



African Cashew Alliance (ACA)

PROMOTING AFRICAN CASHEWS WORLDWIDE

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www.africancashewalliance.org

Newsletter November 2007

Dear Cashew Colleagues,

With the transition of the West Africa Trade Hub to its second phase, the programmatic activities of the African Cashew Alliance Secretariat, managed by the Hub, are currently being lined out for the next year. Pernille Isaksson, funded by 2 ACA founding members, currently manages the Secretariat's operations and is preparing for the ACA annual meeting in Tanzania in March 2008. This meeting will not only bring together cashew stakeholders from across Africa and internationally, but will also host the elections of the next Executive Committee.

In this newsletter you'll read about the executive committee meeting in September 2007 where ACA's first annual report was presented (also available on our website), about past activities (a national cashew

meeting in Burkina Faso and international promotion of cashews at the ANUGA international food show in Germany), and upcoming events. In the meantime, the cashew season in East Africa has begun, and TechnoServe provides us with an outlook on what this season will bring in terms of dynamics and prices. Also we provide you with information on fair trade certification in cashews, a potential way to generate more value in the African cashew value chain.

Dr. Tom Herlehy, the new director of the West Africa Trade Hub, gives his view on USAID's continued support for the ACA and the cashew sector. We encourage you to show ACA your support by signing up as a member and sending us your views on which activities the ACA should focus on.

ACA Secretariat, Accra, Ghana

Upcoming Events

- **PTNPA CONVENTION, JANUARY 19-22 2008 IN TUSCON, ARIZONA, USA** WWW.PTNPA.ORG
- **ACA ANNUAL MEETING, MARCH 2008 IN TANZANIA** WWW.AFRICANCASHEWALLIANCE.ORG
- **INC CONVENTION, MAY 9-11 2008 SANTIAGO DE CHILE** WWW.NUTFRUIT.ORG

Join ACA and become a member today! Register at our website

Annual Meeting 2008

The next ACA annual meeting will bring together pan-African and other international members of the cashew industry, March 2008 in Tanzania. Key players within the cashew industry and nut sector will provide assessments and advice to the African sector. The three-day program will give participants the opportunity to meet and share experiences with each other, work on collaborative ventures, initiate new projects and build new business relationships. A factory visit will showcase current developments in the processing sector. ACA members are invited to register in January.

Election of the Executive Committee

The first ACA Executive Committee, which was elected in Guinea Bissau in March 2006, will soon have served ACA for 2 years. During the annual ACA meeting that will be held in March 2008, new elections will take place. The Executive Committee consists of 5 members that represent the cashew value chain both in Africa and internationally. These members meet twice a year with the Secretariat to discuss direction and strategy. They have an important representative function for the ACA, and are actively involved with ACA activities. All official members of the African Cashew Alliance may present their candidacy for the EC and can vote during the elections. In order to present your candidacy for the EC, please inform the ACA Secretariat in writing before February 27 by including your CV. Before the annual meeting, all members will receive a list of all the candidates. You can read more about the conditions for the Executive Committee and its current members on our website. For further information please contact the ACA Secretariat: info@afriancashewalliance.org



Executive Committee

Initial program for ACA annual meeting:

- **Shaping a country's policy to stimulate cashew processing**
- **Networking on cashew production techniques and inputs**
- **Lessons from other nut sectors**
- **Encouraging investments and projects in the cashew sector**
- **Executive committee election**
- **Visit to cashew processing factory**



Public-Private Partnerships in Cashew.

In the past years the active ACA member GTZ has increased its engagement regarding PPP projects in the cashew sector in Africa. In Côte d'Ivoire, GTZ started a project together with the private partner SITA, working on the certification of cashews for the international market, increasing the production of cashew and improving the working conditions for the local workers. Another project is being carried out in Burkina Faso with the company Gebbana. Currently, there is another PPP contract ready to be signed which will focus on the processing and marketing level in several African countries. For further information please contact: rita.weidinger@gtz.de



Ivory Coast workshop leads to grant for cashew sector improvement

Players in the Ivorian cashew industry have expressed interest in developing a framework to grow the cashew sector in Ivory Coast and stimulate cashew processing there. With this objective in mind, a meeting was held in Abidjan on October 16-17, 2007. Key stakeholders from the whole sector exchanged perspectives on production, commercialization, research and processing, finance, institutional support and secondary products. Following the workshop, the World Bank offered assistance with a grant of USD 100,000 to implement a plan for improving the cashew sector in Ivory Coast. A follow-up meeting was held October 30, where participants discussed detailed suggestions about proceeding with the development of the cashew industry. By the end of November, the Ministry of Agriculture will present the World Bank with the final plan for approval. With this initiative, the ultimate goal of increased cashew processing in Africa's biggest cashew producing country is coming closer.

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Fair trade: opportunity for cashews

The fair trade market for food products has shown incredible growth in the Western Hemisphere over the past five years. In 2004, global turnover in fair trade goods was approximately 800 million USD; by 2006, it was more than 1.8 billion USD.

Until recently, fair trade has made few inroads into the nut industry. In 2005, about 60 tons of fair trade nuts (not just cashews) were sold worldwide. "Lack of fair trade certification is a missed opportunity for the cashew industry, considering the low margins in the value chain, the very tough labor conditions and the weak position of farmers in both Africa and abroad" says Herman uit de Bosch of Fair Match Support.

'Fair trade certification would guarantee farmers a minimum price based on production costs, which is higher than current market prices. Higher prices would be an incentive for farmers to invest once again in the crop, boosting the quality of the product for the processing industry. In addition, the fair trade market is also an opportunity for traders to distinguish themselves in a very traditional, conventional market'.

That's the good news. Yet to achieve certification, producers and processors must be highly organized and demonstrate transparency in their operations. Many along the African value chain do not currently meet these standards.

Hub's vision on ACA going forward Dr. Tom Herlehy, new director of the West Africa Trade Hub states: "We at USAID's West Africa Trade Hub 2 project are analyzing how best to move the region's cashew nut industry forward. We believe that through trade associations like the ACA, the private sector shares information about best practices and new technology to raise quality standards of African cashews and increase quantities for processing. We also believe in the work of the Africa Cashew Alliance (ACA), knowing that private-sector driven and member-oriented trade associations are essential in carrying out policy dialogue with governments and inter-regional organizations like ECOWAS. We hope the ACA will continue to attract investment within West Africa, such as processing facilities. We encourage those who helped to establish the ACA to continue their financial support of this important trade organization. We will continue to provide an office and internet access for the ACA Secretariat here in our Trade Hub office in Accra, Ghana. And we will announce our new strategy for further support to the West African cashew industry once it is approved by USAID-West Africa".



Dr. Tom Herlehy,
Chief of Party, Trade Hub

International promotion of African cashews at ANUGA

Cilia de Cock of the ACA Secretariat and Kees Blokland, director of Dutch nut broker Global Trading Agency, promoted African cashews at the Anuga Food and Beverage trade show in Cologne, Germany, October 13-15. They hosted the African Cashew Alliance booth to inform buyers about cashew processing in several African countries and handed out the ACA cashew processors directory and sample cashews from Mozambique. An Internet connection gave visitors a view on ACA website and enabled them to sign up for membership. Of Anuga's 163,000 attendees from 175 countries, many importers, roasters and food companies showed serious interest in sourcing from Africa, with several companies expressing interest in participating in the upcoming ACA annual meeting, meeting with processors and visiting cashew factories in Africa.



Two current initiatives are looking into fair trade opportunities for African cashews. The first one is Twin Trading; a social entrepreneurial company with a long track record in innovative supply chain development in the Fairtrade market, including certified coffee, tea and cocoa (www.twintrading.org). A second initiative is spearheaded by Global Trading in combination with several African processors and FairMatch Support, which has completed an analysis of the cashew market here. The analysis lays out both the advantages and challenges of becoming fair trade certified (www.globaltrading.nl). 'The first challenge is the fair trade standards themselves, which are not applicable to current cashew trading mechanisms' explains Kees Blokland of Global Trading. Global Trading and FairMatch Support have started discussing this issue with the Fair Trade Labeling Organization. Producer organization is one of the prerequisites of fair trade certification. With the support of the Dutch organization ICCO and German GTZ, Global Trading and FairMatch Support are working on several pilots in various African countries. Other collaborators include local processing industries and local partner organizations of FairMatch Support, MMA and TechDev. If successful, the first certified fair trade containers produced through this initiative will be sold in 2008. For more information, please consult www.fairmatchsupport.nl

**Executive Committee Meeting.**

The executive committee and board of directors of the African Cashew Alliance (ACA) met at the Hub office in Accra on September 11 to discuss the annual report of its first year of operations and outline the upcoming year's program. Both EC members and the Secretariat wish to focus on the development of cashew processing across the continent, as this will facilitate improvements of quality and revenues of crop on the producer level. Activities will be organized to support processors. At the same time, networking between research institutions and extension agencies and producer organizations will result in improved access to information on production techniques, planting material and inputs. The ACA will also actively promote membership and organize an annual meeting in March 2008, where a new Executive Committee will be elected. During the EC meeting, a framework of expectations and guidelines was developed for ACA national committees. See www.africancashewalliance.org for the annual report or email us for more details.



Burkina Faso's National Committee of the African Cashew Alliance, established in March of this year, organized its first country-level ACA meeting September 19-20 in Banfoua, Burkina Faso, under the leadership of ACA Country Coordinator Aminata Kone, owner of Sotria-B (a cashew processing company). Major stakeholders, including cashew producers, traders, and processors, as well as representatives from GTZ, the PAMER project, and SNV joined together to develop a concrete action plan for increasing the competitiveness of cashews in Burkina Faso. The Trade Hub's Judd Welsh gave an overview of the global cashew sector, highlighting opportunities for West Africa and Burkina Faso in particular. These national cashew meetings are important for cashew stakeholders to share experiences, gain information on global trends in their sector, and get involved in shaping a solid strategy for their country's cashew value chain.

**East Africa update**

Cashew season is underway in East Africa, where the harvest is expected to improve on last year's, thanks to moderate rainfall in Kenya and new government efforts to reform the cooperative sector in Tanzania. These efforts began with subsidized crop-protection sprays for farmers. The Tanzanian government also paid off all the outstanding debts owed by cooperatives, which it had guaranteed, and replaced managers who had been accused of corruption. It then negotiated for government-guaranteed loans from two local banks, National Microfinance Bank (NMB) and Cooperative Rural Development Bank (CRDB), to be extended to primary cooperative societies (PCS) to buy cashew from farmers.

As the season commenced, the government introduced a Warehouse Receipt System (WRS) for all sales of the cashew crop. It guaranteed farmers a minimum price of TSh 610 (\$ 0.53). The PCS will pay farmers 60% of that amount (TSh 366) and then the balance of 40% after selling the produce to buyers. These PCS will then consolidate all produce at central warehouses managed by umbrella unions and then auction it to buyers – who previously bought directly from the PCS. Buyers will bear all the costs of the loans and administrative costs of managing the WRS. The new system has not been without difficulties. There has been resistance from farmers who have no confidence that the remaining 40% will be paid given the history of cooperatives. The PCS did not have the capacity and infrastructure to absorb the loans from the banks. Additionally, the Lindi region opted to pay farmers 100% instead of 60%, causing confusion among all players.

Tanzania's cashew season has been slow to roll out, with only 600MT bought from farmers with an average outturn of 43lbs at the end of October. FOB prices to the buyer will be more than \$530.

In Mozambique, the year's harvest is two weeks late, and the rains are a bit early, which could easily damage the quality of the crop. Buying started October 29, but no large volumes have yet been registered on the market. Indicators are very strong that FOB prices for 44lbs quality will be in the range of \$510 to \$520. There is a surcharge of 18% export tax on raw nuts.

In Kenya, the crop has yet to fully ripen. Thankfully, the country seems to be steering clear of last year's calamity, when farmers lost their entire crop due to unusually heavy rainfall and powdery mildew disease. Rains this year are normal, and prices will be in the region of \$450 - \$500 FOB. For more information please contact Mr. Valentine Miheso of Technoserve at vmiheso@tns.org



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