

**The Honorable Minister of Food and Agriculture of Ghana,
The honorable Minister of Commerce, Industry and Handicraft – Burkina Faso,
Fellow Government Ministries and Agencies,
The President of the African Cashew Alliance (ACA)
Dear Industry stakeholders,
Ladies and gentlemen**

SPEAKING POINTS FOR KEYNOTE ADDRESS

- Effects of COVID 19 on economies, industries and lives, hence the 14th ACA Annual conference being held online for the first time.
- I would like to recognize ACA's laudable efforts to continue its mandate of being a platform for information sharing and learning for the entire cashew industry in the midst of challenges presented by COVID 19. ACA has been holding virtual forums called 'cashew market encounter' in addition to its continuous dissemination of cashew market reports throughout COVID-19. **ACA's convening role and focus on market outreach for Africa-branded products is critical to transform the sector.**
- Currently the supply chain is organized so that cashew is produced in Africa, processed in Asia and exported to Europe and America for secondary processing and consumption. European and US markets for cashew have not contracted during the COVID period, consumers continue to consume snacks. **Market demand for cashew soared during COVID 19 and is a huge market opportunity that continues to expand.**
- Africa now produces about 2.1 million tons of Raw Cashew Nuts (RCN) annually. Africa's production represents 57% of world cashew production. Of that, West Africa accounts for about 78% of Africa's production. **Infrastructure like storage warehouses that would increase bargaining power of Africa's market share is not available.**
- Furthermore, since the onset of COVID 19, there were fears that RCN would not reach processing facilities in Vietnam to meet soaring international demand. Vietnam is essentially the entirety of the supply to the int'l market. However, in this COVID crisis, trade did not break down and this didn't quite happen. **Long supply chains and reliance on one destination, i.e. Vietnam is risky.**
- **We need to adopt boldly a private sector focus for processing** and even for financing farmers through processors. Currently very opaque, transparency is needed for the sector to leap ahead. Domestic processing is the only way to reduce its dependency on primary exports and insulate from volatility of commodity prices.
- **Most value is captured in processing.** However, cashew processing in Africa still a challenge. Lack of adequate financing remains the main challenge among other factors for smaller processors. With the onset of COVID, factories have had to shut down, others have had to cut down on staff to save costs. In 2019, processing in Africa stood at 10% of its total production.
- There is a need to shorten the bridge between processors and consumption markets via safety standards and certifications, market information, marketing strategies and trade facilitation. This is

especially crucial for processors who are ready to meet this challenge. **Many processors are not familiar with export market demands.**

- Three African countries stand out for their policies and programs: **Mozambique, Benin, Côte d'Ivoire.** Different strategic orientations are being tried on the continent, adapted to their context (political, production level, elites in power etc). There is something to learn from each of those three countries
- **A game changer is Côte d'Ivoire** which is the largest single global producer. CIV has adopted a range of policies with government funding production research, farmers, infrastructure, compensating investors in processing for the price differential with other export-oriented processing destinations (ex: Vietnam in particular), etc.
- **COVID is an opportunity to think about how the cashew value chain is structured.** Africa is greatly impacted when there are disruptions in the market, such as what has been created by the COVID 19 – shutdown of factories, decrease in exports, back log of RCN in warehouses, loss of jobs, etc....
- Many great initiatives, including those by GIZ, over the last 10 years, are building the institutional architecture (such as ACA) and capacity building local expertise. Partners like the Tony Blair Institute, World Bank and USDA are doing a tremendous job of providing programme policy advice to the sector.
- We need to **“Build a viable cashew value chain to withstand market disruptions”.** Digitalisation and the African Continental Free Trade Agreement pose 2 of the largest enabling factors to help change the equation, shorten value chains between producer and market and regional integration. However, there is a need for coordination and ACA is critical to help its members.
- **At a general level, African Development Bank is promoting intra-regional trade, food safety, digitalization and SMEs, all of which are relevant for the cashew sector.**
 - Intra-regional trade - The African Continental Free Trade Agreement is expected to boost intra-African trade from an existing level of less than 13% to 25%.
 - Food Safety –African Governments should play their role in enforcing food safety and promoting traceability while at the same time building capacity and awareness.
 - Digitalisation- Government should build an enabling environment for companies to invest resources in further digitalization, e-extension and e-commerce.
 - SMEs – Governments need to acknowledge the role of the dynamic growth of SMEs, i.e. traders and logistic operators in the midstream and promote policies to enable and grow clusters of SMEs.
- Goodwill statements and well wishes