



AFRICAN CASHEW ALLIANCE

Issue 10
March 2009

PROMOTING AFRICAN CASHEWS WORLDWIDE

www.africancashewalliance.org

The Bill & Melinda Gates Foundation supports US\$40 million public-private partnership to develop cashew sector in five African countries

A 'Dream Team' for African Cashew Value Chains is Born!

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Great news for African cashew! The Bill & Melinda Gates Foundation announced Feb. 17 a US\$23 million investment into the cashew value chains of Benin, Burkina Faso, Côte d'Ivoire, Ghana and Mozambique – a reward after more than one year's hard work on the project.

ACA members and partners in the cashew industry worked with German Technical Cooperation (GTZ), the lead agency in the project, TechnoServe, a rural business solutions provider, and FairMatchSupport, a fair trade and organic certifying body, on the successful project proposal. They provided key data on cashew production, processing capacity, as well as international market intelligence and linkages to international industry buyers. The industry perspective helped demonstrate the economic growth and development potential cashew has in Africa.

An estimated 2.5 million mainly smallholder farmers grow cashew in Africa. At an annual production of almost 750,000MT they supply about 40% of the world's cashew crop. But only about 12% of it is processed into cashew kernels in Africa. As many as 250,000 new jobs and over US\$150 million in added value would be generated if the crop was processed in the region.

The US\$23 million grant is complemented by \$17 million in in-kind contributions from private sector stakeholders. The project will improve the quality of raw cashew nuts, increase farmer productivity, improve links between smallholder farmers and the marketplace, increase African processing capacity, and promote a sustainable global market for African cashews.

"The way this project has been designed will make a huge difference for the African cashew sector," said Carlos Costa, president of the African Cashew Alliance. "This is a tremendous opportunity: It will integrate our cashew value chains better into regional and global markets. We, the stakeholders along the entire cashew value chain, are very excited to start work on this."

"The assistance will help us increase production and help us connect to the international market,"



Cashew stakeholder meeting in Eschborn, Germany (June 2008)

said Minata Kone, director of Sotria-B in Burkina Faso. "I really need this kind of technical assistance to develop these skills."

More than 100,000 farmers will be trained by GTZ and FairMatchSupport's agriculture specialists. TechnoServe's technical expertise will help improve processing factory management and capacity. ACA will bring the industry perspective to governments and partners, promote a sustainable market for African cashew and work with the project partners to facilitate new investments into the cashew sector.

"This is a unique collaboration of four agencies, each bringing complementary expertise to the table," said Herman uit de Bosch of FairMatchSupport. "By pooling resources and focusing specifically on the cashew sector, the impact will be significant."

The four-year project is expected to be launched in early April 2009 in Accra, Ghana where its regional headquarters will be located. National offices will be set up in each of the project countries.

Simply by winning grant support, the African cashew industry has achieved an important success: An international audience has recognized the challenges facing cashew — and the great impact resolving them would have. If the implementing partners can maintain that ambition, the success will be even greater: After four years, more African countries could become eligible for a similar project. All the more reason to keep working together and learning from each other!



"The way this project has been designed will make a huge difference for the African cashew sector."

Carlos Costa, President of the ACA

ACA Annual Conference – ABIDJAN 2009

SAVE THE DATE!

ACA's Annual Conference 2009 will be held in Abidjan, Cote d'Ivoire, from **1-3 September 2009**.

After Guinea-Bissau in 2006, Mozambique in 2007 and Tanzania in 2008, it's time for the ACA to come to Côte d'Ivoire! The country is Africa's biggest producer (335,000MT in 2008) and the world's biggest exporter of raw cashew nuts. Its vibrant capital Abidjan has West Africa's biggest port.

The 2009 Conference will gather business people, farmer groups, traders, processors, importers, retailers, financial institutions, equipment suppliers, and scientists from around the world. Save the date! Tell your business partners and book your trip today! Visit the ACA website for more information.



Don't miss this chance to profile your company in the business! The ACA is looking for sponsors for the event. Contact the Secretariat at cdahm@watradehub.com

Expert Database

The ACA is launching a cashew expert database on its website. The aim is to create a global pool of expertise focused on different parts of the cashew value chain. This will help ACA members identify and source the technical knowledge they require and facilitate international cooperation of cashew stakeholders.

If you have specialist expertise to offer as a consultant in cashew cultivation, trading, processing, exporting, auditing, packaging, marketing and retailing, please contact the ACA Secretariat at info@afriancashewalliance.org. Briefly state your:

- Relevant experience
- Technical specialization and expertise
- Publications
- Contact details (will be treated confidentially)

PTNPA Conference

Christian Dahm represented African cashew at the Annual Convention of the Peanut and Treenut Processors Association of the US in Freeport, Bahamas from 17-20 January 2009. More than 200 nut industry representatives participated. A number of US nut importers expressed interest in 'bringing Africa back on the cashew map' (see related story on page 3).

Fancy Food Show

The ACA invites African cashew processors to apply to participate in the Summer Fancy Food Show in New York (28-30 June 2009) as part of an 'Africa Pavilion' featuring specialty foods from the continent. The West Africa Trade Hub team has designed the pavillon and will market its exhibitors on a special website.

To apply, contact cdahm@watradehub.com

Upcoming Events

ACA will participate and promote African cashew at:

- Nigerian Cashew Week (27-30 April 2009)
- Convention of the Association of Food Industries (30 April - 2 May 2009, Naples, Florida)
- International Dried Fruit and Nut Council Convention (29-31 May 2009, Monaco, France)

Recruitment

As an implementing agency of the cashew project funded by the Bill and Melinda Gates Foundation and private sector partner, the ACA is recruiting new staff. We are looking for an Office Administrator and an Advocacy Advisor.

To apply visit our website at www.afriancashewalliance.org.

Discounts for ACA members at cashewinfo.com

Commodity India's cashewinfo.com newsletter is now available for ACA members at a discounted subscription fee. ACA members only pay US\$250 for an annual subscription instead of US\$300.

Published weekly, cashewinfo.com's newsletter contains cashew kernel price information from key traders, trade statistics and updates on exchange rate developments and upcoming events.

Technical assistance helps processors

The ACA sponsored a processing expert, Shakti Pal of TechnoServe, for a technical assistance mission to Benin, Burkina Faso, Cote d'Ivoire and Ghana in January and February. Mr. Pal visited six cashew processors and helped the companies plan production, equipment purchases and management improvements.

Mr. Pal will visit the companies again in March and April to provide training and additional technical assistance.

Royal Attention for African Fair Trade Cashew

At the end of last year, Her Royal Highness Princess Maxima of The Netherlands opened a fair trade promotion week in The Netherlands. The opening was attended by 300 people from both business and civil society.

ACA member and FairMatchSupport co-founder Herman uit de Bosch delivered the keynote speech on the African cashew sector. uit de Bosch reported that in the last few years a growing number of African entrepreneurs had invested in the industry, benefiting farmers and general economic growth in the region.

Fair trade cashew can stimulate such growth by investing premiums in orchard improvement. FairMatchSupport, in close collaboration with Global Trading, is organizing producer co-operatives in Benin, Burkina Faso, Ghana and Mozambique. Two Ghanaian co-operatives of about 2,000 farmers recently gained fair trade certification.



Nut Consumption in Recession Times: the Bad News and the Good News

By Christian Dahm, ACA Secretariat

While the world is struggling to grasp the scope and the scale of the current economic downturn, businesses around the globe are pondering the same questions: how will all this affect my business in the long-term? How will it affect my clients? What are the prospects for the future?

These were some of the most pressing issues discussed at the annual convention of the Peanut and Treenut Processors Association (PTNPA) in Port Lucaya, in the Bahamas in January 2009.

Nut sales in the United States have enjoyed steady growth over the past 20 years, driven by convenience, taste and health, the top three consumer forces at play. The health theme is gaining in importance and research shows that nuts deliver very well. The 2005 Dietary Guidelines for Americans recommend “vegetarians substitute 1.5 ounces of nuts and 2/3 cup of legumes for 5.5 ounces of meat poultry and/or fish.” Moreover, clinical studies found that nut consumption helps regulate cholesterol levels and can reduce the risk of coronary heart disease by around 35%.

Dr John L. Stanton, professor of food marketing at Saint Joseph University, told PTNPA members that the nut industry has had success with new convenient packaging and the introduction of new flavors.

Taste, convenience and health will continue to drive the consumer market but, according to Stanton, “the current demographics, food safety and economic issues are taking centre stage.”

High food and energy prices in the short-term and lower household income and overall restricted budgets in the long-term have led consumers to cut back on purchases. Stanton expects people to “trade down” – stretching their budgets to cover basic needs, becoming more price-oriented and buying more private label products. Research shows that households are cutting back on food purchases and shopping trips per household are decreasing.

The good news is that while people buy fewer cars and electronic gadgets or less jewelry, they still need to eat and they still like to snack. In 2008, cheaper private food labels have seen sales reach an all-time high. Over the past five years, the private label segment

has grown at 13.7%, almost double the rate of U.S. national brands. Consumers are trying them out to save money and are finding them good.

Stanton also noted that more people will “eat in instead of out” over the coming years. This will positively impact the number of snacking opportunities as nuts are mostly consumed as a snack at home. Also, in view of high food prices, consumers will face tougher decisions on where to source their protein: nuts could present a healthy complement to meat and fish.

Stanton also expected that when the global economy recovers, nut business will continue to grow in the U.S. and especially in emerging markets provided that the focus is on the customer and ensuring food safety. Consumers continue to look for nutritional value, convenience and great taste, making nuts a good choice.

“Although not the cheapest snack, nuts provide a wallop of nutrients at a reasonable cost. The industry must never stop reminding moms of the great choice that nuts make for their kids.” Stanton said.

The biggest opportunity for the industry lies in the segmentation of the retail sector around the world. Retail giants, such as Wal-Mart, Aldi, and Carrefour, focus on providing the cheapest choices in town with little variety other than the leading brands. The traditional chains are seeking to differentiate themselves, e.g. by providing more variety or “upscaling” their choices.

“The real success for the future,” Stanton told PTNPA participants, “will come from being sure that you are selling what people want to buy and not trying to make people buy what you want to sell.”



More than 200 participants attended this year's PTNPA Convention

“Although not the cheapest snack, nuts provide a wallop of nutrients at a reasonable cost”

African Cashew Nuts in Brazil – Some Lessons Learned

By Rhema Trading, a Brazilian cashew processor

Brazilian customs recently released 15,000MT of cashew nuts imported from Côte d'Ivoire and Nigeria in mid-2008, when the Brazilian season was running a shortage. The delivery was held up for more than six months because of insect infestation, evidence of bird flu and Newcastle disease contamination.

Treatment of cashews at origin in Africa could avoid such issues in the future. The Brazilian authorities required treatment and fumigation procedures for the release of the cashews. The cashew deal provided 9,000MT of cashew nuts for a processing plant, reviving a site that had been closed since 2001.

Although quality of the nuts had suffered due to the long period of storage, the kernel quality after mechanized shelling was satisfactory. Shelling yield for the African nuts was at 58% wholes, of which approximately 45% was of first quality. However, damaged kernel averages were high, at 14%.

The Brazilian Cashew Industry Association has already applied for a cashew import license to cover future demand for African cashew nuts. Brazil produces 350,000MT of cashew nuts per year, but current shelling capacity is at 600,000MT, divided among only nine factories.



Feeding line after cookers and centrifugal machines

“Properly dried and cleaned and with some adjustments made in the handling of the crop for export from Africa, we believe that the shelling outturns of the African cashews could be very impressive,” said Tarciso Falcão of Rhema Trading, a Brazilian trader and processor.

Some Brazilian cashew processors are even interested in setting up shelling units in the African countries using Brazilian technology and know-how.

Falcão is optimistic: “The mechanized shelling system from Brazil could be a way to go for bringing up processing capacity in Africa,” he said. “Brazil and Africa have a lot more to share in the cashew business than just trading raw cashew nuts.”



Kernels output conveyor



Grading Conveyors



New Shelling Machine (30,000MT capacity)



Humidification Silos

Cashew industry must develop high standards for sustainable, profitable future

Cashew Concern Certification (CCC) is very excited about Africa’s emergence as a cashew processing region. For years Africa has been known as a source of raw material for the various cashew processing nations, and now it is taking this abundant and valuable resource into its own hands by developing processing capacity. The potential for growth of this industry in Africa is almost limitless, and presents many opportunities for economic and social benefits.

With the emphasis today on food safety and responsible sourcing, it is of the utmost importance that the African cashew industry develop through healthy, managed growth, as opposed to quick, unbridled expansion without sufficient regard for quality and high standards. Industry examples prove that this type of erratic development does not stand the test of time, and results in millions of dollars of unnecessary losses and an unsustainable industry.

The CCC offers consulting services for the development of high quality processing facilities, a complete inspection and tracking system, combined with a comprehensive marketing campaign designed to raise consumer awareness of the product’s origin and promote quality

African cashews. The CCC’s unique program can convey this message through every facet of the distribution channel - bringing awareness that these cashew kernels are processed with pride by companies on the African continent who subscribe to high standards of quality and social responsibility.

Increasingly, there is a movement in the United States and elsewhere to require third party audits as standard practice. Adopting these programs before they are mandated will enable processors to easily transition to the new standards, and gain a reputation for quality and integrity in the world markets. Africa is poised to become a powerful and well recognized force in the cashew industry. The CCC welcomes the opportunity to be part of this vision, and is honored to be a member of the African Cashew Alliance.

If you would like more information, please contact David Rosenthal or Mary Smith at info@cashewconcern.com / 804-745-2848. Visit our websites at www.cashewconcern.com, and our blog at <http://theresponsiblesource.blogspot.com>.



Benin: Delegation Goes to Cashew's Roots in Brazil

A delegation from Benin visited Fortaleza, Brazil, the area of origin of the cashew tree in late October and early November 2008. The Agricultural Sector Development Program (PADSA II) financed the study tour for the National Federation of Cashew Producers of Benin (FENAPAB). Trip participants learned about the variety of cashew kernel and apple products Brazilian processors bring to the market. They tasted *cajuína* (caramelized cashew apple juice), wine, jam and jelly, confits, dried cashew apples, cashew bars made out of ground kernel and apples with sugar, *rapadura* (mix of roasted, molded and compressed kernels and sugar) and cachassa, and cashew spirit.



Participants also studied innovations on "early dwarf varieties" which can achieve a yield of up to 5,000kg/ha under irrigation combined with best practices in cashew farming and processing.



Back in Benin, the "*Bourse de l'Anacarde*" is being created as a forum for exchange among stakeholders on cashew cultivation, processing and marketing, in particular for the strengthening of the Beninese cashew brand. The body will be established under the auspices of the Ministry of Agriculture and the Chamber of Agriculture of Benin. It will convene biannually, at the beginning of the cashew season in February and in July or August. It will carry out a number of activities, including trainings on technical and technological aspects of cultivation and processing and product development and marketing. The ACA National Committee will support the work of the Bourse.

At the beginning of the Beninese cashew season on February 27th, raw cashew nuts were traded at farmgate between US\$0.35-0.38. Raw nut FOB prices were between US\$740-760/MT depending on nut quality, but trading was slow.

Burkina Faso

ACA's National Committee organized a farmer training in December 2008, financed by the Local Development Project for the Comoé, Léraba and Kéné Dougou provinces (PADL/CLK). Dr Guira Moussa of the National Institute for Training and Agricultural Research (INERA) led the farmer training.

The 2009 campaign should deliver positive results because of good rainfalls. Some trees were losing nuts because they were overloaded. A priority for stakeholders is to ensure that all of the local production is sold so that intermediaries do not mix older crop with newer crop in the future. Nut quality is improving steadily in Burkina Faso with visible signs in this year's campaign.

Côte d'Ivoire

In 2009, Côte d'Ivoire's cashew crop reached 335,000MT. 29 private companies and 13 licensed producer cooperatives exported 311,100MT to Brazil, India and Vietnam. The 2009 harvest is expected to produce about 350,000MT as new orchards start producing and climate conditions have been favorable.

Average quality is expected to be good, at an outturn of 48,190 nuts/kg and 9% humidity, as a result of good post-harvest handling and use of jute bags.

Prices were to be announced at the official opening of the campaign on 6 March 2009.

Trainings are taking place for farmer cooperatives on local marketing and management as well as capacity-building for trader organizations, including complying with export requirements in new markets.

Ghana

Farmers in Ghana should see higher yields due to good weather. Last year's campaign produced between 22,000 and 35,000MT. Exports were recorded at 61,000MT. Cashew nut trading started in February with farmgate prices at about US\$0.30/kg.

Gambia, Guinea-Bissau and Senegal

The cashew season in The Gambia, Guinea-Bissau and Senegal usually closes in July/August. The region falls into the final quarter of the raw nut purchase cycle. Buyers normally come from Côte d'Ivoire to Senegal and the Gambia and then continue to Guinea-Bissau.

Competition for the Gambian crop is strong, sometimes resulting in price hikes. Inflorescence is high and the crop has been growing steadily over the past years. Price indications from Côte d'Ivoire will influence raw nut prices.

The Senegal Accelerated Growth and Increased Competitiveness (SAGIC) program held a conference in Ziguinchor. Participants discussed setting up associations to take on problems encountered in the value chain.

Nigeria

Some of the major cashew producing areas are recording bumper harvests (Ayimgba Kogi State) as a result of good rain, good flowering and low Harmattan winds. Trading of raw nuts has also picked up in the Ogbomosho area, which produces the highest quality nut in Nigeria. In February, farmgate prices were at N40,000-N45,000 (US\$0.27-0.30) per kilo, FOB prices at US\$550/MT.

Since the market for processed cashew is still weak and banks are still reluctant to extend credit to traders and processors, the raw cashew nut market is likely to experience difficulties in the months ahead.

Training will be required in quality control and quality assurance for both the producers and processors. Furthermore, processors primarily need access to cheaper finance to source raw material in Nigeria and across the border.



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