

case 1-428-817
October 16, 2009

TechnoServe: Cashing in on Cashews

“We decided it was so important to so many peoples’ lives in Mozambique that we should tackle it, even though it was a very hot issue and there was this ideological argument around it,” explained Jake Walter, TechnoServe’s Mozambique country director, in September 2006.¹ The “it” was the cashew industry, and the ideological issue was the ongoing debate over whether the World Bank’s structural adjustment policies in Mozambique rescued the country from its decades-long decline, or instead accelerated it.

In the mid-1970s, Mozambique was the world’s leading cashew nut producer. But by the late 1990s, the post-independence civil war, a slowing economy, and poor policy decisions had destroyed the sector. Instead of a vibrant value-added domestic industry serving the growing global market, Mozambique’s raw cashew nuts were shipped to India for processing, effectively resulting in the export of a major agro-industrial opportunity.

Mozambique: A Brief History

Mozambique is one of the poorest countries in the world. According to the United Nations Development Programme’s 2004 Human Development Report, Mozambique ranked 171st out of 177 countries on the human development index, falling below Ethiopia and ahead of only Guinea-Bissau, Burundi, Mali, Burkina Faso, Niger, and Sierra Leone.² The 2005 United Nations Millennium Development Goals (MDG) Progress Report for Mozambique indicated that of the eighteen MDG targets, only five had the potential of being met by 2015. Mozambique’s situation had its roots in decades of tumultuous change, the legacies of colonialism and socialism, war, economic collapse, and devastating natural disasters.

Mozambique’s first inhabitants were the San people. When Vasco de Gama, exploring for Portugal, reached the coast of Mozambique in 1498, Arab trading settlements had existed there for several centuries, and political control of the coast was in the hands of local sultans. In fact, the name Mozambique is derived from the name of the Arab Shiekh Musa bin Ba’ik, who ruled the area at the time the Portuguese arrived. Portuguese trading posts and forts soon became regular ports of call on the new route to the East. Later, traders and prospectors penetrated the interior regions seeking gold and slaves. Although Portuguese influence gradually expanded, its power was limited. Individual settlers were granted land and absolute authority over the local people. Investment in the colony was minimal.

Published by GlobalLens, a division of the William Davidson Institute at the University of Michigan.



© 2010 William Davidson Institute. Cynthia Koenig developed this case under the supervision of Professor Aneel Karnani. It is intended to serve as a basis for class discussion rather than to illustrate the effective or ineffective handling of an administrative situation. We would like to acknowledge the support of TechnoServe in the preparation of this case.