

# AFRICAN CASHEW ALLIANCE

## MEMORANDUM OF UNDERSTANDING CONCERNING AN ALLIANCE TO PROMOTE THE DEVELOPMENT OF THE AFRICAN CASHEW SECTOR

### PREAMBLE

Whereas, the Parties signatory to this Memorandum of Understanding (“MOU”) represent a cross-section of the African and global cashew industry who share common interests and concerns about the development of the Africa cashew sector. The signatories to this MOU hereby establish the African Cashew Alliance (“ACA” of “the Alliance”) to develop the African cashew industry as a means to alleviate poverty, create employment and foster economic growth. The ACA will establish effective partnerships among private sector producers, processors and exporters, relevant government agencies, and donors and NGOs already providing support to the sector to drive the development and growth of a competitive cashew industry in Africa.

### I. THE PARTIES

**A.C.E.T. (Nigeria) Ltd**, a private company registered in Nigeria, has been consistently involved in the Nigeria cashew industry over the last 12 years, initially as raw cashew nuts traders, then venturing in 1999 into processing the nuts locally for export. We are the leading exporter of processed cashew kernels in Nigeria. Production, processing and marketing of cashew nuts is still in its infancy in Nigeria and Africa as a whole. It is our aim to team up with other African stakeholders to develop the industry. ACA is a sure-bet vehicle to achieving this objective.

**Ahold Sustainable Trade Development B.V.**, subsidiary of Royal Ahold, a leading food retail and food service provider, with headquarters at Piet Heinkade 167-173, 1019 GM Amsterdam, the Netherlands, hereinafter referred to as “Ahold”, values the need for responsible corporate citizenship and the need for sustainable business relationship with suppliers in the developing world. Ahold recognizes direct sourcing of good quality cashews from Africa a way of contributing to the development of the continent and the cashew industry at large. Supporting the work of the ACA will promote Ahold’s interest in building a sustainable cashew supply from Africa.

**AICAJU - Mozambique Nuts Processors Association**, a Mozambican Business Association registered in Maputo, Mozambique, having its main office at Maputo, Samora Machel Avenue, Prédio Ruby, 2nd floor, Apartments 7 and 8, hereafter referred to as "AICAJU". Created under the auspices of Mozambique processors, AICAJU aims to contribute for the development of cashew subsector in Mozambique by defining and implementing along with the Government authorities and other stakeholders the right growth strategy that will help to place Mozambique Cashew Business among the best in the world as it was once. Furthermore, AICAJU as a member of ACA will do its bests to

foster the private-public alliance that will be the driving force to build a stronger cashew industry in Africa.

The « **Autorité de Régulation du Coton et de l'Anacarde** » hereinafter referred to as **ARECA**, is the cotton and cashew nut authority of the Government of Côte d'Ivoire. Created under the decree n°2002-448 of 16<sup>th</sup> September 2002, located 27 BP 604 Abidjan 27 ARECA is in charge of drawing up the regulatory framework to govern the running of activities both in the cotton and cashew nut sectors. As a state body ARECA is also charged to assist the Government in areas and policies pertaining to the overall development of the cotton and cashew nut industry and advice in the negotiation of international arrangements. As such ARECA is seeking to participate in the promotion of joint actions, exchange of experiences through regional gathering as initiated within the ACA.

**BioHybrids AgriSystems Ltd**, an international agricultural consultancy and technology development Company incorporated and based in the United Kingdom, wishes to foster continued development of sustainable agricultural production systems in general but particularly focussing on tree crops. BioHybrids AgriSystems has a well established history of work on cashew including on-going projects in Tanzania, Mozambique and Madagascar. We are keen to develop collaborative partnerships which allow the development of integrated production of cashew with appropriate value being added at each of the stages from production to consumer. We are interested to use our experience of cashew growing and production to help catalyse development of the African cashew sector.

**EcoLogic Finance Inc.**, a U.S.-based financial services nonprofit incorporated in the Commonwealth of Massachusetts, provides affordable credit and financial education to smallholder producer enterprises that foster grassroots economic development and environmental stewardship in Africa and Latin America. EcoLogic Finance recognizes that timely access to capital and financial capacity building can play a vital role in alliance-based efforts to support regionally competitive industries such as African cashews. Aligning with the ACA will enable EcoLogic Finance to continue actively partnering with a broad range of supply chain actors and technical assistance providers wherever natural programmatic synergies can be identified and leveraged for increased efficiency and impact.

**Global Trading & Agency BV (GTA)** is a broker/agent in various nuts and dried fruits based and registered in Bleskensgraaf in the Netherlands. We see it as one of our company's goals to build businesses in developing countries in order to grow local economies, which will result in income for the local community. GTA's mission is to trade with dignity and honesty and establish relationships with our suppliers and customers based on integrity, mutual commitment and loyalty. As a result of our Christian values, GTA is dedicated to improving the African cashew industry.

Deutsche Gesellschaft für Technische Zusammenarbeit, hereinafter referred to as "**GTZ**", is an international cooperation enterprise for sustainable development with

worldwide operations. GTZ's main offices are located at Dag-Hammarskjöldweg 1-5, 65760 Eschborn, Germany. GTZ is a government-owned corporation with international operations on behalf of the German Ministry for Economic Cooperation and other national and international, public and private-sector clients. GTZ is registered at Amtsgericht Frankfurt am Main under HRB 12394.

The development of agri-based value chains, such as cashew nuts, for poverty reduction has become a major issue of its work. By joining ACA, GTZ seeks to enhance private and public investment and institutional innovations for increased local value addition. GTZ will support pilot projects with cashew producers / their organizations that are already involved in technical co-operation and on sustainable partnerships and international firms as well as development agencies.

**Kenya Nut Company Limited (KNC)**, is a major stakeholder in the cashew industry in Kenya. In conjunction with other players, KNC has encouraged production of cashew nut through extension services using our full-time field-based officers in the cashew growing areas of Kenya. The company is currently the leading processor in Kenya. KNC recognizes ACA being capable of complementing our efforts and providing vital linkages in our shared vision.

**Kraft Foods Global Inc.**, a U.S. company incorporated in the State of Delaware, recognizes that responsible corporate citizenship is an expression of its values as a company and integral to long-term business success, hereinafter referred to as “Kraft”. As one of the largest cashew purchasers in the world, Kraft considers developing sustainable sources of quality cashews as an important contribution it can make to the long-term future of the entire cashew industry. Aligning with ACA will advance Kraft’s interest in strengthening the sustainability of its cashew supply base.

**Micronix Systems Limited**, a company registered under the Companies Act, and having its head office at, Plot 28-A Kipawa Industrial Area, Julius Nyerere Road, Dar es Salaam, United Republic of Tanzania is one of the leading Tanzanian based ICT solution providers. Micronix has diversified into agriculture processing and acquired two cashew processing factories in Southern Tanzania. Micronix intends to develop the cashew industry and its value-added finished products by introducing the state-of-the-art technology, which will mutually benefit the needs of the nation and will be a step forward in the eradication of poverty. By joining the ACA, Micronix will increase its involvement with other stakeholders throughout Africa and will promote best practices for cashew processing by leveraging knowledge and skills from the other African players in this sector.

**Olam International**, a leading global supply chain manager of agricultural products and food ingredients, seeks to foster long-term sustainable partnerships with all its stakeholders, including the communities within which it works, while pursuing its governing objective of maximizing shareholder value. Olam considers the Africa cashew sector as fundamental to its business and has material investments in trading and processing African cashews. Working with and supporting the ACA will promote Olam’s goal of building partnerships with other African cashew sector stakeholders.

**Organic Cashew Nuts G.I.E. (OCN)**, a cashew nut processing company registered and based in Senegal, was founded and operates on the principles of Fair Trade. OCN seeks to work with farmers to increase regional cashew production and promote sustainable organic farming practices. In association with ACA, OCN will be able to stay current with the best practices of the international cashew industry and meet its goals of creating jobs and fostering economic growth in rural cashew producing regions.

The **Richard Franco Agency, Inc.**, a U.S. company incorporated in the State of New Jersey, has been a cashew nut broker since 1948 with significant experience working with African producers in several countries since the late 1970's; currently we represent producers--from all major cashew processing countries--on sales to North America, Europe, the Middle East, Australia, etc. Our goal in supporting the ACA is to help promote cashew kernel market awareness and understanding by the stakeholders of the African cashew industry. We hope that our experience can help lend some guidance to entrepreneurs as they develop a profitable and responsible industry.

**ROTA**, ROTA and its processing division, Crown Cashew, are a full service cashew company from the buying and shelling of raw cashews in Guinea-Bissau to the roasting and distributing of cooked cashews in the United States.

**SITA S.A, Societe Ivoirienne de Traitement d'Anacarde**, hereinafter referred to as "SITA" is a cashew processor registered in Abidjan, Cote d'Ivoire. SITA has worked to resolve the problems of poverty, unemployment and rural exodus through the development of cashew processing capacity in Cote d'Ivoire. SITA believes it can bring this experience to the ACA to benefit industry development across Africa.

**SNV**, The Netherlands Development Organization SNV is an international NGO with world wide a total of 950 SNV advisory staff, working in more than 100 teams across 33 countries. Our headquarters are based in The Hague, The Netherlands. SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. Our advisors contribute to this by strengthening the capacities of local organizations. Our goal is to improve livelihoods of poor people, men and women, through:

- reducing extreme poverty by increasing production, employment and equitable income opportunities;
- Improving the access, coverage and quality of basic services in education, health water and sanitation.

Governance is at the heart of our work, gender equity, environmental sustainability and social inclusion are cross cutting issues. The Guinea Bissau Country office – herein after referred to as SNV Guinea Bissau is located at Av. Pansau Na Isna no.8, Apartado 368 - 1031 Bissau codex in the Republic of Guinea Bissau. In Guinea Bissau SNV provides business development, market access promotion and supply chain development advisory services. SNV considers the cashew sector a potentially viable sector with the capacity and opportunity for reducing poverty through employment creation and income generation for the poor. To achieve this goal, SNV has invested resources working with

partners, to strengthen capacity in quality processing, increased exports through market linkages and better producer participation in policy making. SNV is interested in promotion and facilitating the business conditions that favors value-addition to the sector – particularly, for the vulnerable groups entrenched in the sector. Aligning with, and supporting a continental body like the ACA is one of the promising avenues to achieve the goal of developing a vibrant value-added cashew industry.

**The Cashew Development Project**, located within the Directorate of Crop Services of the Ministry of Food and Agriculture, P. O. Box M37, Accra, is implementing a 6-year African Development Bank sponsored project on behalf of the Government of Ghana. The project aims at increasing cashew production and village level processing with the view to improving living standards of participating farm families, enhancing food security and contributing to foreign exchange earnings of the country.

**The Cashewnut Processors Association (CPA)** is registered in Tanzania. The members of this association own the Masasi Cashewnut Factory in the Masasi District of Tanzania. The CPA processes cashew and exports kernel to customers in Europe and America. By joining the ACA, the CPA hopes to use its experience in mechanized processing to benefit industry stakeholders across Africa.

**The Cashew Processors and Exporters Association of Ghana (CAPEAG)**, an organization of cashew traders and processors in Ghana, promotes the development of the cashew industry in Ghana through policy advocacy, promotion of value addition, and collaboration with relevant institutions for the benefit of all stakeholders. Our objectives are to get members to cooperate in the marketing of cashew, lobbying for regulatory reforms that promote the industry, and promotion of the interests of the cashew sector actors, among others. We believe that our linkage with ACA, which has interest in the development of the cashew industry in Africa, will enhance the realisation of our objectives.

**The Sustainable Tree Crops Program**, hereinafter referred to as "STCP", is a regional public-private partnership that seeks to promote and improve the economic, social and environmental well-being of smallholder tree crop farmers in West/Central Africa. STCP is managed by the International Institute of Tropical Agriculture, a non-profit international agriculture research institute established in 1967 under the laws of the Government of the Federal Republic of Nigeria, and based at Oyo Road, Ibadan, Nigeria. STCP considers the ACA to be an opportunity to expand its experience to-date into the cashew sector. STCP brings with it technical expertise in proven participatory approaches for on-farm testing and effective dissemination of production technologies and knowledge to smallholder producers, and in the strengthening of farmer organizations for greater producer engagement with markets.

**U.S. Agency for International Development**, an agency of the government of the United States of America, having its principal place of business at 1300 Pennsylvania Ave., Washington, DC 20523-2700, hereinafter referred to as "USAID." Over the past decade, USAID has invested significant resources in promoting the development of the

African cashew sector, with funding for projects in both East and West Africa. USAID is seeking to increase the efficiency of its own efforts through the creation of this public-private alliance, as well as to bring other public and private sector parties into this development effort.

## **II. PURPOSE AND SCOPE**

Africa produces approximately one-third of the total world supply of cashews. Cashew is produced in industrial quantities in at least 13 African countries; and is a critical foreign exchange earner for several of these. Roughly 3 million smallholder farmers are involved in cashew production across the continent.

The ACA will bring together the respective interests, expertise and resources of all stakeholders towards the attainment of three common goals:

- Increasing farmer incomes through improved production innovations, improved crop quality and post-harvest handling, agronomic research, by-product utilization, and local trade facilitation
- Creating jobs in domestic industry through the development of value-added processing businesses
- Increasing export earnings and promoting economic growth through employment creation, infrastructure development and expansion of export volume and value

The purpose of this MOU is to set forth the understandings and intentions of the Parties with regard to these shared goals. The Parties are entering into this MOU while wishing to maintain their own separate and unique missions and mandates, and their own accountabilities. Nothing in this MOU shall be construed as superseding or interfering in any way with other agreements or contracts entered into between two or more of the Parties, either prior to or subsequent to the signing of this MOU. The Parties further specifically acknowledge that this MOU is not an obligation of funds, nor does it constitute a legally binding commitment by any Party.

## **III. IMPLEMENTATION**

The ACA will pursue its objectives through the following strategies:

- Increasing the flow of funding to the African cashew sector through active and credible advocacy
- Promoting exchange of information and best practices among industry stakeholders across Africa
- Leveraging the knowledge and capacity of the African and global private sector
- Developing and implementing interventions to increase the competitiveness of the African cashew industry

- Representing and promoting the African cashew industry in the global cashew marketplace

#### **IV. ORGANIZATION AND ADMINISTRATION**

The ACA will be administered by four entities:

- Steering Committee (the elected officers of the Steering Committee will constitute an Executive Committee for the Steering Committee)
- Five standing Subcommittees of the Steering Committee,
- Membership
- Secretariat

The Parties agree that the Steering Committee will prepare by-laws which will codify the specific composition, roles and responsibilities of the administrative bodies as well as the voting regulations of the ACA.

##### **Executive Committee – Officers**

The Executive Committee of the Steering Committee will be composed of five officers elected by the Steering Committee: a Chairman, two Vice Chairman, and two Officers. The first five ACA officers were elected at the Steering Committee meeting in Bissau, Guinea-Bissau on March 6<sup>th</sup>, 2006. Each of these officers will serve for two years, until March 6<sup>th</sup>, 2008, at which time the ACA will elect new officers in accordance with its by-laws.

##### **Steering Committee**

The Steering Committee will provide the broad strategic direction for the ACA, will oversee all ACA plans and activities, and will serve as the executive of the ACA. The initial ACA Steering Committee will be selected by the Executive Committee in consultation with the Parties to this MOU. The Steering Committee will be representative of stakeholders across the continent with appropriate representation given to geographic region and industry segment.

The Steering Committee will oversee the development of the by-laws and a set of Core Values.

- The ACA by-laws will codify the specific composition, roles and responsibilities of the administrative bodies as well as the voting regulations.
- The ACA intends to develop a document outlining a set of Core Values to which all ACA members will adhere and which will reflect the ACA members' collective beliefs regarding important aspects of the production and trade in raw and processed cashews.

The core values and by-laws will be drafted by the Secretariat in consultation with the Steering Committee and ratified by the ACA membership.

### **Subcommittees**

The subcommittees will provide the industry expertise necessary to turn strategy into intervention plans. The number, membership, and purpose of the Subcommittees can be modified over time by the Executive Committee. Five subcommittees exist at present:

- **Production** – Work on development and implementation of extension methodologies, programs and content to improve the quality and yield of cashew production.
- **Processing** – Work on the expansion of processing and related capacity (e.g., warehousing) and on the development of financing for cashew processors.
- **Marketing & Trade** – Work on the development of activities to support regional and worldwide marketing of cashew.
- **Policy & Enabling Environment** – Work on national policy issues relating to the cashew industry.
- **ACA Development** – Work on the expansion and development of the Alliance and the identification of funding for the work of the Alliance.

Participation on the subcommittees is open to any industry stakeholder.

### **Membership**

The membership will represent the interests and concerns of stakeholders throughout the cashew industry. Membership in the ACA will be open and inclusive. Participation will be actively sought from stakeholders across Sub-Saharan Africa:

- Farmer & producer organizations
- Cashew nut processors
- Raw and processed nut brokers and traders
- Relevant Government entities
- Agricultural research institutes
- Donors and development agencies

Broad ACA membership will facilitate effective communication, essential for understanding the issues facing the national industry and for building wide support for the ACA's vision and work amongst industry stakeholders. All members of the ACA will act in accordance with the aforementioned Core Values.

### **Secretariat**

The Secretariat will facilitate communication among industry stakeholders, develop and manage the ACA website, coordinate program planning and proposal development, and oversee a number of additional strategic, organizational and administrative functions. The USAID-funded West African Trade Hub will initially provide this capacity until at least July 1, 2007. When the ACA's scope and plans have been determined, the Steering Committee will re-assess the needs of the ACA and determine how the Secretariat function can be best performed.

## **V. CONCLUSION**

The Parties will work toward achieving the goals of the ACA upon execution of this MOU. This MOU can be amended or supplemented in writing as may be agreed upon, in

writing, by the Parties. Additional Parties may join the Alliance by adhering in writing to this MOU at any time with the concurrence of the Steering Committee. Any party may terminate its participation in the Alliance and this Memorandum of Understanding on 30 days written notice.

**IN WITNESS WHEREOF, the Parties have agreed and signed.**