



AFRICAN CASHEW ALLIANCE

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PROMOTING AFRICAN CASHEWS WORLDWIDE

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“This Cashew season has been one of the toughest seasons ever. Price movement has been unpredictable and possibly catastrophic for many. The farmers have probably had a good season - and the traders too - but the processors and exporters have not at all had a comfortable season”. Ram Mohan, ACA National Representative in The Gambia.

“One of the Toughest Seasons ever”

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This season was marked by an unprecedented hike in prices for raw cashew nuts. Local traders in Benin, for example reported farm gate prices of 300CFA/kg in the middle of the season. In 2009, the season trading prices started at 120CFA. While this is good news for the farmer, West African processors struggled to raise sufficient working capital to procure a year’s worth of stock for processing. Some also argued that the kernel prices did not keep up with the raw material price increase, exposing them even more to the risk of buying too expensive raw nuts and selling kernels at too low prices. In managing this risk, some decided to export their raw nuts or buy less for processing. Views as to the reasons for these extraordinary price developments differed. The crop in Vietnam and India was slightly short. The harvest in Benin (ten per cent of the West African crop and among the best quality crops in Africa) was alleged to be significantly short. Many observed increased demand for African raw cashew nuts from Vietnam and India. Others argued that demand for cashew is up in general after last year’s economic crisis had left inventories low. The evolution in exchange rate between the Euro and the Dollar has also contributed to maintain high prices, Dollar turning up to 540-550 against CFA. The Rupee weakening in India has not helped either.

➔ For a more complete overview of the season, see page 7 the country updates.

Register for ‘Empower the Industry!’

**ACA’s 5th Annual Conference in Maputo, Mozambique
September 14-16, 2010**

The ACA Secretariat together with the ACA National Committee of Mozambique and USAID’s Agrifuturo project are finalizing arrangements for this year’s conference.

Mozambique is Africa’s fastest growing economy and largest cashew processor. More than 250 participants from the agribusiness world are expected to participate as well as development organizations active in the sector (GTZ, USAID, Gates Foundation for example). Some of the largest companies worldwide in the cashew business are sponsoring the event, including Kraft Foods, Olam, and Intersnack.

Face-to-face meetings at a business2business forum during the conference provide an opportunity to meet with potential business partners, service providers and financial institutions. Expert round tables and small workshops will treat market trends, farming techniques, processing technologies, quality analysis and many more issues.

The program also features field trips to world class processing facilities and safaris and beach trips for spouses.

Register now! on www.africancashewalliance.com



“The ACA Conference enables us to learn from stakeholders from all of the African countries how the industry is developing and how business is done here in Africa”

Investor at Abidjan 2009.



Making the "Best" Nuts Even Better

ACA Guinea-Bissau National Committee

Guinea Bissau is renowned for producing what is considered among the best quality nuts in West Africa. Farmers produce up to 56lb outturn raw cashew nuts. However, bad harvest and post-harvest handling causes significant losses in this measure with a direct effect on the price farmers obtain for their products.

In April 2010, the ACA Guinea-Bissau National Committee organized a training program on handling techniques and requirements for more than 65 participants, including farmer groups and local traders. The event was supported by the Ministry of Commerce and Industry, and Agriculture and a number of local cashew processors and sponsored by Orange.

Farmers were trained on determining raw nut quality and (outturn test) handling of the crop during the different harvest and post-harvest phases. They were equipped with outturn test tool kits, standards and benchmark illustrations as well as a poster on cashew nut handling designed and distributed by Olam International in cooperation with the ACA Secretariat.



Poster on cashew nut handling designed by Olam were distributed

ACA Gambia National Committee Promotes Cashew at the 35th Annual African Travel Association Congress



ACA Members including: National Representative Ram Mohan (ComAfrique and The Vineyard), National Committee Treasurer, Jo Anne Yeager Sallah (IRD), Processing Representative, Musa Jawneh, Representatives from Gam Cashew and GHE.

20th 2010, brought together over 300 participants from Africa, Europe, and North America. Conference participants discussed the importance of public/private linkages to promote tourism and "Destination Africa". Conference participants included travel agents, travel writers, and other promoters of African tourism.

Four Gambian processors Gambia Horticultural Enterprises, Gam Cashew, FITA, Terranfil Agro, and The Vineyard Bar & Restaurant exhibited their cashew nut and cashew apple products and shared with conference participants the benefits of cashew nut and cashew apple, seeking to link cashew with the Gambian tourism experience.

To the ACA-The Gambia it is clear that linking cashew to the African tourism experience represents a huge opportunity for the industry. The exhibitors were also supported by the River Basin Cashew Value Chain Enhancement Project (CEP), a US Department of Agriculture (USDA) funded project and member of the ACA National Committee in The Gambia.

ACA National Representative Ram Mohan was pleased to see Gambian

processors unite for the event: 'The spirit of cooperation we saw here sends out a strong signal. It shows that Gambian cashew stakeholders are ready to work together with the ACA and IRD to expand local markets by tapping into unique markets such as tourism in The Gambia.'

40 Collectors Trained on RCN Quality

ACA Burkina Faso National Committee

At the end of March the Burkinabe NC organized a three-day workshop on RCN quality, post harvest handling and stock managing in Banfora, Burkina Faso. More than 40 people attended, including farmers and local traders from most producing areas of Burkina Faso.

The participants were trained on assessing RCN quality by measuring and calculating outturn (or kernel outturn ratio, KOR). A field trip was organized to two storage shops. This allowed the participants to apply the knowledge they had acquired. The evaluation showed a very good feedback from the participants.



People were trained on how calculate the KOR

In her final speech, Mrs Koné, ACA Burkina National Representative, underlined that the prices of raw nuts should vary according to their quality and encouraged all the stakeholders to work together for the good of the industry. She finally expressed her hope for realistic pricing practices for a sustainable Burkinabe cashew industry.

A Nigerian Cashew Development Plan

The ACA National Committee in Nigeria following a decision taken at the March 2010 'Cashew Week' held with support of the Africa Cashew Alliance, has come up with a draft Cashew Development Plan covering the period 2010 to 2012. The three year plan of activities aims to achieve two broad objectives. First, to create a supportive policy environment for the cashew business in Nigeria through revitalization of a public-private dialogue called the National Cashew Development and Export Working Group (NCaDeW). This Group was initially set up in 2008. Under this plan, it will be revived and enlarged to 15 institutional members.

The second is a market development effort to link market operators' - farmers, processors and traders - through a value chain development program that benefits the poor. The Market Linkage Project (MLP) would involve about 5,000 poor farmers with an estimated cumulative 10,000 ha of farmland from five cashew-growing states. Also, ten medium to large processors are to be identified and integrated into the scheme.

The cashew development plan expects to create 1,500 factory jobs with 1,200 of these going to women. Also over 50,000 family household members would be engaged in picking and sun drying cashews annually in the project. Total estimated sales of RCN from the project would be US\$2.5 million, while estimated sales of kernels would be US\$ 5.7million. Farmers would acquire new knowledge and earn more incomes from the market linkage effort. The plan is private sector driven and self sustaining after the initial take off. The committee is seeking resources and partners to help realise the objectives of the plan.

more information : Mr. Jide Anjorin, ACA National Representative Nigeria – acetnigeria@yahoo.com; +234-8033571210.

Food Safety and Traceability at the Association of Food Industries' (AFI) Annual Convention



John W. Bode presented the two leading bills on traceability

Food Safety and traceability were on top of the agenda of the AFI convention held in Delray Beach, Florida, April 29- May 1st. After the 2009 peanut butter and pistachio recalls, the US Congress is considering a sweeping new law on food traceability.

John W. Bode (from a Washington, DC law firm) presented the two leading bills on the subject and explained their consequences for local and international trade. He said Congress is planning to generally require importers and retailers to trace products back to the farm level. For cashews, this could mean that the importers would need to know and document the farm origin of the raw cashew nuts whose kernel they import. In addition, importers may be required to "verify" that all food and persons in the supply chain comply with US food regulatory requirements. Obviously, this is not possible in the current global cashew supply chain and trade patterns.

Elections

During the AFI annual convention, Tom White of The Pastene Companies was elected Chairman of AFI. At the annual meeting of the Nut & Agricultural Products Section, the following were elected to one-year terms: Bob Desrochers, Totally Nuts & More, Chairman, Troy Johnson MWT Foods USA, Vice-Chairman, Dan Phipps, Red River Foods, Secretary/Treasurer.

The AFI is lobbying Congress to amend the bill and exempt commingled raw agricultural commodities (prior to processing) from the proposed new traceability requirements. While the precise outcome of these proposals is undecided, it seems clear that the U.S. will adopt significant new food traceability requirements. The whole cashew industry has to start to think of how to put in place more traceability in the cashew value chain.

In the nut and agricultural products section meeting, the AFI presented its members with a certificate of analysis template based on FDA procedures and testing guidelines. It recommends following the FDA and International Commission on Microbiological Specifications for Food (ICMSF) sampling plans. This certificate will be required with all shipments. The document was created in a way that can be effectively achieved by overseas suppliers. (more information : <http://afi.mytradeassociation.org>)

All's Well that Ends Well for the Cashew Season in Burkina Faso Anatrans SARL Opens its Doors in June 2010

Anatrans SARL officially began processing raw cashew nuts on June 11 after more than a year and a half of work preparing its operation. The project actually began at the end of 2008 with the purchase of six hectares of land near Bobo Dioulasso, Burkina Faso's second largest city. The first few months were spent obtaining appropriate administrative approvals. It took about 12 months to build the facilities.

The production facility includes a warehouse, a canteen for the employees, a sanitary facility and parking space, all geared toward optimizing working conditions. The buildings were constructed to requirements set by financiers as were the choice of materials and the types of construction – all with a vision of sustainability.



It took 12 months to build the facility



The production facility currently employs 496 people, 85% of whom are women.

The € 2 million investment was made possible thanks to the commitments of Anatrans' partners, above all White Bird International, a Dutch company and the primary investor. Support also came from the Bank of Africa as well as from government of the Netherlands in the form of a grant.

The project received technical support from the African Cashew Initiative via Technoserve. Afokantan Benin Cashews SA, a Beninois factory, trained the personnel on the various aspects of processing cashew.

The production facility currently employs 496 people, 85% of whom are women. More staff will be required to reach its target of processing 3,500 MT of raw cashew nuts per year.

« Aside the financial investment, we have also invested in the team that we've hired and trained, » said Wim Simonse, director of the site. « I get the greatest satisfaction out of seeing all these people working in good conditions and happy when we encourage their good work. » And the greatest difficulty? « Obtaining the raw material, » he said. « That is a great challenge for us processors and the ACA Burkina. We must think about the means to better structure the market and to help processors to secure the supply of raw material. »

The Group Anastasis

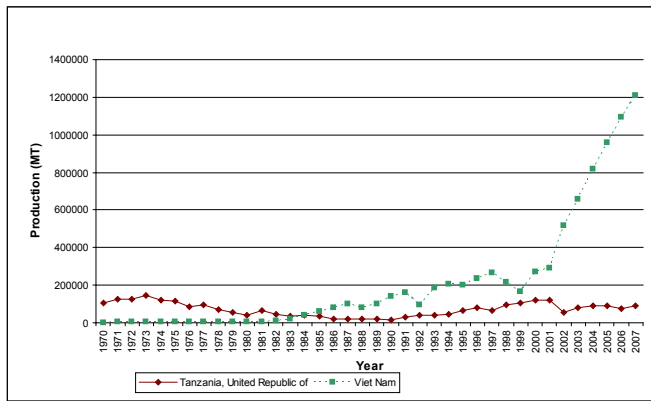
Anastasis SA is a Burkinabe holding company that has contributed to the creation of two companies: Genese SARL and Anatrans SARL. The holding company began operations in 2008 with an objective of developing activities in the agribusiness sector. Each company in the group has a specific objective. Anatrans SARL focuses on cashew processing, the group's primary industrial activity. Genese SARL focuses on the promotion and distribution of agricultural products (cashew nuts, jatropha, shea, soy and sunflower) by working closely with producers – helping them to organize themselves and reinforcing their capacity. The group works for qualitative and quantitative improvement of agricultural products while guaranteeing the market. For Anastasis SA, the mother company, the mission is to invest in the agribusiness network and create companies.

A glimpse at Two Cashew Industries: A Comparison between Tanzania and Vietnam

By Blandina Kilama*

This article is based on my fieldwork experience in both Tanzania and Vietnam under the Tracking Development Project (www.trackingdevelopment.net). The project is a multilateral, international research project comparing development trajectories of Southeast Asian and Sub-Saharan economies over the past fifty years. A total of eight countries are paired according to historical similarities to understand the divergences. The countries are paired based on similar prevalence of three pre-conditions for growth, namely macroeconomic stability, economic freedom for farmers and traders and pro-poor pro-rural policy in government spending.

To understand the divergence between Tanzania and Vietnam, one of the pairs of the project, I examined the cashew sector to explain the difference in cashew production between Tanzania and Vietnam. The statistics show that production of raw cashew nuts in Vietnam has more than quadrupled from mid 1980s to 2007, while that of Tanzania has remained erratic and stagnant around the same years (FAOSTAT, 2007).



Graph showing Cashew Production in Tanzania and Vietnam 1970 to 2007- Source: FAOSTAT | © FAO Statistics Division 2007

There are notable similarities and differences when looking at the cashew sectors of Tanzania and Vietnam. The results shared here are drawn from a comparative survey that was undertaken in both Tanzania and Vietnam (between 2008 and 2010). Firstly in both countries cashew is a smallholder crop. Secondly, the highest producing cashew areas have poor access to utilities both in terms of roads and water.

There are notable differences, firstly on age of both trees and farmers. While only about 20% of farmers started producing cashew after 1990 in Tanzania, the figure for Vietnam is 80%. The average age of a cashew farmer is 54 years in Tanzania and 45 years in Vietnam. On average, farmers in Vietnam have smaller farms sizes in comparison to their counterpart in Tanzania. Secondly, there is variation in productivity. While Tanzanian cashew trees produce an average of 300kgs per hectare (ha), Vietnamese trees can produce 1000kgs per ha. A good year of production and sale means a better maintenance of cashew on the coming season and vice versa. Thirdly, there are varying degrees of labor requirements.

While most of the households use additional labor during weeding and harvest in Tanzania, the case is different in Vietnam where additional labor is only used during harvest. Additional labor in Tanzania is used for spraying sulphur, sanitation, and pruning while this is done by individual household members in Vietnam. This is made possible by the availability and affordability of simplified machines to undertake the work. Marketing is done by different kinds of traders in Vietnam while

Tanzania all farmers sell through a 'primary society' as part of the warehouse receipt system.

In both countries farmers remain vulnerable to decisions made on their behalf by the Cashewnut Board of Tanzania and Vietnam Cashew Association. Vietnamese crop research centers are better supported than in Tanzania. They ensure that new and better varieties reach the farmers fast. In Tanzania unlike in Vietnam, unmonitored market restrictions lead to high transactional costs. In addition, they create little or no incentives for other actors to operate efficiently. The associated costs are borne by the farmers who lack alternative effective means of trading their produce. High processing capacity in Vietnam compared to very low capacities in Tanzania ensures that farmers continue to get a good price. During periods of poor prices, some farmers in Vietnam switch to alternative crops that pay better, e.g. rubber. This is in contrast with farmers in Tanzania who resort to abandoning part of their cashew farms.

* PhD candidate in the Tracking Development project, Africa Studies Center of Leiden's University and researcher with REsearch on Poverty Alleviation (REPOA).

¹The highest producing district, Tandahimba of Mtwara region in Tanzania is matched with Bu Gia Map district in Binh Phuoc Province in Vietnam

Promoting African Cashew at New York Fancy Food Show

ACA promoted cashew processing in Africa at the New York Fancy Food Show, June 27-29, with the support of a representative of the ACA National Committee of the Gambia, Mr. Musa Jawneh. In particular, the ACA advertised this year's ACA Annual Conference in Mozambique to buyers and industry service providers in the US market.

The ACA booth featured the 'People, Profit and Cashews in Africa' documentary and a range of information and promotion material on the Alliance and the ACi project. At the Food Show, ACA convened a meeting of the ACi Working Group on Marketing with ACi partners Kraft, Olam and Global Trading participating as well as implementing partners FairMatchSupport, a food safety expert having worked with TechnoServe in West Africa and John Halverson, a finance consultant for the Gates Foundation.

During and after the show, ACA held individual meetings with buyer members of the ACA to promote the conference, update them on progress of the ACi and discuss options for working on marketing African cashew and training cashew stakeholders.



Christian Dahm (on the right), ACA Managing Director, promoted ACA Annual Conference to buyers and services providers in the US market.

Spreading the Word on Motorbikes – ACi Farmer Organization and Training in Benin, by Claudia Schülein, ACi

The African Cashew initiative (ACi) team in Benin is working intensively on building up capacity in farmer organizations to improve quantity and quality of cashews.

In 2009-10, about 17,000 farmers, members of farmer associations in 5 districts in the central and northern region of Benin have been trained on cashew quality assessment (outturn test) and on harvest and post-harvest handling of the crop. ACi Benin experts also advised the executive members of the organizations on management and organizational issues for the better running of the farmer groups. However, it soon became clear that transferring knowledge and capacity is necessary but not sufficient to reach a tipping point for critical change.

Mr. Denis Tognissou, President of the Regional Union of cashew farmers in the region of Zou-Collines explained: "It does not help when we have a trained lead farmer sitting in our office in the regional town, not able

"The motorbikes will allow the organizations' trained technicians to monitor the farmer's activities and reach out to remote areas quickly"

to afford the transport costs to go to the villages, to the plantations, to the cashew farmer's places to support them and share the knowledge. We need our own transportation means to be independent and able to offer our members an efficient and effective service."

In response, the ACi team decided to directly help with the distribution of material and dissemination of the learning. They handed over three motorbikes to the representatives of the farmer organizations. The motorbikes will allow the organizations' trained technicians to monitor the farmer's activities and reach out to remote areas quickly – which is essential especially during the harvesting season. ACi also equipped the

offices of farmer organizations with computers. "Now we can work on our documents ourselves in our own office. Currently we are planning to write our business plan for gaining a loan for the next harvesting season to be able to pay the farmers a good price for their products. Do you know how much time and energy it cost to prepare a professional document without an own computer? Our activities are very much supported by these donations." states Mr Baranon Mohamed, the representative of the Farmers Organization in Atacora and Donga.

Mr André Tandjiekpon, Benin's ACi Country Coordinator added: "It is important to strengthen the farmer organizations on all aspects. This is the only way of making our project activities sustainable. When we pull out some day, we want the farmer organizations to be strong, independent and reliable service providers for our cashew farmers in Benin."



Mr. Denis Tognissou, President of the Regional Union of cashew farmers in the region of Zou-Collines receives a motorcycle from ACi Benin country coordinator Mr. André Tandjiekpon in Natitingou in northern Benin.

Tackling Access to Finance – Update from the ACi by Claudia Schülein, ACi



The Grant Agreement between the Bill & Melinda Gates Foundation and the Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ) which regulates financing and implementation of the African Cashew initiative (ACi) has been amended. ACi which was launched in April 2009, aims to increase the competitiveness of the African cashew sector and reduce poverty in the five project countries Benin, Burkina Faso, Côte d'Ivoire, Ghana and Mozambique. It is being implemented by GTZ as the lead agency, the African Cashew Alliance ACA, FairMatch Support and TechnoServe and funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and various private sector partners. The Bill & Melinda Gates Foundation is topping the funds up.

conditions of a security agreement between the partner banks and GTZ. This will enable eligible cashew nut processors in the five project countries to access capital needed to expand their businesses, employ more people and ultimately improve livelihoods.

The Grant amendment to the contract is to allow GTZ to use part of the ACi funds to establish a guaranty which will serve as collateral to partner banks selected by ACi. The local banks will give loans to cashew processors which will be subject to the terms and

Partner banks so far are: Banque Régionale de Solidarité, Bank of Africa and Banque Atlantique and Ecobank in Côte d'Ivoire, Benin and Burkina Faso and Ecobank in Ghana. ACi supports seven processing units as prospective loan candidates with training and technical assistance. They meet defined criteria which include ACA membership, participation in ACi, being registered and operating in one of the 5 countries, having procured all legal and administrative licenses and approvals to operate business in compliance with its country's laws and regulations including environmental and staff health regulations.

The implementation and the impact of this credit enhancement for entrepreneurs, which still is an innovation for most development projects, will be carefully monitored to improve efficiency and effectiveness. Negotiations with international and regional commercial banks and development banks (IFC, KfW, Rabobank, Standard Bank, Triodos Bank etc.) are ongoing to develop solutions that allow to satisfy the demand with market based financial products. With this credit enhancement we expect to substantially increase the local capital investment.

The second part of the grant amendment regulates matching funds mobilized by the ACi. The Bill and Melinda Gates Foundation requires ACi implementers and partners to match its contribution (about US\$25 million) with additional resources. Under the agreement with GTZ, the Foundation considers different percentages of the value of foreign direct investments, local-international joint venture investments and local capital investments into the cashew industries of the ACi countries as contributions to the project.

A Brazilian in Accra...

Tarciso Falcao attended the ACA Annual Conference for the first time in 2008 in Tanzania. Today he is partnering under an investment project with three Brazilian processors in Ghana. ACA Communications Officer Xénia Défontaine interviewed him on his experience and his impressions from doing cashew business in Africa.

Tell us about yourself and your company?

It's always difficult to tell about myself.... I am a middle-aged man with a lot of experience in life, have got to know many different places in the world, travelling for pleasure and work, and still want to know a whole lot more if life allows me. Professionally, I am a cashew expert but I remain in a constant learning process. I have also managed people in achieving goals in our companies. I consider myself a fair leader, but not because I say so, but because others have told me. I am very much a family person, I really enjoy being together with them.

My company has been set up based on my knowledge of the cashew industry and the cashew business overall. I have consulted for companies with interests in developing cashew business in Brazil and now I am also consulting for companies interested in developing cashew business out of Brazil. I am in business as Rhema Trading since 1998 when I left the cashew company I worked for 10 years in Brazil, and then decided to explore new parameters for the business and thus develop my consultant business. I really consider my network of commercial relations the main factor to succeed in this consultant business in addition to my teaching and learning ability which allow me to understand the business from different points of view.



Tarciso Falcao in his warehouse in Tema

How did you get the idea to invest in West-Africa? And why did you choose Ghana?

Initially it was just a question that came to my mind: Why is Brazil not participating in the cashew business in Africa? Then more and more questions and answers were coming, and the challenge was done. Let's set up some biz in Africa! How? For the last two years I have been studying the places in Africa where it could be feasible to start some cashew business. "Participating at the ACA meeting in Dar es Salam was really a strong factor in strengthening my decision to do business in West Africa." After my visits to Côte d'Ivoire and Ghana, I had a clearer picture of what might be developed here, and Ghana was chosen because of a few factors, such as a reliable government, a stable economy, reasonable infrastructure conditions, good people, and also because the West Africa Trade Hub and the ACA are located in Ghana. That should be some reason for that.

In what way did ACA help you to set-up your project?

The ACA did and still do help us a lot in setting up our project. We received a lot of support in terms of data and information, as well as assistance in learning about the cashew business, and its sectors in Ghana, and other cashew producing countries. I would like to mention two important persons from the West Africa Trade Hub and the ACA who helped us in all they can to assist us directly or through their team with our project: my friends Vanessa Adams and Christian Dahm,

without their support, I am sure things would have been much more difficult for us.

"Participating at the ACA meeting in Dar es Salam was really a strong factor in strengthening my decision to do business in West Africa."

Have you received some support from the Ghana government?

Yes, we are receiving support from the government, through the Ministry of Food and Agriculture and the Ministry of Trade and Industry, and now also from a presidential aide.

What challenges have you encountered in establishing your business in Ghana so far?

Nothing that could not be managed and solved, but the most difficult for us was the timing, and the cashew market's unusual high trends this year.

What are the next steps you foresee for your company in Ghana and tell us the time frame you have in mind?

We are preparing ourselves to start the next cashew season from its very beginning. We want to set up our procurement and processing stations in the producing areas in Ghana and perhaps Côte d'Ivoire. We plan to achieve the first stage of our project for processing cashews in Ghana in the course of the next two years.

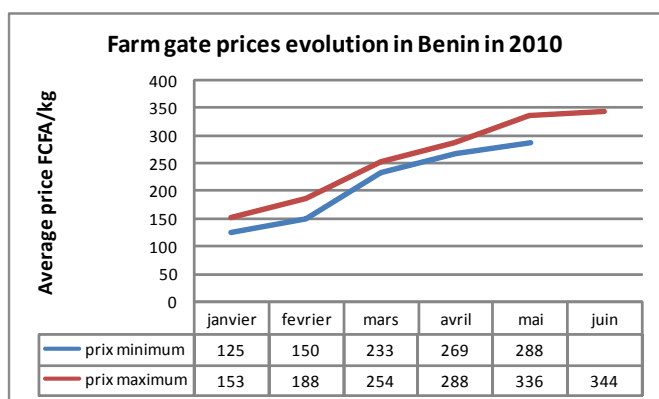
You have obviously made great strides with your business plan in Ghana, what suggestion do you have for other companies who wish to enter this market?

First of all, and frankly speaking, be a member of the West Africa Trade Hub or ACA and use their expertise for learning the ways of business in Africa. Then try to understand closely what are really the key points for your business, and most important is to understand their culture, their people and values. Be innovative in what you wish to construct, but never dismiss the local peoples' advice, use it for your own benefit. In cashews for example, there's a long way to go and develop, but right now we are just using the same trails to learn about the business here. Be patient!

Benin

André Tqndjekpon, ACi Country coordinator and M. S. Salifou, President of Regional Cashew Farmer Association

For the past decade, the volumes of raw nuts exported from the port of Cotonou have not ceased to rise in a substantial manner, passing from 116.398 tons in 2008 to 130.117 tons in 2009, being a more than 10% increase in the course of the last two campaigns (PAC, 2010). Certainly, it has to be noted that cross border flows from Nigeria, Togo, and sometimes from Burkina are estimated to account for a proportion between 15 and 20% of this volume. In the course of the 2009-2010 campaign, an exceptional phenomenon similar to that of 2000-2001 was observed with a shoot-up in raw nut prices. The price hike, whose causes are basically attributed to low production due to the level of rains (statistics are not yet available for confirmation) and the strong external demand is at the origin of the current dynamic of prices observed during this campaign. In this way, farm gate prices at 125.000 FCFA/ton of raw nuts in January 2010 has rapidly evolved to reach 350.000 FCFA/ton in May then a sudden rise to 375.000 FCFA/ton in June 2010. Overall, however, the majority of farm gate prices varied between 200.000 and 275.000 FCFA/ton due to early sales of the products. Data collected in 21 cashew producing districts (majority of production zones) indicate that the dynamics in farm gate prices vary substantially from one geographic zone to the other. The central regional districts of the production area have had higher prices than that of those more in the north. (due to gathering product costs and prejudice on the quality). FOB prices have moved between 250.000 et 400.000 FCFA/ton with peaks at 450.000 FCFA in the course of June 2010.



The price hike, though favorable for the producers, has been dissuasive for the processors who have not succeeded in supplying nuts at reasonable prices for their units. The direct consequence of this situation is that three new processors (SITAB Srl, La Lumière and NAD & Comp) supported by ACi in the setting up of processing units had to postpone their production plans and freeze some of their investment plans.

From an organizational marketing point of view season was marked by the usual anarchic course of the campaign generally attributed to weak regulation and discipline in the sector (e.g. presence of international buyers in the farms in violation of rules, breaching of business contracts between the farmer organizations and the processors).

The consequences of this current situation could have implications on future campaigns, in particular farmers might withhold nuts in the hope of similar price developments next season and end up with unsold products if prices do not react in the same manner.

Burkina Faso

Jean Bosco Dibouloni, Wuoul, ACA National Committee Member

The 2010 season in Burkina Faso saw unprecedented price hikes for raw cashew nuts. Prices rose by more than 200 per cent in a matter of a few

weeks at some selling points.

Association Wuoul, an association of small-scale farmers and food processors from the Banfora region in Burkina Faso and an ACA National Committee member, gathered more than 60 cashew stakeholders on 18 June 2010 in Orodara to discuss the issue. Small and medium-scale processors expressed their concern over the risk associated with raw material price hikes that do not match the increase in kernel prices. Participants highlighted the need for the cashew sector in Burkina Faso to get better organized and make a concerted effort to support the local processing industry. Some suggested reinforcing farmer-processor linkages through awareness-raising campaigns. Most participants agreed that the government needs to become more proactive in building the competitiveness of the processing industry.

The Technical Advisor to the Minister of Agriculture of Burkina Faso Colonel Laurent Sédogo joined the meeting on the following day to inaugurate a new processing unit, the Unité de transformation de l'Anacarde du Kenedougou. Run by Association Wuoul with the support of Intermon Oxfam (Spain), the unit has a processing capacity of more than 500MT raw cashew nuts per year. This, however, requires access to finance, about US\$100-150,000 to secure a full-year's stock in a 'normal' season. No one can predict how much 500MT will cost in the 2011 season but it is possible that it will be significantly more.

Côte d'Ivoire

Cherif Hibrainma, Agribusiness Company, ACA National Representative

In Côte d'Ivoire, it has been a good season for the producers. Farm gate prices started at 160 CFA and reached 320 CFA at the end of the season. Despite the delay in harvesting and the fear of a decrease in production, it is estimated that production would be the same as last year or even a little higher. At the end of June, 300, 000 MT had been exported from Abidjan and the expectation is that this year production attains 350,000MT. The quality of the nut has improved with an average of 46lbs outturn, with disparity between the region from 43-44 to 50lbs in Bondougou. On the processors' side, it has been a very tough season. They usually await a drop in prices in the middle of the season to buy their raw nuts. This year, there was no drop and as a result, the small scale processors failed to secure their stock. FOB prices for RCN evolved between US\$800 and US\$ 900, shipments are still ongoing.

Gambia, Guinea Bissau, Senegal

Ram Mohan, ACA National Representative

This Cashew season has been one of the toughest seasons ever. Price movement has been unpredictable and possibly catastrophic for many. While most farmers had a good season, processors and exporters struggled. In The Gambia and in Senegal, the crop was late and perceived to be short. In previous years Senegal's crop was significantly supplemented by raw nuts from Bissau (at an estimated order of 30-40,000MT). As the Bissau-Guinean government stepped up efforts to enforce its ban on overland exports of raw cashew nuts, only a negligible quantity from Bissau reached Senegal this year. The Senegalese crop typically has a higher nut count than that from Bissau and The Gambia. The absence of Guinean nuts exposed the higher nut count of the Senegalese crop. Demand for Gambian nuts, traditionally with a lower nut count, went through the roof.

As of end June, Gambia has shipped out 25,000MT, possibly about 15-17,000MT from Senegal and about 8-10,000 from Gambia. A further 5-7,000MT lower quality nuts could still be available indicating a total maximum quantity from Senegal and the Gambia of about 35,000MT. The lower quality nuts include a large quantity from Senegals Kolda region (at a 250 nut count).

Bissau had shipped approximately 90,000MT in end June with a further 5-8,000MT awaiting shipment. We also expect a further 10-20,000MT (as the third crop is still on the trees and being picked). In summary, we expect exports out of Bissau at an order of around 120,000MT, making the crop somewhat short, though much less than expected. Raw nut farm gate prices have shot up from 300 CFA/kg in early

COUNTRY UPDATES (CONTINUED)

trading to 410-415CFA/kg at Bissau at the end of June. Prices dropped marginally at the end of the season (end June/early July) with arrivals starting in India, but buying interest subsequently came back strong at these levels.

The Gambia has sold at 1075-1100 levels CNE, Senegal has sold at 1050 levels and has dropped recently. Guinea Bissau traded at 1150 levels before dropping to 1050 levels beginning of July. The weakening of the Euro (with a US\$=540-550 CFA) has helped maintain high prices. The Rupee in India, however, has also depreciated, which should have pushed prices down.

Ghana

Yayra Amezdro, WAML, ACA National Representative

The 2010 cashew season in Ghana (March-May) came and went fast. As during most seasons, demand certainly outweighed supply. Farmers achieved relatively low yields amid insect attacks on some farms during the flowering period of the crop.

At the end of the 2009 cashew season, about 56,000MT of cashew nuts were exported out of Ghana. Shipping lines in Ghana report a total of about 50,000MT of shipments until end June 2010. With shipments still ongoing, a clearer picture of total exports is expected to emerge by end of September. A large amount of Ivorian and Burkinabe cashew nuts were shipped through Ghana.

The financial sector has recorded a significant increase in crop financing and earnings in the cashew sector. It was however stated that more large volume buyers were able to secure bank credits as compared to the small volume buyers.

Financing still remains the challenge of farmers as they report delay in release of credit by some banks which adversely affects their production. Most farmers were said to have been unable to spray their farms early enough last year due to late release of funds to the qualified farmer groups. Similar situations are already reported in certain parts of the cashew belt by farmers who have submitted credit applications. They fear they may not be able to purchase the necessary chemicals for spraying their farms due to these delays.

Farmers reported that prices increased throughout the period and an average of GHC0.50 increase was recorded at the close of the season. FOB prices started at USD650/MT at the beginning of the season and closed at USD900/MT.

Bole Fair Trade Certified Farmers sold about 55MT of cashew under the fair trade terms. Savanah Marketing Ltd exported 200MT of Fair Trade certified Cashew Nuts to Vietnam through West African Markets Link.

While some local traders noted that there were hardly any new entrants during the season, some indicated increased interest from India in Ghana's crop. By the end of the 2010 cashew season the Cashew Development Project, Ghana recorded nineteen (19) cashew buying registered and recognized companies in Ghana.

Nigeria

Chris Ekwueme, ACET Nigeria, ACA National Representative

In Nigeria, the cashew season started as early as February and ended late June. The peak of production was April. For 2010, the total output production is estimated at 112,000 Mt. Sizable quantities entered Beninto be sold at a premium as Benin origin.

In terms of quality, 52lb has been registered but has gradually dropped to 48lb at the tail end of the season due to early rain. This however is very good and an improvement upon last year's quality. The nut count has also improved with 185 nut/kilo.

Export prices have evolved from US\$ 650 to US700/Mt FOB from Lagos.

The farmers were fairly rewarded for their efforts due to high quality which invariably attracted higher prices.



Children (after school) near Winker cashew processing factory, Ghana

Cashew Calendar 2010

Here is an indicative cashew calendar for ACA activities for the coming season. Please contact the ACA Secretariat (aca@africancashewalliance.org) if you wish to participate, have any input in preparation for any of the following events or would like to add to the cashew calendar.

September 2010

ACA annual conference – Maputo, Mozambique (14-16 September)

October 2010

Salon International de l'Agroalimentaire (SIAL), Paris- France (17th – 21st)

Cashew Forum - Zinguichor, Senegal

November 2010

Gambia Cashew week

December 2010

Ghana Cashew day, Accra- Ghana



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