



Building a competitive African cashew industry!

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"The African cashew industry could represent the single biggest opportunity for the international cashew market over the next two decades."
- Dan Phipps, Senior VP, Red River Foods

ACA and USAID-West Africa Trade Hub Collaboration Results in US\$2.4 million for Cashew Processor



ACA was present at the inauguration of one of two Togolese processing facilities that will receive funding as a result of the \$2.4m loan.

All of these original objectives will be impacted by the US\$2.4 million loan. The financing will assist the processor in reaching a goal of expanding annual processing capacity sixfold, through project implementation at two facilities in central Togo. In addition to increasing production, the investment will also have substantial environmental and social impacts – funding the installation of a cashew nutshell (CNSL) unit and creating over 600 jobs, primarily for women. This groundbreaking cashew finance scheme reflects a successful public-private-partnership among ACA and USAID-West Africa Trade Hub as part of efforts to support emerging non-traditional export sectors.

On July 31st, a Togolese processor was approved for a US\$2.4 million loan by the ECOWAS Bank for Investment and Development (EBID). This is the first loan granted by EBID resulting from an MOU signed between the African Cashew Alliance (ACA), the USAID West Africa Trade Hub, and EBID over a year ago. The MOU aimed to address one of the most substantial barriers to development in the cashew industry – access to finance.

"This agreement will open up access to medium- to long-term finance to cashew processors who need it," said Roger Brou, director of business and finance at the USAID West Africa Trade Hub, when the MOU was signed in December 2010. "With access to finance, they can expand their operations, which will create badly needed jobs and bring more income into the regional economy."

ACA Becomes Founding Member of Global Cashew Council at World Nut Congress

From 18-20 May, major international players in the fruit and nut industries gathered in Singapore at the INC's XXXI World Nut and Dried Fruit Congress. Cashew associations of the major cashew origins (Brazil, India, Vietnam, Indonesia and ACA) and major international cashew processors and buyers, all members of the Global Cashew Taskforce, decided to solidify their international cooperation in the form of a permanent body.

As a result of discussions emphasizing the need for an official long term partnership, the Global Cashew Council emerged. This new body aims to promote cashew consumption worldwide, while working to harmonize standards and facilitate the exchange of information between the major players. The group also made plans to conduct research on the nutritional value of cashews by conducting clinical analysis and trials with cashews from all major origins. One of the Global Cashew Council's central objectives is to emphasize the health benefits of cashew kernels, which could have trickle-down effects on both demand and incomes in the cashew industry.

The last meeting of the Global Cashew Taskforce occurred at the 6th ACA Annual Conference in Banjul in September 2011. ACA's participation in the Council indicates Africa's emergence as an important cashew producing region.

Arie Endendijk, Purchasing Director of Intersnack, Europe's largest snack manufacturer and Advisory Board member of the African Cashew Alliance, moderated the cashew roundtable at the Congress, which is the world's largest nut event and had more than 950 participants. He presented the case for investing in the African cashew industry, showcasing production and processing trends in Africa and highlighting the enormous potential presented by the emerging industry in Africa. Mr. Endendijk also promoted the African Cashew Initiative as an innovative public-private partnership to grow the cashew industry and noted its contribution to improving farmer livelihoods in Africa.



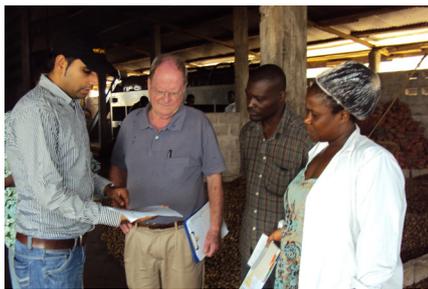
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ACA Quality & Sustainability Seal Program Expanding Across West Africa



ACA Business Advisor Sunil Dahiya, Jim Giles, and ACA Seal Coordinator Gillian Epule at Cajou Espoir.

After the approval of Tolaro Global as the first seal approved factory in Africa in May 2012, five new processors have begun implementing the program. They include Anatrans SARL, a Burkinabe processor, Afokantan Benin Cashew, Cajou Espoir of Togo, and Mim Cashew, located in the Brong-Ahara region of Ghana.

The ACA Quality & Sustainability Seal is an industry-supported mark that signals the processor's compliance with international food safety, quality, and labor standards. For some cashew processors the driving force behind seeking to implement the Seal has come from cashew buyers. "We feel the push from the buyers is instrumental in getting processors to adopt the ACA Seal program," explains ACA's Seal Coordinator Gillian Epule.

Cashew buyers are not the only driving force encouraging African processors to adopt the ACA Seal program. The Nigerian processor Food Processing Co. Ltd. (Food Pro) recently signed on to implement the ACA Seal and has taken the initiative to adopt the program because it will allow them to demonstrate that their cashew kernels are up to international quality standards. "Food Pro understands what they want and the market requirements to achieve their goals," said Epule. "Adopting the ACA Seal will set Food Pro cashew products apart." Food Pro in Nigeria was first introduced to the Seal program at the 6th Annual ACA Conference in the Gambia last year. ACA will be conducting a preliminary inspection of Food Pro facilities after the annual conference in September.

The expanding implementation of the ACA Seal in West Africa indicates the program's success in this region. The ACA Seal team now will now be turning its attention to mobilizing cashew processors in East and Southern Africa, with visits to Kenya, Tanzania, and Mozambique in August.

Vanessa Adams leaves role as Director of West Africa Trade Hub

This August, Vanessa Adams will be leaving the West Africa Trade Hub in Accra, Ghana, where she has served as Director for the last eight years. A project of USAID, the Trade Hub has been a key partner and an important driving force behind the ACA since its founding.

During her time at the Trade Hub, Vanessa oversaw the expansion of many West African export industries. Her work in business development was instrumental in producing competitive products, including cashew, apparel, shea, home décor, and specialty foods. Although the ACA is now one of the most established organizations born out of the Trade Hub, Vanessa's unfamiliarity with cashew made her initially doubtful of the industry's potential.

"When I started, I was told, 'we're going to work on cashews, because there are lots of cashews in West Africa,'" she recalled. "That was in 2005, when I had Technoserve do an assessment of West African cashews and comparing what's known about cashew in East Africa."

Vanessa used the results of this research as a model for revival of the West African cashew industry - an essential act of leadership that jumpstarted the process of creating a continental industry alliance. She cites the 2007 Annual Conference in Mozambique as a marker of when she became confident in ACA's future success.

"Alliances are not easy, and it can be difficult to achieve self-sustainability," Vanessa noted. Once cashew caught Vanessa's attention, however, failure was not an option. With her guidance, the ACA transformed from a project under the wing of the Trade Hub, to an independent organization with its own full-fledged management team, including the Executive Committee and Advisory Board. "The organization of ACA was really foundational and has been a model for other projects at the Trade Hub like the Global Shea Alliance." *(Continued on Page 3)*



Vanessa Adams served as director of the West Africa Trade Hub for 8 years.

7th ACA Annual Conference Preview: CalifornAfrica!



Chris Thornberg of Beacon Economics will be a featured speaker during the Plenary Session.

In an increasingly complex world, how do African cashews, international trade, and the US economy relate? Participants at the 7th ACA Annual Conference in Cotonou, Benin, will gain insight into this question with the help of Christopher Thornberg, one of the most anticipated speakers to be featured during the Plenary Session on September 18. Mr. Thornberg is an American economist and a founding partner of Beacon Economics, a leading California firm.

"I spend time looking at a variety of trade issues," says Mr. Thornberg, who has extensive experience in both the public and private sectors to the conference. "I am going to bring an outsider's view of the world economy to the industry and region."

While Mr. Thornberg's talk will no doubt be an incredible educational opportunity for all conference participants, he also looks forward to expanding his own knowledge about the African cashew industry while in Benin. "For me, being able to interact with the conference participants, learning about their industry, their plans and business will be a fascinating experience," remarked Mr. Thornberg. "I have never been to West Africa, so I am thrilled to be seeing the region and meeting the people."

The topics to be covered by Mr. Thornberg will be relevant to all members of the cashew value chain. His speech will pay special attention to the final destination of many African-grown cashews - the United States and Europe. "As much of the cashew crop is sent to the developed world, I hope to help people better understand the dynamics of growth (or lack thereof) going on there - how it happened, what may happen next and of course what it means for the growers in terms of their business."

Don't miss this fascinating opportunity to hear an expert discuss cashew in a global economic context. Mr. Thornberg joins a field of industry professionals that will be speaking on all aspects of cashew during the Plenary Session as well as the specific workshops and forums that will be held on the next day of the conference.

Vanessa Adams leaves role as Director of West Africa Trade Hub

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While shaping the West Africa Trade Hub into the model for international trade and development that it is today, Vanessa developed a detailed understanding and appreciation for the complex processes behind goods consumed around the world. "One thing I've learned by working here is how international trade affects everything you eat," she remarked. This knowledge will no doubt continue to inform her efforts working on food-related projects in the next phase of her career.

"Vanessa has done some outstanding work with amazing achievements for the cashew industry in Africa," remarked ACA Managing Director Christian Dahm, who worked closely with Vanessa at the Trade Hub ACA's formative years. "She has been a source of inspiration for so many of us, her energy, her vision and her ability to mobilize and grow support have made the ACA's success possible." Cashew business people across Africa will agree that Vanessa's departure is a huge loss for the industry but that they can also look confidently into the future thanks to what Vanessa has achieved.

International Perspectives: An In-Depth Interview with Dan Phipps of Red River Foods

As the newest member of ACA's Advisory Board, Red River Foods has emerged as a powerful advocate for the African cashew industry. In the following interview, Dan Phipps, Senior Vice President of Red River Foods, sheds light on the company's decision to partner with ACA. Phipps communicates a commitment to quality, processing development, and sustainability that will guide Red River's involvement in African cashew.

What prompted Red River Foods' decision to join the ACA Advisory Board?

As Red River's role in the industry has evolved, we have worked to build a presence in the main cashew producing regions. This allows us to maximize quality control and gives us unparalleled insight into the productivity of these regions. Our strong presence in Africa is a part of our long-term commitment to supply our customers with high quality products, while maintaining a sustainable business for the farmers in the growing areas. The African cashew industry could represent the single biggest opportunity for the international cashew market over the next two decades. With growing domestic consumption in India and China, the industry will need increased supplies, and Africa represents the greatest potential for additional cashew product. However, the African industry will need long-term investment and development: a complete value-added infrastructure from growing and harvesting to processing and marketing.

From a business perspective, what are the biggest challenges facing international cashew buyers looking to enter the African market, and how can the West African cashew market improve to continue to attract even more buyers such as yourself?

The lack of processing capacity is the biggest obstacle to industry growth in Africa. Two million African farmers grow about 40 percent of the world's cashews. However, 90 percent of production is processed in India and Vietnam, and most of it is then shipped to European and American markets. Numerous parties are working to improve this and other segments of the African industry, and we plan to be an integral part of this progression. The ACA has done a tremendous job of invigorating and promoting the African cashew industry, with a particular focus on expanding the processing sector and improving quality.



Red River Foods is the newest member of ACA's Advisory Board.

Stabilizing of Cashew Trade in Guinea Bissau Following Political Turmoil

After a tumultuous few months in Guinea Bissau following the coup that occurred in mid-April of this year, trade activity has now begun to stabilize. In the last newsletter it was reported that the absence of government authority was preventing export authorization. This trade interruption was resolved for the cashew industry in early June,



Exports from Guinea Bissau increased during July after a long break in trade activity.

when the 50 CFA (US\$0.10) cashew development tax was reconfirmed by the government. Before the coup, the tax was paid to the Chamber of Commerce. After a long break in trade activity following the opening of the season, the month of July saw steadily increasing exports. By the first week of the month, nearly 40,000 MT were exported from Bissau, although large amounts of RCN awaited shipment in the production zones. Despite reaching 70,000 MT of exported cashew by the close of the season, figures for this year are significantly lower than those for the same period in 2011. Factors including the limited availability of shipping vessels, high moisture levels in stocks arriving in Bissau, and ongoing uncertainty regarding the authority overseeing exports have contributed to sluggish trade activity.

Cashew is one of Guinea Bissau's most important crops, thus achieving regular trade levels is essential to ensuring economic stability in the country. At the beginning of 2012, the International Monetary Fund estimated an economic growth rate of 4.5% for Guinea Bissau, but the transitional government recently released data indicating that expected growth is now much lower at 2.8%.

As the 2nd largest producer of RCN in Africa, Guinea Bissau is an extremely important country to the cashew industry. The ACA secretariat will closely monitor the political situation there and note major implications for the cashew industry.

What are some of your goals as an Advisory Board member, both for the ACA and the African cashew industry as a whole?

Early efforts to develop the African industry focused efforts on the agronomy side of the industry. We believe it is now important to shift the focus to the processing sector. Unless the processing component of the industry is developed, the work done to this point in developing the African seed component will fail to translate into a long term, sustainable and integrated industry such as those established in all other producing countries. Adding value and creating sustainable jobs for both the growing and processing sides of the industry will provide us with access to quality kernels and meet the goal of getting closer to origin.

How do you envision the expansion of Red River Foods' operations in Africa, and what role will ACA play in these efforts?

Encouraging the expansion of independent African owned processing plants will help create sustainable business in Africa and benefit them in the long term. From our side, we can provide a larger market to the African cashew suppliers, provide global market perspective, and also give a voice for large and small cashew buyers in US and EU as majority of them do not have direct access to the African suppliers. As a member of the ACA Advisory Board, we will do our best to work on the above goals and also seek ACA's help in establishing our presence in Africa. We believe the time is ripe for establish a foothold in Africa and create a sustainable source for high-quality cashews for the future.

ACA Bids Farewell to Grace Hoerner

At the end of June, ACA said goodbye to a valued team member, Grace Hoerner. Grace had been with the ACA for exactly one year, working as a Communications Assistant, and was instrumental in implementing a major overhaul of ACA's communications strategy. Originally from New Jersey, in the United States, Grace came to work at the ACA through Princeton in Africa, a program that seeks to develop young leaders committed to Africa's advancement through yearlong fellowships with a variety of organizations that work across the African continent. After leaving Ghana, Grace reflected on her time with ACA and shared some of the highlights of her experience.



Grace Hoerner cites the 6th ACA Conference in the Gambia as a favorite ACA memory.

What do you feel was your biggest contribution while working for the ACA?

My focus with ACA was on its communications offer, and I hope I have improved ACA's ability to disseminate crucial information and promote ACA and the African cashew industry as a whole. In particular, I'm very proud of ACA's new website. This year has really taught me the veracity of the old cliché "knowledge is power", and I hope I have contributed to the spread of knowledge about cashew in Africa.

After a year in Ghana at ACA, how did your impressions and understanding of the cashew industry evolve?

When I arrived at ACA, cashew was just another nut for me. I had no idea about the huge role it plays in so many farmers' lives in Africa, no idea about the complex and labor-intensive processing that was required to turn the raw nut into the tasty kernels I was familiar with, no idea that the cashew apple even existed! Now, a year later, when I eat a cashew I now see the faces of the farmers, processors, traders who may have contributed to getting it to me. I've been thoroughly convinced of the benefits that a competitive African processing industry would bring - not only via jobs created for rural Africans, but also for the international industry as a whole.

Do you have a favorite ACA memory?

Probably attending the 6th ACA Annual Conference - seeing all the major cashew players from around the globe converge in The Gambia of all places and feeling the palpable energy and excitement in the air about African cashew. I'll also always remember being there when the first processing factory was approved for the ACA Seal - it was the culmination of so much hard work by so many people, and really felt like the start of something big for the industry.

What are your plans after working at ACA, and how has your work here influenced your future goals?

I'm returning to the United States to begin a master's program at Columbia University's School of International and Public Affairs in New York City in Economic Development. I know everything I've learned at ACA, ranging from knowledge about value-addition in agriculture to specific communication skills, will greatly inform my studies and my future career.

Preparations Underway for World Cashew Expo12

For the second time, the World Cashew Expo will be held alongside the Annual ACA Conference.

"We are expecting an even bigger Expo this year," explains the Ghanaian ACA National Secretary Ms. Yayra Amedzro. "We are hosting four different equipment exhibitors from four different Asian countries. Providing the opportunity to ACA members and conference participants to interact with these cashew processing equipment manufacturers is crucial in helping to increase Africa's processing capacity."

Thanks to the success of the previous Expo, both equipment exhibitors from the 2011 conference will be returning. ACA is expecting equipment exhibitors from China, Vietnam, Sri Lanka and India. All together the equipment exhibitors will be displaying shelling, peeling and grading equipment worth more than \$80,000 USD. Conference participants will have the opportunity to follow demonstrations of the exhibited machines and personally interact with all manufacturers.

Along with equipment exhibitors, the Expo will feature countries involved in ACA activities. Expo 12 will give conference participants a unique opportunity to learn about best practices in the global cashew industry and network with cashew industry operators, processors and investors from around the world.



Cashew Calendar 2012

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

September

17-20 7th ACA Annual Conference and World Cashew Expo12
Cotonou, Benin

In particular, I've really been struck by the huge potential of harnessing and engaging the international private sector in areas where their interests intersect with development implications, and hope to explore this more in the future.

What will you miss most about the ACA?

Undoubtedly all of the wonderful people I've met through ACA - at the Secretariat, in the governing bodies, in the National Committees. I've really been inspired by the commitment so many different people show towards growing the African cashew industry, and have been privileged to call some of them colleagues and friends.





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