



African Cashew Alliance (ACA)

PROMOTING AFRICAN CASHEWS WORLDWIDE

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www.africancashewalliance.org

Newsletter June 2008

Dear Cashew Colleagues,

The ACA has been working hard over the past month in preparation for the 3rd Annual ACA. The conference will be held September 17 -19 in Dar Es Salaam, Tanzania.

In April, the Agricultural Development Program and the German Technical Cooperation held a workshop in Burkina Faso to analyze the cashew value chain. Also in the past months, the International Nut Conference was held in Chile and stakeholders were brought together at the launch of the 2008 Nigerian cashew season. Additionally, researchers in Benin have been working to find alternative uses of the cashew apple and effective ways to process the fruit.

We hope to see many stakeholders in Tanzania helping us to make the 3rd Annual ACA Conference as successful and fruitful as last year in Mozambique.

See you all in Tanzania in September!



Field trip, Mozambique 2007

Upcoming Events

- NEW YORK FANCY FOOD SHOW, JUNE 29-JULY 1, NEW YORK, USA WWW.SPECIALTYFOOD.COM
- EXPONUT & DRIED FRUIT, AUGUST 21-23, ISTANBUL, TURKEY WWW.EXPONUTFRUIT.COM
- ACA ANNUAL CONFERENCE, SEPTEMBER 17-19, DAR ES SALAAM, TANZANIA WWW.AFRICANCASHEWALLIANCE.ORG

Participation Fees for the 3rd ACA annual conference at the Mövenpick Royal Palm Hotel in Dar Es Salaam.

ACA paying members: First person is for free, additional person USD 100

Conference registration for non members:

Registration prior to August 15th: USD 250 per person

Registration between August 15th and September 5th: USD 350 per person

Registration after September 5th (only possible at the venue): USD 400 per person

(Fees are exclusive accommodation)

Register today at: www.africancashewalliance.org

Information on exhibition space coming soon!



3rd Annual ACA Conference

September 17-19 in Tanzania

- AFRICAN CASHEW INDUSTRY TODAY
- INTERNATIONAL CASHEW CONSUMER TRENDS
- CASE STUDY ON CONSUMER DEMAND AND PRICES
- VIETNAM/INDIAN CASHEW INDUSTRY OVERVIEW
- HIGH VALUE AND NICHE MARKET OPPORTUNITIES
- FROM TREES TO CONSUMERS
- US CONSUMERS PREFERENCES

DISCUSSION PANELS ABOUT PRODUCTION, PROCESSING, POLICY, INVESTMENT, FINANCING GROWTH, MARKETING, BRANDING, NEW TECHNOLOGIES...

SIGN UP TODAY AT:

INFO@AFRICANCASHEWALLIANCE.ORG

Conference Sponsorships. We invite you to become a sponsor of the 3rd Annual ACA Conference. Your support will help make the 3rd Annual ACA Conference fruitful and successful for all participants. Sponsorships registration can be found at www.africancashewalliance.org or contact us at: info@afriancashewalliance.org

Thank you in advance for you support!

ACA Executive Committee Elections. The election for the Executive Committee will be held during this year's Annual meeting. The current EC has been in office since March 2006 and has contributed significantly to the advancement of the ACA.

If you are full paying member and interested in participating in the exciting work developing the African Cashew sector, please contact the ACA Secretariat by the 15th of August 2008. In order to have a dynamic and representative EC, the nominees should represent international kernel buyers, international raw nut buyers, African companies and industry stakeholders from among several different countries and regions.

The EC members are volunteers, who are willing and able not only contribute their time and industry expertise, but are also able to travel to attend various meetings throughout the year. If the ACA requires formal representation at international conferences or industry events, and the budget is available, some travel costs are reimbursed.

Please contact the ACA Secretariat at: info@afriancashewalliance.org

Cashew stakeholder meeting in Germany. In May 2008 cashew stakeholders met near Frankfurt, Germany, to discuss a potential four year African cashew value chain project to be funded by the Gates foundation and led by GTZ. Participants included many ACA founding members; Global Trading, Kraft, OLAM, Technoserve, but also US based Costco. As the cashew sector is one which has not only poverty alleviation potential, and positive impact on the environment, it is also one which could draw increased investments, and in which there is room for demand to increase with some coordinated international consumer focused market research and promotion. The participants discussed how to improve the cashew value chain, countries in which

interventions would have the highest impact with the highest ease of implementation, innovation areas such as certification and quality, financing, branding and marketing.

ACA, who was represented by Vanessa Adams, was recognized by the whole group of stakeholders as an organization playing an important role in the several areas to generate leverage and enhance the cashew industry across Africa. In near future GTZ, with implementing partners Fair Match Support, Technoserve and the ACA, will revise the proposal to the Gates foundation and submit it during the summer for formal review. For more information please contact GTZ, Rita Weidinger at: rita.weidinger@gtz.de

Join ACA and become a member today!
Register at our website
www.africancashewalliance.org



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How to use the cashew apple by Roméo Cormier, Oxfam Québec

Most people know the cashew nut, but not the fruit that produces it, the cashew apple. Researchers have found the cashew apple is very nutritious and can be used in a variety of ways.

The cashew apple, which ACA stakeholders know as the pseudo fruit on which the valued nut is attached, is not in great demands in most of Africa. The edible portion of the apple, representing 90% of the fruit, is rich in flavour, aroma and Vitamin C (5 times the amount of the orange). People in countries like Brazil, India, Sri Lanka, the Phillipines and Belize, eat the fresh apples and use them as raw ingredients for juices, preserves and labeled wine. The apple is also dried into flour for baked goods and animal feed.

Demand for cashew apple beverages may grow if researchers can develop techniques to reduce its strong acidic taste and clarify and concentrate the juice. Clear, high-quality cashew apple juice can be used as raw material for sport drinks, wines, and concentrated juices, among others, as Brazilian researchers have demonstrated.

Cashew apple juice is marketable and people are starting to produce it for sale, thanks to researchers worldwide. Researchers in India, for exam-

ple, have demonstrated that common cassava starch can be used to remove the tannins and phenols causing the strong acidic taste, replacing polyvinyl pyrrolidone (PVP), a costly chemical, or gelatine, in powder form. Brazilian researchers have identified the best filtration method known so far: microfiltration, as used in wine making. Specifically, using polyethersulfone membrane filter cartridges with a pore diameter of 0.4 micron. As for creating concentrates, low-cost Italian technology can now render this process affordable and reliable.

Some of the technologies mentioned above will be employed in the next phase of a project underway in Bénin. The project will test and evaluate recently-developed methods for removing the tannins from the juice and clarifying the product for shelf-life stability, and hence marketability. A number of products from the processed apple, already on the market in Brazil, will be produced for taste tests in urban areas.

For more information, please contact: Roméo Cormier at: romeo.cormier@gmail.com



Cashew apple juices and fresh apples from Brazil. Cashew syrup and brandy from India

Burkina workshop analyzes cashew value chain by Andrea Wilhelmi-Some, GTZ.

The Agricultural Development Programme (ADP) of the German Technical Cooperation (GTZ) organized a national workshop to analyze the cashew value chain and to define a common strategy for the cashew sector April 7-8 in Burkina Faso.

Participants agreed to promote production of both organic/fair-trade certified cashew kernels and conventional cashew kernels have to be promoted. They would like to triple the export of conventional cashew kernels in five years and to increase the production of organic cashew kernels from 100 to 500 tons in the same time.

The German Technical Cooperation (GTZ)'s ValueLinks methodology was used to help stakeholders select the most promising value chain products for local economic development. As the ValueLinks concept emphasizes private stakeholders' ownership for up grading of the value chain, two leading groups have been set up to initiate activities that can overcome current constraints. These groups include representatives of farmer groups, processors and exporters.

The long term vision is to create a national recognized Lobby Association of all stakeholders in the sector. Support and facilitation in achieving these objectives will be coordinated between projects involved, the main being GTZ, SNV, Helvetas and the African Development Bank.

Networking with stakeholders from sub-region countries through the African Cashew Alliance will also allow stakeholders to benefit from their neighbors' experiences.

For further information please contact: andrea.wilhelmi-some@gtz.de

Nigeria Cashew Update and 2008 Cashew Season Launch by Roland Oroh, Rossland Consulting Limited

The official 2008 Nigerian cashew season was launched May 6 in Abuja, bringing together government officials, farmers' representatives, local buying agents, exporters, processors, policy makers at the state and federal levels and international development agencies.

In his welcome address, the Minister of Commerce and Industry reiterated his commitment to support public-private partnerships and policy reforms required to drive growth and development of the cashew sector and make Nigerian cashew the most sought after in world markets. Already, Nigeria is in the top ten of cashew producers, the crop supplementing the incomes of thousands of farmers.

The Nigerian chapter of the African Cashew Alliance used the occasion of the season launch to announce its work on a regeneration program. The alliance has enlisted the support of the Ministry to win government and donor support for the initiative. The association is hoping that such a program delivers results similar to those obtained in India in the 1980s. The effort in India – a multi-state regeneration and replanting program supported by the World Bank – catapulted India's cashew sector to greater heights. Vietnam also has undergone such program with donor assistance.

Nigeria is one of top ten cashew producers in the world. A large number of mostly low-income people rely on cashews for their incomes as harvesters, local merchants and workers associated with Local Buying Agents, transporters, processors and exporters. Women play a vital role in the whole process, from cashew harvesting to the labor intensive processing of nuts.

Cashew plantations cover 180,000 to 200,000 hectares in Nigeria and produce an estimated 70,000 tons of raw nuts every year. About 60 to 70 percent of the local production is commercialized of which about 90 percent is exported in the form of raw nuts. Less than 10 percent is processed locally for export as kernels and a similar amount is processed by small enterprises or at the domestic level for local market consumption.

Raw nuts are exported mainly to India and Vietnam and, more recently, to China. Nigeria is considered as one of the cheapest sources of raw cashew nuts supply to the Asian market. For more information please contact Roland Oroh at: roroh@propoom.org

African cashews win favor in South America by Kees Blokland, Global Trading BV

The high quality, good taste and overall excellent appearance of African cashew nuts and cashew nut kernels drew great interest from participants at the recent INC event in Chile.

African cashews appealed to importers and traders in Chile because of issues they are facing importing from India and Vietnam, where the bulk of the world's cashew nuts are processed.

That African cashews won favor in Chile is hardly surprising: Indian and Vietnamese processors import cashews from Africa and send the finished product on for sale around the world.

Buyers are starting to realize that Africa will become an important cashew nut kernel supplier in the future, not only because of current problems but also because of the development paths that the economies of India and Vietnam appear to be on. Their fast-growing economies are creating jobs that pay better wages than the labor-intensive work of cashew processing pays.

The INC event also revealed that the African Cashew Alliance is establishing an international reputation. Participants welcomed the production figures provided by the ACA. More and more people are getting to know the Alliance and are developing interest in its development.



Processing is the way for West Africa to cash in on cashew

By Leah Quin

Cashew, originally sown in much of West Africa for reforestation and to prevent soil erosion, continues cultivating export and earnings potential for the region. Last year, seven West African countries – Benin, Burkina Faso, Cote d'Ivoire, Ghana, Guinea-Bissau, Nigeria and Senegal – produced more than 500,000 metric tons, almost a third of the world's cashew crop (1.65 million tons), and that percentage is rising. As the region assumes new status as a major supplier of raw cashews, investors and industry players are eyeing cashew processing in West Africa as an opportunity to create jobs, income and a value-added product – as has been done in Mozambique, Africa's biggest cashew processor.

West Africa ships the bulk of its raw cashews to India and Vietnam for cracking, peeling, grading and packaging. From there, it is exported to destination markets where it is roasted, salted and packed for retail around the world, particularly to the U.S., the largest consumer of cashews. Last year, raw cashew exports brought an estimated \$325 million in export revenues to the region. But processing locally would add an average \$350 to each MT, increasing the value to West Africa by 50 percent, while creating thousands of jobs to boot. Challenges remain – from unfavorable legislation in some countries to difficulty in getting low-cost financing – but the advantages of processing are becoming more widely apparent in the region, said Judd Welsh, financial specialist for the West Africa Trade Hub

"There is growing awareness that this cash crop could be adding significantly more value by processing it into kernels here," said Welsh, who has worked in cashew-development projects for more than a decade. "No commercial venture was processing in Cote d'Ivoire ten years ago, and now there are three factories."

Welsh recently attended cashew stakeholder meetings in Burkina Faso and previously in Cote d'Ivoire representing the African Cashew Alliance, an industry organization promoting improvements and expansion of the sector. Cashew stakeholders in those countries discussed how best to move their respective industries forward, from Burkina's desire to improve quality while boosting organic and fair trade certification to Cote d'Ivoire's consideration of ways to fund training and incentives for increased investment in processing.

Industry experts said the timing is right for West Africa to invest in processing. As the economies of India and Vietnam diversify and stabilize, other industries, like garments, shoes and toys, will lure workers away from cashew. Labor costs will also rise: Already, processors in India are relocating from the state of Kerala, the global capital for cashew processing, to Tamil Nadu, Andhra and Orissa because labor is cheaper and more easily available there. One nut and dried fruit broker, Global Trading of the Netherlands, said such changing conditions create an opportunity for other processors to enter the market.

"It's our belief that Africa will become very important," said Global Trading's Kees Blokland.

Since 2002, Global Trading has been buying processed cashews from Mozambique and selling them to clients in Europe, the Middle East, South Africa and the U.S. Two years ago, it invested in a cashew-processing factory in Benin, which currently employs 250 people and processes about 1000 MT a year. The broker is now seeking other partnering opportunities with processing facilities in Burkina Faso, Ghana and Guinea-Bissau.

West Africa's cashew sector is also on the radar of the Bill and Melinda Gates Foundation, which visited cashew farms and processors in western Ghana in late March. Richard Rogers of the foundation's Global Development Program was also guest of honor at a roundtable discussion in Ghana hosted by GTZ with cashew stakeholders – including the ACA, Global Trading, TechnoServe, FairMatch Support, Ghana's Ministry of Food and Agriculture and select Ghanaian cashew farmers and processors – about opportunities and priorities for improving farmer income in the African cashew sector.

"Given our goal of improving the livelihoods of the greatest number of people living on less than \$1 a day, we have decided to explore whether helping hundreds of thousands of cashew farmers in West Africa improve their productivity levels and quality can be done in a way to double their income and jump start local economies," Rogers said. "There is also an opportunity for West African countries to capture the value-added processing step and employ many women locally rather than exporting the raw nuts for processing abroad."

For lessons in building processing capacity in Africa, West Africa could look south to Mozambique, which processes 45 percent of the continent's 80,000 tons a year at 26 plants around the country. ACA president Carlos Costa and TechnoServe's Shakti Pal, both based in Mozambique, said key factors to success included: a total package of technical assistance; the creation of a service provider to share costs; a national processors' association to lobby government; brand development; a good quality control system; compensation based on productivity; and the placement of processing plants in districts, rather than cities, to forge direct links with farmers.

Costa and Pal said one tactic that hadn't worked in Mozambique was fixed commodity pricing, currently under discussion by some cashew farmers groups in Ghana.

"Every year, international prices are fluctuating...It depends on demand and supply," Costa said. "Rather, concentrate on quality, which will give better money wherever you are in the world. Developing local processing also will bring better prices, as it will bring the international market closer to your cashew fields."

For processing to truly take hold in West Africa, industry sources said, governments must demonstrate support through incentives to help balance high start-up, energy and financing costs, as well as labor laws classifying processors as seasonal workers to be paid by how much they produce. Some West African countries are already on the right track: Nigeria, for example, gives customs credits for processed cashew exports that can be sold to importers. If the region can take advantage of the moment to process its surging supply, the market will be there, industry sources said.

"In the last few years, we've seen increasing acceptability for African-processed cashews," one large cashew processor said. "The stigma of Africa is diminishing as people see that in terms of hygiene, quality, taste, they're no different than cashews from anywhere else."



Women crack cashews at a processing plant in western Ghana



Richard Rogers of the Gates Foundation, in red shirt, talked in March with a cashew farmers' association in Wenchi, Ghana, during a meeting hosted by GTZ with cashew stakeholders, including the ACA, Global Trading, TechnoServe, FairMatch Support and Ghana's Ministry of Food and Agriculture.

