **Development interventions**
- **Banks: Microfinance and commercial**

Funding considerations will require that feasibility and viability are demonstrated; some track record in agriculture will also support a positive funding outlook.

## Who is Suited for This?



Anyone interested in agriculture who can create time for farming will do well in cocoa farming if they put their mind, heart, and effort into it. The best-suited are agriculture students, graduates, professional farmers, side hustle farmers, and enthusiasts.

## Consideration Score

- Viability - **HIGH**
- Feasibility - **HIGH**
- Profitability - **HIGH**
- Ease of entry - **HIGH**
- Aggregate Risk - **MEDIUM**
- Probability for Growth - **HIGH**
- Resilience and Sustainability - **HIGH**
- Aggregate Consideration Score - **HIGH**

## Conclusion

Cashew cultivation is a technically feasible and financially viable business venture.