



Building a competitive African cashew industry!

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2011: A Year of Innovation, Growth for ACA

2011 may have been ACA's biggest year ever. Never content with the status quo, ACA continued to develop and expand new activities in its role as the leading force behind the expansion of the African cashew industry.

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The ACA team at a year-end work planning retreat in Ghana

Perhaps nothing exemplifies this more than the 6th ACA Annual Conference in The Gambia September, which broke previous attendance records by 75%. A new addition to the conference was the World Cashew Expo, an exhibition of cashew processing equipment and service providers.

2011 featured the launch of the ACA Quality and Sustainability Seal, the first program of its kind in the world. Implementation has begun on this groundbreaking program to increase the competitiveness of the

African cashew processing industry through the certification of food safety, quality, and social standards. Kraft Foods and Intersnack signed of a Memorandum of Understanding (MoU) with ACA to demonstrate their strong support for the program.

MoUs with AICAJU in Mozambique and the Cashewnut Board of Tanzania and Cashewnut Processors Association of Tanzania have strengthened ACA's position in East Africa and will combine resources for effective investment promotion, policy advocacy, and sharing of best practices. ACA also joined forces with the major cashew associations and private sector players from around the world in the founding of the Global Cashew Task Force.

This year, the ACA Secretariat grew to 11 staff members plus three National Secretaries in Benin, Burkina Faso, and Ghana to support ACA's widening range of activities. Largely through the work of its National Secretaries, ACA has continued to support the development of national private sector associations in all cashew producing countries. In 2011, Benin, Burkina Faso, Ghana, and Mozambique all made major steps forward in uniting and organizing players throughout the cashew value chain.

Invest in African Cashew in 2012

Thanks in part to ACA activities, investment in cashew processing in Africa continues to take off. ACA-facilitated cashew processing increased by 41% in 2011 as new factories opened in Benin, Ghana, and Kenya while several other facilities restarted operations. Attracted by the strong potential of the industry, numerous new international players from India, the United States, and Brazil entered the African cashew industry as investors and buyers.

Building on the strong work of 2011, 2012 promises to be an even more successful year for ACA. New communications offerings and technical assistance packages will enhance the services offered to ACA members, while preparations for the 7th ACA Annual Conference in Cotonou, Benin (18-20 September 2012) are already underway. Interest in the ACA Seal program is increasing rapidly, and shipments of ACA Seal cashew will soon commence. These activities will all serve ACA's fundamental goal: a globally competitive African cashew industry. Thanks in large part to the support of its many partners who share this interest, ACA can say with confidence that this goal is now closer to reality than ever before.



New investments in cashew processing create jobs for local women, such as this employee in Tanzania

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2011 By the Numbers

115	Member Companies
360	Participants at ACA Annual Conference
6	National Events Held
16	Processors Directly Assisted
\$1.4 m	Loans Facilitated
2	Companies Begin ACA Seal Implementation

Supported by



Nigeria Targets Huge Increase in Cashew Production at National Cashew Summit



ACA President Idrissa Kilangi presents the Keynote Address at the Nigerian National Cashew Summit

“Nigeria has enormous land areas and human capital. Then what is responsible for the poor state of agriculture? Is Nigeria willing to take the challenge to meet its potential?” This was the question asked by ACA President Idrissa Kilangi in his Keynote Address at the Nigerian National Cashew Summit, held on 1-2 December 2011. Throughout the two day event, the answer from public and private sector stakeholders was a resounding yes.

This event, organized by Nigeria’s Raw Materials Research and Development Council (RMRDC) with technical support by ACA, focused on strategies to promote the sustainable development of Nigeria’s cashew industry – namely an increase in both production and processing. The 200 participants participated in a plenary session, group discussions,

and a field trip to cashew processing factories in Ogun State, Nigeria.

The Summit produced a list of recommendations to improve production volumes and build processing capacity in order to develop a complete value chain that could generate rural-based employment opportunities. On the production side, recommendations included taking measures to address rampant post-harvest losses with the distribution of jute bags to farmers as a first step, adopting an auction system for cashew trading to safeguard farmers’ income, offering training for farmers in good harvesting practices, and the planting of new seedlings to rejuvenate aging cashew orchards. Summit participants also applauded the RMRDC’s establishment of Cashew Processing Clusters in Nigeria and encouraged an expansion of this program. The support of development banks was also solicited in securing access to finance for small and medium scale cashew processors. Although Nigeria currently places fifth in Africa in the production of raw cashew nuts, the energy and commitment demonstrated at the National Cashew Summit made clear that soon Nigeria will be climbing the ranks.



“Nigeria has enormous land areas and human capital...Is Nigeria willing to take the challenge to meet its potential?” - Idrissa Kilangi, ACA President

ACA welcomes Princeton in Africa Fellow

One year ago, cashew was just another nut to Grace Hoerner. That all changed when the Princeton in Africa Fellowship program connected her with ACA. Now, she is currently halfway through a yearlong fellowship as a Communications Assistant based at the ACA Secretariat in Accra. In this role, Grace has played a key role in developing and implementing ACA’s new communications strategy.

Grace graduated from Princeton University’s Woodrow Wilson School of Public and International Affairs in May 2011, where she focused on trade and development issues and minored in African studies. After studying abroad at the University of Cape Town in South Africa, she knew she wanted to return to Africa after graduation and gain a greater understanding of private sector development and export promotion. The Princeton in Africa (PiAf) program provided her the perfect opportunity to do just that. Established in 1999, PiAf seeks to develop young leaders committed to Africa’s advancement through fellowships with a variety of organizations that work across the African continent. Blair Blackwell, PiAf Executive Director, says, “PiAf is very excited to be partnering with an organization like the African Cashew Alliance. ACA offers a tremendous work experience where Fellows can apply their skills and increase their knowledge of African development initiatives and policy advocacy, while exchanging ideas with and learning from their African coworkers.”



Grace Hoerner discusses cashew nut quality during a visit to a processing factory in Techiman, Ghana

“It’s been an unbelievable learning experience,” says Grace, who lists attending the 6th ACA Annual Conference in The Gambia as her favorite ACA experience thus far. Although she plans to return to the US in July to

begin graduate studies, she says, “The inspiring people I’ve met through this job and my newfound belief in the potential of the African cashew industry will always have an effect on me.”

Children of Singapore and Ghana connect via cashew



Students at the Afienya School located near the Winker cashew plant

A school project in Singapore. A cashew factory in Ghana. The two seem worlds apart. But thanks to the efforts of ACA, they have been connected.

When a group of students were working on a project that asked them to identify a business that played a strong role in its community, one student’s father, an Olam employee, suggested African cashew. With the assistance of ACA, the students visited Ghana and selected the Winker cashew plant as their subject. Located in the Afienya community, the factory has made a huge difference helping to send employees’ children to school. Inspired by their trip, the students returned to Singapore and raised thousands of dollars in support of the community they had met. ACA worked with Olam and the head of the Winker facility to identify the best ways to use the funds. Ultimately, it was agreed that the money would be used to build and stock a library, purchase computers, and construct a football pitch to be shared by three schools serving 1,200 students. The work is scheduled to be completed this month.

This was an exciting opportunity for ACA to showcase the huge impact the cashew industry has on local communities in Africa and facilitate a project that will undoubtedly benefit many children for years to come.

Making Small Scale Processing Efficient: ACA and IRD join forces to set up an innovative model for Senegalese and Gambian entrepreneurs

Jo Anne Yeager Sallah, IRD Country Director

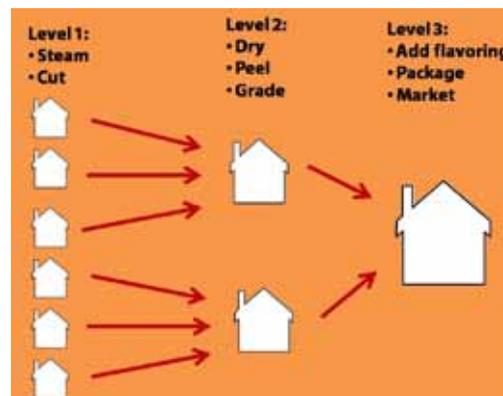
As a part of an on-going collaborative relationship and following an MOU signed in 2011, **ACA Business Advisor Sunil Dahiya is assisting International Relief and Development (IRD) with the installation of 7 small scale cashew nut processing units: 4 in The Gambia, 3 in Senegal.** IRD technical teams, headed by IRD's AgBiz Manager Moise Bassene, are working alongside Dahiya in order to ensure that the installation is done properly and field teams are well trained in equipment maintenance, equipment operations, and tracking and monitoring productivity. The assignment is the culmination of extensive consultations between IRD and ACA which led to the development of an innovative satellite contract processing model.

This model adopted by IRD with input from ACA is designed to remove the financial and managerial burden from small scale processors – trying to “do it all” is a common management mistake for small scale processors in the sub-region. In order to better match the skills level with the task, the strategy divides the processing tasks into three levels, each level completed by a different processing unit. Level 1 processors steam and cut the nuts, Level 2 processors dry, peel, and grade the nuts, and Level 3 processors add flavorings, package, and market the nuts. There may be several Level 1 processing units working with one Level 2 processing unit. Likewise, several Level 2 processing units could be supplying white kernels to the Level 3 processor who can then either sell on the local market or export, depending on their market arrangements. The system gives small scale processors a chance to increase their income without assuming the responsibility for sourcing the raw material, investing in packaging materials, or ultimately marketing the nuts. IRD is in negotiations with contractors and Level 3 processors who have expressed interest in supplying the raw nuts and then paying the processing units for their services, based on the processed kernel outturn. In the long run, as each level becomes more efficient and profitable, they can then decide whether they wish to expand to add extra levels using the profits made. IRD and ACA believe this model has much potential to be implemented throughout the African cashew sector.

IRD procured steamers and cutting machines and tables (Level 1) for 6 locations and ovens and grading tables (Level 2) for 3 locations. Prior to the arrival from the equipment, IRD carried out business training sessions with the processors to introduce the concepts of cost of production, record keeping, controlling costs, managing contracts, and understanding kernel quality grading systems. During Dahiya's consultancy with IRD, he will continue to impress upon the cashew processors that cashew processing must be run as a business with efficiency and quality being the number one priority. For the first year, the volume processed by these 7 units is expected to exceed 255 tonnes of processed kernel, which represents an 88% increase above current processing volumes. The new processing capacity is expected to create an estimated 50 jobs and generate an average additional income of \$2.00 per day.



ACA Business Advisor Sunil Dahiya trains workers in the use of a new steaming machine



Country Profile: Mozambique

Welcome to our new feature, *Country Profiles*. In each edition of the ACA Newsletter, we will profile a different cashew producing country in Africa. For our inaugural month, we'll look at MOZAMBIQUE, where the harvest is currently ongoing and exports are about to begin.



Mozambique's cashew producing regions located in the northeast of the country

PRODUCTION: In the 1970s, Mozambique was one of the leading worldwide producers of cashew nuts, averaging around 240,000MT per year. After independence and the unrest that followed, this figure declined sharply. However, Mozambique's cashew production has rebounded substantially in the last ten years. In 2011, Mozambique produced an RCN crop of about 80,000MT although the crop size is highly dependent on weather fluctuations from year to year. In general, yields tend to be low, at about 2.5 kilograms per tree. A widespread spraying project led by INCAJU (see below) has helped to improve this. However, the fact remains that many of Mozambique's 44 million cashew trees are quite old and ideally would be replaced.

Approximately one million Mozambican farmers engage in cashew production, with the vast majority in the Nampula, Zambezia, and Cabo Delgado provinces. For many of these farmers, cashew acts as an important supplementary crop to their regular subsistence production, especially in drought times. The harvest season in Mozambique runs from October to February, which coincides with the dry season, a critical time for food security. Thus cashew plays an extremely important role ensuring families are fed during these months.

PROCESSING: In 2011, Mozambique processed approximately 24,000MT of RCN, or 30% of the raw nuts it grew. This is one of the highest percentages of domestically processed cashew in Africa. There are about 15 major processors, primarily in Nampula province, in addition to small-scale, labor-intensive processing that occurs throughout the country. The majority of processed kernels are exported, although there exists a vibrant local market of informal road-side sellers.

QUICK FACTS:

- Population: 22,949,000
- Official Language: Portuguese
- Currency: Metical (26 MT = 1 USD)
- Time Zone: GMT+2 (No DST)
- GDP: \$9.8 billion (7% growth)
- Main Exports: Cotton, cashew, sugar, prawns, aluminum, timber

INSTITUTIONAL ENVIRONMENT: Unlike many other African countries, there exists a strong state body in Mozambique to support and regulate the cashew industry: INCAJU (National Cashew Institute/Instituto Nacional do Cajú). INCAJU has led a widespread spraying campaign to improve yields for farmers. To finance these efforts, and to protect the country's growing processing industry, an 18% export tax is levied on the export of RCN. Mozambique is also home to AICAJU (Associação dos Industriais do Cajú), a private sector association that participates in advocacy and provides services on behalf of its members. ACA signed an MOU with AICAJU in 2011.

Gender transformation in the African cashew value chain: ACi's efforts on women's empowerment

Ann-Christin Berger, ACi

Gender equality and the empowerment of women are two important components of the African cashew sector. One of the main objectives defined by the African Cashew initiative (ACi) is promoting employment opportunities for women in the processing sector. Therefore, acknowledging women's crucial contribution to cashew farming, it is essential to strengthen their roles as well as involving and empowering them through training activities. In order to gain more insight into women's participation in the African cashew value chain, the ACi Monitoring and Evaluation (M&E) Team carried out a gender study.

The ongoing study describes gender relations and attempts to identify gender-based constraints in four environments: the household, community, farm and processing plant. Personal interviews have focused mainly on capacity development, awareness-raising of participation by women and reducing discrimination against women in agriculture. The study will analyze the African cashew value chain to help to optimize the role of women within it. The following hypotheses were examined:

1. Women are empowered, have higher self-esteem and have a more meaningful impact on decision-making in the household and community as well as in farmer-based organizations.
2. Women and families spend their increased income more usefully and sustainably (e.g. on children's education, health, food supply etc.), improving the well-being of household members and reducing rural poverty.

In total, 34 farmers, 12 processing plant employees and three processing plant managers were interviewed on these topic areas in the Brong Ahafo Region in Ghana. Interviews were held with not only women, but also with their workplace supervisors and household members. Furthermore, the research integrated men's roles and perceptions into the analysis of gender equality and empowerment of women in the African cashew value chain.

This study has given men and women in the cashew sector a voice to share their experiences and insights on gender-related topics. Additional interviews will be conducted in Burkina Faso at the end of January. The study report will be available in March and will address shortcoming and up-scaling successes.

Predicting the Impact of Climate Change on the African Cashew Sector in Ghana and Côte d'Ivoire

Ann-Christin Berger, ACi

In the next two to three decades, climate change is projected to produce a decrease in rainfall and an increase in temperature. The Bill and Melinda Gates Foundation commissioned a study to determine how this change may effect the cashew industry in Africa. Conducted in 2011 by the International Center for Tropical Agriculture (CIAT) and the Agro Eco - Louis Bolk Institute of Ghana, the study found that, perhaps surprisingly, this shift in climate patterns will have a positive effect on the cashew production in both Ghana and Côte d'Ivoire. Currently, the south of Côte d'Ivoire and Ghana are major cocoa-growing areas. However, as the map shows, an increase in temperature will cause changes in precipitation patterns. As a result, previous cocoa-growing regions will lose suitability for cocoa and become cashew-growing regions by 2050. It therefore appears that cashew has great potential to be a highly sustainable crop in Ghana and Côte d'Ivoire for the next generation contributing to increased production.



An ACi representative interviews a female cashew farmer from the Brong Ahafo Region in Ghana



In 2050, the cashew growing regions of Ghana and Côte d'Ivoire will be much expanded thanks to the influence of climate change

Cashew Calendar 2011/2012

Please contact the ACA Secretariat to participate in any events, contribute ideas, or add an event to the cashew calendar.

February 2012

2-3

ACA/USAID West Africa Trade Hub Bankers' Training and Site Visit
Abidjan, Cote d'Ivoire

April 2012

26--29

Association of Food Industries (AFI) Convention
New Orleans, Louisiana, United States

May 2012

18-20

INC World Nut & Dried Fruit Congress
Singapore



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