

Cashew Industry Brings New Prosperity to Mozambican Communities

Mozambique was once the world's leading cashew nut producer, until civil war and poor policy decisions destroyed the industry. By the late 1990s, Mozambique was shipping its reduced production of raw cashew nuts to India for processing, thus forfeiting a lot of their value.

To revitalize the domestic industry and help it meet the growing global demand for cashew nuts, in the late 1990s TechnoServe stepped in to help entrepreneurs establish commercially viable processing plants and train farmers to produce more and better nuts. As a result, nearly 150,000 factory workers and farmers are now earning higher incomes, and there is an economic boom in rural villages. On a personal level, it means that someone such as factory worker Almeida Dos Santos is now earning enough to pay his children's school fees and build a home for his family.

This transformation had its roots in a TechnoServe industry study, which showed that a new labor-intensive processing model would maximize benefits to the rural poor and the national economy. A "model" processing facility was designed, ensuring at least minimum-wage salaries for all employees.

In 2002, TechnoServe partnered with entrepreneur Antonio Miranda to launch the pilot factory. TechnoServe business advisors helped Miranda with business planning, factory design, supply chain organization, quality control, operational assistance and access to capital. The first factory was successful enough to give Miranda the confidence to open two more factories; his three plants now employ nearly 1,500 people.

TechnoServe helped Miranda's success to spread throughout the region. Since 2002, nine more cashew processing plants have opened in the northern Nampula area alone.

These factories have created a reliable local market for tens of thousands of small-scale cashew producers. These farmers are now able to sell directly to the factories, rather than to merchants based in the city (where transportation costs and poor road conditions ate into profits). Processors are also training the farmers to improve quality and yields, leading to higher incomes.

As a result, farmers such as João Sekare are investing in more cashew trees and using the profits to diversify their investments to coconuts, oranges, peanuts and livestock. He also runs a small shop which employs four people. "Now neighbors are starting to plant cashews as well," he says. "They come and take branches from my trees to plant. They want to be like me."

As the industry grew, TechnoServe helped several plant owners to form Agribusiness Industries Association (AIA), a private services company. AIA manages international marketing, providing quality control and brand management. It has assumed TechnoServe's role of recruiting and supporting new processors. AIA reflects TechnoServe's commitment to creating self-sustaining industries that continue to thrive long after TechnoServe departs.

The revitalized cashew industry is bringing cash into rural communities and turning them into commercial centers. Businesses such as convenience stores, restaurants, hairdressers and bicycle repair shops are springing up to cater to the expanding demand, creating more job opportunities and reinforcing the cycle of economic growth.

Long-term residents marvel at the transformation of Namige, the site of Miranda's first factory, from an outpost to a "lively town." It has also attracted new residents, such as Artur José. He gave up the difficult life of a fisherman to open a small store in Namige, after seeing the amount of new money circulating in the economy. His gamble paid off. He now plans to expand his establishment, after buying a car to cut down on transportation costs.



The factories are providing employment and income opportunities for many area residents.

IMPACT AT A GLANCE

In 2007, TechnoServe's 16 client cashew processing plants:

- Bought nuts from more than 143,000 small-scale producers;
- Had total sales revenues of more than \$8.3 million;
- Employed more than 5,100 full-time employees and many part-time staff; and
- Paid more than \$1.3 million in wages.

TECHNOSERVE SERVICES PROVIDED

- Business planning
- Technical assistance and training, technology improvements
- Development of production model
- Quality assurance
- Developing an enabling environment (government-backed loan guarantees for cashew processors, industry-specific wage guarantees)
- Market linkages
- Supplier linkages (linking processors to farmers)
- Brand development: Zambique

KEY SUPPORTERS

U.S. Agency for International Development, the International Fund for Agricultural Development, Swiss State Secretariat for Economic Affairs and Irish Aid