

ProTaNut: Profitable Tanzanian Nut

Poor farmers in the East Usambara region of Tanzania could do with boosting their meagre annual income of between £70 and £185, according to a 2004 study. Meanwhile, Unilever – one of the world's top three food firms and the world's second largest packaged consumer goods company – would like to be buying a little known nut – the Allanblackia seed - from the same farmers that could be used as oil in food and soap products with a market value of over £1 billion.

Despite the mutual gains both sides were stilling starring at each other as recently as 2005 owing to the considerable costs and risks of establishing an equitable supply chain with remote rural communities. Back in the 1980s – the last time Tanzania cultivated Allanblackia trees and exported the seeds – the business was run by government. However, the trade collapsed when the government withdrew and the private sector failed to respond.

Twenty years on, Unilever's interest in the Allanblackia oil lay in its production of consumer products which use edible fats as a base, such as palm oil. Growing environmental problems associated with global palm oil production and the fluctuations in its price and quality led the company to explore alternative sustainable sources of unprocessed hard fats. Research showed Allanblackia oil had the right properties for application in food and soap production and could replace palm oil in these products. Producers of Allanblackia oil could therefore have access to markets of a considerable size.

But securing export quality supply from small impoverished growers meant overcoming significant blockers including: zero seeding and harvest infrastructure, high transport costs and a lack of access to finance on the part of the growers. In essence, the challenge faced by Unilever was how to nurture a local supply chain capable of producing sufficient volumes of Allanblackia oil required to be classed as commercially viable.

In 2005, Unilever set up a pilot in three sub-Saharan countries and in Tanzania approached the Business Linkages Challenges Fund (BLCF) for a grant of £359,000. The grant was awarded against a commitment by the company to invest just over £1 million. EMG, administrator of BLCF funds, regarded the project as an ideal opportunity to support measured risk taking and accelerate development.

The funding enabled Unilever and the other Tanzanian businesses involved to invest in the AB oil industry. In particular the grant was used to establish, support and monitor nurseries, transfer knowledge about crushing and exporting oil, as well as organise farmers, nut collectors and focal persons the length of the supply chain.

In 2007, the Tanzania pilot was already showing strong signs of success. A local supply chain has been set up spanning the farmers from 50 villages who collect AB nuts, representatives for the village who dry them, a collection

centre that weighs, stores and handles payments, a transport company and a crusher.

But the project's target group remains poor rural communities. As primary collectors and sellers of *Allanblackia* seeds, they are at the centre of the supply-chain model needed for the production and trade of the oil and the target beneficiaries of the project.

Unilever is buying and exporting the entire crop and production is expected to encompass 100 villages (around 2600 farmers) from a baseline of 16 villages just two years ago. The rapid growth is attributable to the incentive to boost annual income. Farmers can earn around an extra £40 per annum in just three months by harvesting the nuts during the off-season. This equates to a 25% rise in annual income for growers.

Expanding the cultivation of *Allanblackia* trees makes sound environmental sense. Aware of the effects that large-scale monoculture (palm oil) plantations can have on the local biodiversity, this project has the potential to contribute to the global public good by enhancing the overall well being of the tropical forest belt in Africa.

At a national level, developing a new export commodity like this will add value to a country's national resources and have a significant relevance for furthering pan-African economic development through expected south-south markets, poverty reduction and sustainable forest management.