

The African Cashew initiative (ACi)

Promoting Competitiveness of African Cashew Farmers

Rationale

Nearly 40 percent of global raw cashew nuts (RCN) are produced by about 1.5 million small farmers in Africa, from which the vast majority (90 percent) belong to poor households and struggle to earn as little as 90 to 330 euros per year. Cashew has high nutritional value and it owns the potential to increase resilience of smallholder farming systems due to climatic tolerance and low opportunity costs. On the producers' side low incomes result from a number of factors, including low yields, poor quality nuts, and a lack of business skills. Also, in Africa, cashew farmers are rarely organized, which weakens their bargaining position selling their products. In addition, they are not sufficiently integrated into international markets due to the low quality of their produce. On the processors' side limited access to advisory and technological resources hinders valuable development and progress. Besides, market information systems and financial services are mostly absent. Hence, in order to contribute to a sustainable reduction in poverty a comprehensive approach towards a competitive African cashew sector is needed that promotes the modernization of production and processing.

Objective

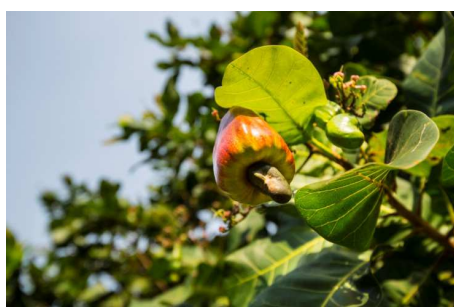
In order to improve primary production, processing and market linkages along the value chain, the **African Cashew Initiative (ACi)** was initiated in 2009. It is a project funded by the Bill & Melinda Gates Foundation and the German Ministry for Economic Cooperation and Development (BMZ), which uses advisory services and trainings at all stages of the production process to help the cashew farm-

ers and processors to meet international standards in five African countries: Benin, Burkina Faso, Côte d'Ivoire, Ghana and Mozambique. ACi works closely with the African Cashew Alliance, an Africa-wide business association, as well as with implementing partners: FairMatchSupport, a Dutch non-profit organization, and the US-based NGO for rural business TechnoServe. The project focuses on supporting producers and processors to increase their yields and the quality of their products, as well as linking the business actors along the chain. Coordination and training of governmental departments and private service providers are in place in order to improve business linkages with the medium and large scale processing industry as well as brokers and traders. The initiative is also working on using data systems to supply farmers and processing companies with timely market information.

Project name	African Cashew Initiative (ACi)
Commissioned by	Bill & Melinda Gates Foundation (B&MGF), German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mozambique
Lead executing agency	Ministries of Agriculture in the project countries, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Duration	2009 – 2015

Underlying Business Model

ACi is promoting a value-chain approach, which entails the support, coordination and linkage of producers, processors and buyers.



Left photo: Cashew Fruit on tree - ACi supports farmers to increase quality and quantity of cashew yields.

Right photo: Processing - ACi interventions create employment for women in cashew processing factories.

On the farmers' side advice and support is given by 'Train-the-Trainer' programs that focus on better agricultural practices, yield improvements, improved post-harvest techniques, cooperative farming systems, and farming as a business. It embodies professional seedling production in nurseries, the development of clonal gardens and model farms as well as the distribution of improved planting material to farmers for re-planting or re-juvenating their plantations. The proposed measures target higher incomes and food security through diversification of crops and improved farming by applying good agricultural practices such as pruning or underground weeding. Promotion of by-products such as cashew nutshell liquid, processed cashew apples as well honey from bee keeping can generate additional sources of income and sustain farmer livelihoods.

On the processors' side ACi specifically addresses medium-sized enterprises that source cashew nuts from local smallholders. They are provided with a wide range of advice and consultation on how to access loans and financing, improve their use of technology, grow their business and keep up with current market developments as well as environmental and quality standards. Moreover, ACi at the hands of the African Cashew Association (ACA) promotes advertising of the African brands to improve the worldwide marketing of African cashews, and brings together decision makers in the project countries to improve the business climate for cashew production.

The program comprises a Cashew Matching Grant Fund to help accelerate the development of the cashew industry. The purpose of this innovative financing instrument is to engage private sector partners (buyers, processors and retailers) and public sector partners (e.g. research) in the implementation activities conducive to ACi's objectives. The matching fund supports clearly defined activities allowing private partners to establish strong linkages between buyer-processor and farmers, leading to long term relationships between processors/buyers and farmers supplying them.

Results and Impact

During Phase 1 of the project, comprehensive training materials have been developed and 2,360 trainers have been equipped to train 260,000 farmers – one third of them women – in cultivation methods and good agricultural practice as well as entrepreneurial basics. 85,000 farmers have formed producer groups and were trained in organization, bulk selling, sales negotiation, and certification. Working together with farmers and national agricultural research institutes, species that yield between five and eight times more than those currently grown have been identified. These species are now being developed further and propagated. Local producer groups administer 50 nurseries that promote the local distribution of improved seedlings. On the processors' side twenty local medium-sized companies have been advised on funding, business planning, appropriate mechanization, employee training, and workplace equipment. Seventeen of these processing facilities are fully operational; other three are under construction and expected to commence processing in 2013. Working with local banks, the project partners have developed funding instruments that enable the processing companies to take out low-interest loans. Farmers organized in cooperatives have seen a rise of around ten percent in the price they get for their products thanks to a better basis for negotiations. The twenty cashew processing companies involved in the project now have a capacity of over 36,300 tons a year. Until now these companies employed over 4,700 people, 74 percent of them women, and are expected to grow further. All these factors contribute to the competitiveness of the African cashew sector.

In summary, the quality of the cashews being grown has improved considerably and smallholder farmers have been put in touch with processing companies. As a result of these efforts, a total combined income of 8.87 million U.S. dollar is estimated as expected additional net income generated by all the cashew farmers in the five participating countries.

Published by

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbHRegistered offices
Bonn and Eschborn, Germany
Sector Project Agricultural Policy and Food Security
Godesberger Allee 119
53175 Bonn, Germany
T +49 228 24934-275
F +49 228 24934-215
welternaehrung@giz.de
www.giz.de/welternaehrung

As of

May 2013

GIZ is responsible for the content of this publication.



Securing food.
Harvesting the future!

On behalf of

Federal Ministry for Economic
Cooperation and Development (BMZ)

Division

Rural development; agriculture; food security (314)

Addresses of
the BMZ offices

BMZ Bonn	BMZ Berlin
Dahlmannstraße 4	Stresemannstraße 94
53113 Bonn, Germany	10963 Berlin, Germany
T +49 (0)228 99 535-0	T +49 (0)30 18 535-0
F +49 (0)228 99 535-3500	F +49 (0)30 18 535-2501

poststelle@bmz.bund.de
www.bmz.de