

## Format for Quarterly and Final Completion Reports for COMPETE Grants

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P F Tracking Number:	TSA-STA-010-017
Title of Activity:	Scaling Up Kenyan Fair Trade Macadamia Exports
Start Date of Reporting Period:	January 1, 2011
End Date of Report:	March 31, 2010
Date Report Submitted:	April 18, 2011

Narrative reports must contain, as a minimum, the following:

- A comparison of actual accomplishments with the goals and objectives established for the period. Particular achievements and obstacles to the success of the project should be reported in specific terms.

	<b>Goal</b>	<b>Achieved to date</b>
1	Relocate and improve plant equipment to achieve full food grade processing capacity as verified by the Kenyan Bureau of Standards.	KEBS certification achieved for first product shipped to US customer on 17 August 2010.
2	Increase plant capacity to allow processing of 100 tons/season (two seasons)	New drying unit has been set up in Ngong. 1 drier is functional while the second will be complete in the month of April.
3	Purchase 200 tons of macadamia from Meru and Taita growers associations, at a value of 6 million Ksh (Fair trade minimum price of 30 Ksh/kg).	20 tons has been bought from the Meru region at a cost of KES65/kg. The Taita harvest starts at the end of April.
4	Provide 1 million Ksh in social premiums for investment in community projects to the Meru/Chogoria and Taita grower associations (social premium of 5 Ksh/kg)	The social premium has been calculated and will be paid in the month of April. TSA also has paid for the renewal fee for the FLO certificate of KES313,950 for Wamatta and KES166,175 to BCS(Organic)
5	Provide 1 million Ksh in fees to the associations for the collection and storage of macadamia on behalf of TSA.	During this period KES130055 fees have been paid to Wamatta. This figure is set to go up as we get the new group in the Mt Kenya region

	Achieve Fair Trade certification (FLO advanced, introductory already obtained) and organic certification for macadamia for the two farmer's associations	<p>The Taita grower association (WAMATTA) was received their fair trade certification on November 2, 2011, which is valid for three years. WAMATTA is the first macadamia farmer group in the world to be fair trade certified.</p> <p>Ten Senses Africa will be audited for this year on May 3 by FLO.</p> <p>In the month of March TSA started farmers awareness training in the MT Kenya region and has a target of December 2011 for the certification of the new group.</p>
7	Provide technical assistance to the growers in Meru and Taita that will result in a decrease in rejection rate and an increased yield of (to 25% of finished product as volume of nuts purchased)	Ten Senses has contracted with Farm to Fork Ltd. to provide technical assistance to farmer groups. This consulting is ongoing.
8	Provide technical assistance to the grower associations in Meru and Taita that will result in increased ability to manage their association for the benefit of the members.	Currently awareness training is on going among various clusters in the Mt Kenya region. This is being undertaken by Farm To Fork limited.
9	Export 50 MT of processed nuts, of which at least 30 tons to the US market. This represents a sales goal of \$240 000 or 17 million Ksh (40 000 kg @ \$6/kg)	The 2011 season has started in March and processing is going on starting April. The first consignment of at least 5 tons will be shipped to the US.
10	Extend the partnership agreement to one additional grower's group, with at least 500 members	TSA has decided on a farmer group to focus on in Embu/Kirinyaga area(Referred to as Mt Kenya region).
11	Create stable employment for at least 35 staff in the Nairobi factory	Currently, the factory has 60 workers in two shifts, of which 5 are permanent positions, and the rest casual positions. We are adding two more technical persons in the area of Electrical and Food Science.
12	Create a social enterprise which will model corporate social responsibility in Kenya. The TSA board is committed to provide financial and in-kind support to an orphanage in the Kawangware slum in Nairobi.	We have been aiding Tapa Trust, a children's home, with shells for their cooking fuel

- An evaluation or analysis of the degree to which the grant activities are achieving the project objectives. Reasons why established goals were not met if appropriate.

We have built a new drier to replace the one that got damaged last quarter. It is currently functioning well and we are making the necessary adjustments to optimise the operation. In April a second drying chamber will be built.

- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

At this point the main cost overruns are the Organic Audit (overspend of \$690) and Bank Charges (overspend of \$371). Most significant is the former, as the auditor needed to add more than expected time to complete the audit. As noted, this audit will likely need to be repeated again next year and other financial sources will need to be located to complete this. We are in discussion with Verde Ventures and SlovakAid, who have both indicated a willingness to consider supporting the revision of the organic audit in 2011.

Regarding factory equipment, we are increasing our drying capacity from the initial 9.5 tons per batch to 20 tons by end of April 2011.

- A minimum of five copies of any publication funded under the grant, including books, brochures, newsletters, bulletins, video cassettes; and single copies of all other products such as newspaper clippings, project announcements, and audited financial statements.

Not applicable for this reporting period