



Development of the Cashew Nut Value Chain

Context

Despite its status as Africa's third – and the world's eighth – largest cashew nut producer, Tanzania has been missing out on adding value to its agricultural output. Only 10% of domestic output is currently processed and the remainder is exported as raw nuts. With such a small proportion of these cashew nuts processed locally, studies have shown that the sector has the potential to provide 45,000 jobs, including for women and young people. Some 700,000 rural households – and an even larger but undefined number of farm workers – are generating income by producing raw cashew nuts while only some 5,000 to 8,000 are employed in the processing of nuts.

Strategy

Rural communities in the Mtwara region are being helped by UNIDO to implement 'the 8 + 2 model'. This projects the establishment and operation of eight groups to carry out the labour intensive pre-processing work using semi-automated Indian technology to transform raw cashews into unpeeled kernels. The end processing, involving peeling, sorting, grading and packaging, is then carried out by two larger companies with links to both domestic and export markets. Given the labour intensive nature of pre-processing, the larger more capital intensive enterprises are keen to outsource this stage in the supply chain. The emphasis is firmly on community-level processing enterprises

Impact/Outlook

It is estimated that each of the 10 groups can provide income and employment for around 100 workers. It is hoped that the community-level, bottom-up approach of this pilot will serve as a model for replication on a much larger scale with accompanying revenue generation for Tanzania's poor. Some 700,000 rural households – and an even larger but undefined number of farm workers – are generating income by producing raw cashew nuts while only some 5,000 to 8,000 are employed in the processing of nuts. With such a small proportion of these cashew nuts processed locally the sector has the potential to provide 45,000 jobs, including for women and young people.



Results:

- ◆ supplied appropriate technical equipment to eight pre-processing units,
- ◆ trained workers in Good Manufacturing Practices (GMP), managers in administration and business planning, developed business and management plans
- ◆ linked preprocessors to end-processors
- ◆ helped two end-processor units to upgrade their technology and provided them with logistical and management support
- ◆ stimulated a policy dialogue between public and private stakeholders on improved governance of the value chain

At a Glance

GOAL: Increasing Tanzania's exports of processed cashew nuts, improving the earnings of those already engaged in processing, and generating income and employment for members of households in poor rural areas

MDG: 1, 3 and 7

THEME: PRD

DONORS: One UN Fund

PARTNERS: Ministry of Industry, Marketing and Trade, Small Industries Development Organization, Cashewnut Company

BUDGET: 3.5 Million USD

STATUS: Ongoing

DURATION: Since July 2011