

Trade Liberalisation, Gender and Livelihoods: the Mozambique Cashew Nut Case

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1. Introduction

Cashew is grown in semi-arid, sub-tropical regions of Africa, Latin America and South and South-East Asia. Cashew nuts grow on trees, which help prevent soil erosion, and the raw nut is attached to and hangs below a (false) fruit. Cashew nuts and fruit contribute in various ways to local livelihoods – they are good sources of nutrition and various parts of the tree are used for medicinal products and for construction. As the cashew nut is one of the most valuable processed nuts on global commodity markets, it is also an important cash crop for farmers and has the potential to generate employment through processing and export revenue for developing countries. The world's largest producers are currently India, Vietnam and Brazil with many countries in Africa producing smaller quantities and global markets are expanding.

Portuguese traders took cashew from Brazil to Mozambique and India in the 16th century, and it was locally adopted and spread in both countries. Mozambicans have therefore grown cashew trees on sandy coastal soils for hundreds of years. Nuts have been exported from Mozambique since the beginning of the 20th century, and when World War II closed shipping to India, a local processing industry was born (Penvenne, 1997). After the war, numerous factories were built for processing the nuts for export, with women providing the majority of the labour. Production peaked in 1972 when 216,000 tons were marketed and Mozambique was the world's leading exporter of shelled cashew (kernels). Since then, drought, war and displacement, inconsistent policies towards the smallholder sector, as well as ageing and diseased trees have affected production.

In the mid-1990s, the World Bank made it a condition that the Mozambican government should liberalise the cashew sector, if it wanted further loans (it was a necessary condition of the Bank's 1995 Country Assistance Strategy). It recommended that the government should drop the requirement that traders sell raw nuts to Mozambican industries and lower export tariffs on raw nuts. By 1997, most factories had closed and about 10,000 jobs were lost. Although intense national debate led to the raising of tariffs on raw nuts in 1999, most factories have not reopened.

This paper is based on a research project carried out in Mozambique (January 2002-June 2004) to understand the gender-specific effects of liberalisation on the livelihoods of farmers and of workers in the processing industry¹. It also draws on similar ongoing research in the cashew industry in India. The study in Mozambique also examined initiatives involving government, NGOs and the private sector, to increase production and the export of both raw and processed nuts.

¹Collaborative research, between IIED and the University Eduardo Mondlane, was carried out in two provinces, Nampula and Gaza. Nampula in the north produces 70-80% of Mozambique's cashew nuts and Gaza is one of the two main cashew producing provinces in the south. Nampula has predominantly matrilineal forms of inheritance and succession and Gaza predominantly patrilineal forms of organisation. We used a case study methodology which included the following methods in the selected sites: structured interviews with randomly selected women producers; questionnaire-based interviews with male and female ex-workers of two closed factories as well as three functioning factories; semi-structured interviews with producers, workers and key informants at different levels (local, provincial and national); focus group discussions; participant observation and individual case histories. The research was funded by the Netherlands and Irish Embassies in Mozambique.

The paper begins by discussing the policy environment: liberalisation and recent strategies to revive the cashew sector in Mozambique. It moves on to discuss the current organisation and governance of the cashew nut supply chain, including examples of “better practice” in the processing industry. The gender-disaggregated effects of current policies on the livelihoods of farmers and workers are then discussed and the implications of the current policy environment are drawn out.

2. The policy environment

After 10 years of armed struggle, Mozambique won independence in 1975, and the Frelimo government came to power. Frelimo articulated a non-racist policy and positioned itself against private property based privilege. A post-colonial exodus occurred and many properties and industries were abandoned. In 1979, a state company Caju de Mocambique was created to operate the cashew processing factories. Post-independence policies also included the formation of communal villages, which had the effect of separating people’s homes from their trees and decreasing incentives for smallholders to invest in their trees.² From 1982, Mozambique was subject to a South African-backed war of destabilisation, which lasted until the signing of the peace agreement in 1992, when the one-party system was dismantled. During the war, up to half the rural population was forced to leave their homes, moving to towns or becoming refugees in neighbouring countries. Even peasants who were not displaced were often afraid to go to remote cashew trees to clean around them and harvest the crop. (Hanlon, 1996, 2000).

The war had a devastating effect on the economy and the government increasingly turned to international agencies for aid. In keeping with the policies promoted by the International Monetary Fund and the World Bank in other countries in the south, Mozambique implemented its first Structural Adjustment Programme in 1987. Since then, Mozambique has followed an increasingly neo-liberal approach to development, reducing state intervention and pursuing greater liberalisation and privatisation in the 1990s. 80% of the population lives in rural areas and are mainly dependent on natural resources for their livelihoods. Smallholder agriculture employs 89% of women and 63.2% of men. Agricultural production contributed 20.1% of GDP in 2001, a proportion which has declined from 27.2% in 1998. (UNDP, 2001).

Since the end of the 1990s, the government has put in place a strategy to revive the sector, with the participation of the private sector, NGOs and communities. The revival of the sector includes aspects of production, processing and commercialisation and has to address a complex set of factors, at local, national and international levels. Despite the decline, cashew is still the third most important export for Mozambique. Smallholder farmers are responsible for about 95% of total raw nut marketed production and in total about one million rural households (40% of the rural population) have access to cashew trees (Wandschneider and Garrido-Mirapeix, 1999).

2.1. Liberalization of Cashew Nut Exports

² Sherilyn Young provides a historical overview of the way in which contextual and policy shifts in Mozambique relate to the cashew sector (see Kanji *et al*, 2002).

The liberalisation of Mozambican raw cashew nut exports has become one of the most contentious policy reform issues in Mozambique (Wandschneider and Garrido-Mirapeix, 1999; Cramer, 1999; Hanlon, 2000). The World Bank's promotion of liberalization policies in the cashew sector, which included price and trade liberalization (and the lifting of protectionist measures for industry), have to be understood within the broader international mainstream arguments for 'free' trade and market-led development. The argument is that all countries reap the benefits of freer trade, whether they specialize in labour intensive primary commodities or capital intensive manufactured products – because liberalization enhances the free movement of goods at international market prices, as such increases outputs and thereby benefits all countries according to their 'comparative advantage' and (the theory asserts) also results in poverty reduction.³ For Mozambique, this represented an enormous change from post-independence, state-led development.

The World Bank's rationale for liberalising the trade in raw nuts is as follows:

- *The reduction in export tariffs on raw nuts would boost demand and spur competition among traders who export.
- *Eliminating trader licenses would increase the number of traders
- *Traders would compete for raw nuts and pay higher prices to smallholder producers.
- *Higher prices to farmers would increase the incentive to market nuts and further increase farm income.
- *The price incentive would encourage more farmers to enter cashew production and current farmers to improve tree management and plant new trees.

The policy's stated aim was to revive the smallholder cashew sector: "As the second (*now third*) largest export earner, and as a vital source of hundreds of thousands of poor farmers, revival of the cashew sector is a key to economic development and poverty reduction in Mozambique" (World Bank, 2001: 51). The Bank's view was that export restrictions meant that peasants were, in effect, subsidising the factories. This approach embodies the neo-liberal view that industries must be left to compete internationally and fail if they cannot compete without government support. The loss of jobs in the processing sector is offset against the gains which were asserted would accrue to a much larger group of smallholder farmers (Cramer, 1999).

The World Bank (2001, 51) concluded that real producer prices have been, on average, 55 per cent higher in post-reform years and that the farmer's share of export price has gone up significantly. These conclusions are contested by others. The first point is that prices of food and basic consumer goods need to be taken into account and had increased (Wandschneider and Garrido-Mirapeix, 1999). Farmers' interests in selling cashew depends on its relative prices vis-à-vis other crops and consumer goods, as was also evidenced in the end of the 1980s when prices were raised, but there were few goods in the market. In our field work, farmers often referred back to the time when the sale of cashew allowed the purchase of relatively expensive items such as bicycles, whereas now it bought them very little, even in terms of basic

³ However, as we know, this does not mean that the US and EU have 'freed' their markets and there are still huge subsidies to farmers and selected industries.

consumer goods. The Bank acknowledges that these terms of trade are low in comparison to what producers in countries such as India and Vietnam are able to buy for their cashew (World Bank, 2001: iii).

The second important point that has been made is that although prices increased, the main gains have been retained by the trading sector. The number of effective traders has remained restricted, due to their dependence on trader- based credit, and the major exporters are organized and coordinate prices. This has allowed continued control of farm gate prices, and therefore the greater share of additional profit from higher cashew prices has been retained by the trading sector (Hanlon, 2000; INCAJU, March 2002). The most recent economic study, entitled “When Economic Reform goes Wrong: Cashews in Mozambique” (McMillan *et al.*, 2002), echoes the findings of earlier studies and concludes that the net gains of farmers were disappointingly low and largely offset by the costs of unemployment caused by the collapse of the processing sector.

The final World Bank objective of liberalization, as stated above, was for expanded grower investment in trees. However, there has been limited evidence of increased planting (World Bank 2001, Wandschneider and Garrido-Mirapeix, 1999:61). The World Bank also identifies greater tree care and use of fungicide sprays as potential means of improving productivity. The irony is that these technologies - which may increase nut production - may in fact *not* be economically advantageous. The farmers who put in the extra labour and pay for the spray will always assess marginal and potentially negative returns more closely than researchers and advisors. Mole (2000: 245) showed that employing technology is related to the price of nuts but with prevailing input and cashew prices the different technology packages, including chemical control, *were not profitable* under sole cashew cropping conditions. He argues that price incentives must be combined with improved technology and marketing infrastructure for production to increase. (ibid:248). There is an additional point here. Unprotected market integration also exposes farmers to price fluctuations. The collapse of raw nut prices in the 2000/01 season (World Bank, 2001:iii) should be expected to have as much negative impact on the incentive to invest as the occasional high price has positive effect. This is one reason farm subsidies began in currently developed countries.

What then, is our assessment of liberalization policies promoted by the World Bank? Promoting trade liberalisation is unlikely to increase benefits to producers in Mozambique without a range of supporting policies ensuring marketing infrastructure, availability of goods and fair prices, appropriate technology for growing and storing the nuts, and extension services. It is increasingly recognized, even by some parts of international financial institutions, that a much broader range of factors, including institutions at local level, and a range of policies and resources (material and social) affect the outcomes of trade liberalization (Kanji and Barrientos, 2002). This wider contextual analysis was lacking in the World Bank’s policy advice.

2.2. Revival of the Cashew Sector

The current government strategy for the cashew sector recognizes the need for a broader approach and calls for active participation of government, private sector,

communities and NGOs to revive the cashew sector. The government's Institute for the promotion of cashew (INCAJU) has developed an integrated strategy, which tries to stimulate activities in the three interlinked areas of production, processing and commercialisation (INCAJU, 1998):

**Production:* subsidies, implementation and coordination of chemical treatment of trees against powdery mildew disease; new plantations; nurseries for new and improved varieties; extension work including cultivation techniques, pruning and research (INCAJU, 1998);

**Processing:* stimulation of new small-scale factories by providing guarantees for loans to the private sector, since they produce better quality output (INCAJU, 2001);

**Commercialisation:* setting the export tax of raw cashew between 18-22%; grading the quality of nuts (INCAJU, 2001).

Over the last few years, marketed production has risen slowly to about 63,000 tonnes in 2002-03 from about 40,000 tonnes in 1997 (IMF 2003). However, processing units only purchased 6,000 tons of raw nuts in 2002 as compared to 25,000 tons in 1995-96. Processing initiatives provide only about 2000 jobs, as compared to 10,000 before liberalisation, although this does not include many small, unregistered processing initiatives for domestic and regional markets. Despite the export tax of 18% on raw nuts, the revival of in-country processing has been slow and fraught with difficulties. India is the main buyer of Mozambican raw nuts and the international market is intensely competitive. As more countries, such as Vietnam, enter the kernel market, prices of both raw nuts and kernels have fallen on the international market.

3. Cashew Nut Commodity Chains

The government no longer buys or sets the prices for raw cashew nuts. Prices are now based on the level of supply and demand in international markets. A few major exporters (8-10) control the trade in Mozambique and they tend to roughly fix the purchase price at the beginning of the year (Matule cited in McMillan *et al.*, 2002:15). In order to have price indications, a Cashew Committee (Comite do Caju) was established in Mozambique, in which different stakeholders such as customs, INCAJU, large traders and smallholder producer associations are represented. In fact, since India is the main buyer of Mozambican raw nuts, the price level is mediated by the situation of supply and demand (of Indian processors), which in turn is linked to international market prices for kernels (Matule, 2003). We will return to the international ends of the chain later. However, it is important to note that smallholders are used to the government setting prices and that the indicative price, which some district administrations provide at the beginning of the marketing season, is often interpreted as a set, minimum price.

Nampula, a northern province of Mozambique, provides 70-80% of marketed production. In Nampula, at the time of the research, there were only two functioning factories which bought raw nuts. Almost all the rest is exported to India, through Nacala, the main port that serves the northern provinces. A small number of large trader/exporters have an extensive network of small intermediaries who buy the raw cashew for them. This is bought directly from farmers in rural areas, or from retail shopkeepers usually based in small urban centres, who buy from farmers. Two such

companies in Nampula with which we had contact and which export raw cashew are Joao Ferreira dos Santos (JFS) and Gani Comercial. Both have strong contacts in India and as Leite (1999:5) points out, liberalisation has involved the renewal and strengthening of old merchant networks between Mozambique and India. These large companies deal in many different commodities and also own cashew plantations.

Mobile (and unlicensed) traders have increased in number as a result of liberalisation and they have motor vehicles to travel to areas of production. However, the situation is variable depending on several factors including road access. In the two sites where we looked into marketing, key informants reported that an increase in numbers of itinerant traders had taken place in one, the Namige area, but this was not the case in the other, Itoculo, which is further from a main road.

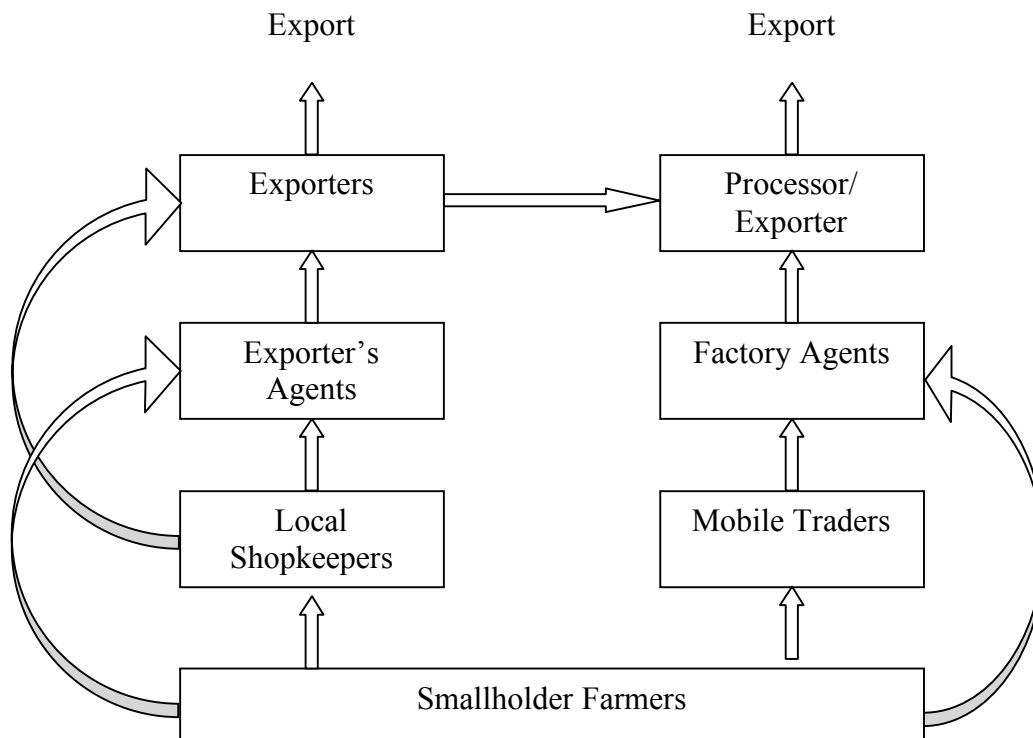
At the local level, there is some flexibility and prices are also shaped by supply and demand. If farmers are able to store their nuts and wait to sell them, prices are higher at the end of the season than at the beginning (October to January in the north of Mozambique). Prices can be twice the price, for example 7000 Mts (US\$0.35 per kilo) against 3500 Mts (US\$ 0.17 per kilo).⁴ However, when cash is desperately needed and/or the harvest of other crops is low, farmers will sell early or consume them instead. The quality of the nut is also assessed by the buyer and is increasingly judged to be an important factor on the international market. Larger, well-dried nuts will command a better price.

Prices are also influenced by the turn-around period required by Indian importers. When containers for a ship in Nacala port needs to be filled quickly, we were told about prices as high as 10,000Mts (US\$ 0.5per kg) - which exporters had instructed their intermediaries they could pay. At least one local buyer, who owns a local processing factory, stops acquiring nuts until the ship is filled and prices fall again, but the farmers who can market their nuts at this time do much better than others. Prices therefore vary greatly depending on the quality of the nuts, location of sale, number of intermediaries, proximity to ports and the time of the sale in relation to the marketing season.

A typical but simplified cashew chain in Nampula is summarised in Figure 1.

⁴ One US dollar was equivalent to approximately 20,000 Mts at the time of the research. The exchange rate in 2004 was about 24,000MT to US\$1.

Figure 1: Typical Cashew Export Chains in Nampula Province



The simplified chain illustrates the vertical links between different actors in the national chain. Initial research on the international trade in cashew kernels suggests that considerable value is captured at the northern end of the chain and that the market is buyer driven (Eapen *et al*, 2004). Cashew imports into the UK, for example, are dominated by a small number of big buyers and the secondary stages of processing, that is, roasting, salting and adding other flavours, and packing the nuts are done in the UK. The large supermarkets deal with the biggest volumes and they do their own packing and sell to the final consumer. However, it may be more appropriate to describe these chains as “international trader driven” (Gibbon, 2001). In any case, the primary focus of this paper is an analysis of the national and local levels.

4. Who does what to produce, market and process cashew nuts

In seeking to understand the linkages between liberalisation, gender and livelihoods, the research examined who was doing what to produce raw nuts, the shifts in the composition of workers and in working conditions in the processing sector and the views of actors involved in marketing and trade.

4.1 Smallholder Producers

All land in Mozambique belongs to the state. Citizens are legally permitted to use the land they occupy under customary tenure systems. Communities in large areas of

northern Mozambique, including Nampula province, follow a tradition of matrilineal succession and inheritance (Braga 2001; Waterhouse and Vijfhuizen 2001). Land tenure patterns are diverse and rights regarding land and tree tenure are intertwined and can be complementary or contradictory (Pitcher & Kloeck-Jenson 2001). Previous studies (World Bank 2001; CASCA 2002) have tended to base their findings on interviews with men and have asserted that most land and trees are owned by men, generating a picture of women as uniformly lacking control over resources.

The World Bank survey was carried out in three main cashew growing provinces: Nampula, Gaza and Inhambane. The study generated a wealth of data, on numbers of trees, local processing and commercialisation. However, of the 1,400 households in the sample, 77% was considered male headed, and 23% was considered female headed. Household trees were simply allocated to 'heads' of household and the average number of trees per household was 61. The female-headed households included in that study were found to have 10 trees fewer, on average, than male-headed households (Ministry of Agriculture/World Bank 1998: 19). In effect, in 77% of the households, the women (as wives) were not interviewed about their role in the cashew sector, let alone daughters and sisters (and sons and brothers) who may also have had cashew trees. A study carried out in the Namige area, in Nampula province (CASCA 2002: 8) states that most of the trees (80 per family) are owned by men (60%) while the other 40% are divided amongst women (10%), the family as a whole (15%) and grandparents (15%). Once again, men were interviewed and women's views were not represented.

We carried out our first study of women producers (45) in the same area (Namige) and found that there are diverse patterns of land tenure and that in Nampula's predominantly matrilineal society, most women inherit pieces of land which they cultivate. These allocation practices give women considerable land tenure security. We also found that women were extremely mobile in their marriage arrangements. Women would usually marry, divorce and marry again. In one marriage she could move to her husband's home (virilocal), and in the next marriage the husband could come to her home (uxorilocal). In between the marriages, while divorced or widowed, she lived in her birthplace with her mother; where her land provided a constant and an important base of security. 56% of the women interviewed said that the land they were working at the time belonged to them, which did not preclude having land elsewhere.

The ownership of trees is as complex as the land issue. The answer to the question of who 'owns' the trees usually went back to who had planted them, often grandparents, and the present 'owners' are the ones who inherited them. Although we did not ask as many questions about control over trees as we did in our later study in the south, we did ask about the gender division of labour in cashew. We found that most women did plant trees, which represents a measure of perceived security. We found that there is no distinct gender division of labour in cashew, apart from pruning, which in most cases, is only done by men. In activities, such as sowing and planting, weeding, clearing and harvesting, both women and men participate, albeit in different proportions.

Fortmann *et al* (1997) studied the link between land tenure and tree tenure in a patrilineal setting with virilocal marriage patterns. They found that women planted

fewer trees in their husbands' homes because of lack of security. In our study in the south of Mozambique (Gaza province), the majority of the women (68%) of the 40 interviewed, stated that the land they worked was theirs and they obtained the land from parents-in-law (43%), husbands (25%) and parents (10%). Of the rest (32%), 15% said the land belonged to the respondent and her husband, 12% to the husband, 5% to other family members. Ninety-five per cent of women planted trees but did hesitate to plant trees in the place of their husbands' parents. The number of trees which they said belonged to them was impressive: 28% of the women had more than 100 trees; only 15% had between 0-20 and the rest had between 20-100 trees. Due to changes in marital status, women live in different places where they can and do plant trees.

Nevertheless, there are many situations which may endanger a woman's land tenure security: when residence upon marriage is virilocal, when land is sub-divided and more powerful actors (local leaders, companies) take control of the land. Land markets are developing (although in law land belongs to the state) and 22% of our sample said the land had been paid for. Land conflicts between companies, elite groups and smallholders are increasing, not only in peri-urban areas, but in areas of high agricultural potential too (Pitcher 2002). Growing land markets may change women's access to land, even in this predominantly matrilineal setting, as it may create greater differences in access between farmer households who have more financial resources and those who have less. Our research did not really examine socio-economic differentiation between different groups of producers but other research does point to increasing inequalities (Pitcher 2002).

Previous studies had made generalisations about women's lack of access and control to land and trees. The designation of men as 'heads' fails to recognise the many spaces in households where women participate in and have control over resources and resource use; it ignores the complementarities that may characterise the division of labour in households with couples, and it marginalizes the majority of women by only referring to women in so-called 'female-headed households' at the expense of other women. (Chant 1997; Pitcher 1998; Vijfhuizen 2002). The way in which many surveys define 'heads' of households and then proceed to only interview them is highly problematic, particularly for the way in which it tends to neglect women's voices and views.

In our study, we found that women are actively involved in the marketing of raw cashew nuts in both north and south of the country. Our findings contradict those of some previous studies in Nampula (including CASCA, 2002:19), that most income generating activities including the marketing of cashew nuts is dominated by men. For example, 87% of our sample households in Namige did sell raw nuts (39 out of 45). 74% of women (in the sub-sample of households which do sell nuts) are directly involved in marketing the nuts. Although women smallholder producers do market cashew, the higher and more lucrative ends of the private sector chains in Nampula do not directly involve women. Larger trader/exporters and their agents tend to be men.

Our study found that little information on the *causes* of low production has been disseminated to smallholder farmers, both women and men. The various strategies to increase production, from preventing bush fires to effective pruning, chemical treatment and replanting have not been adequately discussed with farmers, nor their

views and constraints solicited. Attempts to date to promote fungicide spraying on smallholder farmer trees, sometimes through farmers' associations, have not been effective. The intervention is technically complex and small farmers have often been unable to pay the required contributions to costs of spraying, although spraying has been more successful with the few larger producers. New improved strains of cashew have not been bought from the nurseries. Farmers are reluctant to travel long distances and to use their limited cash for buying strains that have not been *shown* to be beneficial in their context.

In both the north and the south, we found that women farmers were less likely than men to have access to information and inputs within the new interventions to raise the production of cashew. Women were less likely to belong to farmer associations, which are male-dominated, or to attend village meetings and training courses. Contracts with associations to carry out chemical treatment of trees were signed by men and the operators of the spraying machines were always men. Extension workers were usually male and in keeping with other studies, we found that they tended to contact and pass on information to men.

One main conclusion of our study is that despite the fact that women are important actors with considerable involvement with and control over cashew production, interventions to promote production have not recognised this adequately and have tended to exclude women. However, the value of cashew in women and men's livelihoods has declined - trees were producing much less and prices are seen to be low. In the past, the sale of cashew nuts and alcohol paid for school fees, hospital visits, clothes and agricultural inputs.

4.2 Cashew Processing Workers

Our study included interviews with women and men who used to work in large factories in Angoche, Nampula province, which are now closed and with workers in three functioning factories: Namige and Geba in Nampula province and Macuacua in Gaza province in the south.

Ex-factory workers in Angoche

In Angoche, a small coastal town, cashew processing in three large factories was a major source of employment providing some 3000 jobs. 100 ex-workers (50 women and 50 men) from two factories were interviewed. Both factories were privatised in the first half of the 1990s and were closed by 1999. With privatisation, social services, such as health and child-care for workers were lost or deteriorated, since government run factories in the past had provided monthly contracts with better wage and non-wage benefits. Ex-workers were also of the opinion that unions became the employers' means of controlling workers, rather than clearly defending their interests.

In one of the factories (Angocaju), for which we had full data, privatisation increased the percentage of men workers. In both factories, men secured more jobs than women did, not only in the shelling section (100% men), but also by entering into all the other areas of work in the factory. Although women remained predominant in the peeling and selection sections, 14% of the workers in these sections were men, doing work that has been stereotypically seen as women's work, requiring patience and dexterity.

Women and men sometimes worked on different tasks but women worked longer hours than men did in the Angoche factories and yet they received the same wages.

In our sample of 50 women, 38% were widows or divorced women and had families larger than the average 5 members. Paid work had been critical for them. Some married women also pointed out how factory income was a valuable source of independence from their husbands.

We asked workers about their livelihood sources before, during and after factory employment. Women returned to agriculture (76% before factory work and after closure) and an increasing proportion of men engaged in agriculture (36% before factory work and 54% after closure). However, it is increasingly difficult to live on agriculture alone and both women and men engaged in petty trade, although they all complained about low demand in a depressed local economy. More men had varied sources of income, outside of agriculture and trade (22% compared to 10% of women).

Factory workers in the north: Geba and Namige

The factory in Geba was established in 1995 by Joao Ferreiro dos Santos (JFS), a large company which is involved in trade in other commodities. In 2002 there was a total of 642 workers (538 men and 104 women; 84%-16%, respectively). Men worked in all the sections, shelling (100%), peeling (59% men) and men were also involved in selection. Interestingly, about two-thirds of the workers in the peeling section were very young – so both women and men seem to have “nimble fingers” in youth. In this factory, there was little difference between the hours worked and wages of women and men.

The factory in Namige started to function in April 2002 and represents a new smaller-scale enterprise involving collaboration between government, business and NGOs. It was set up by a private entrepreneur with a 5-year low-interest bank loan which was guaranteed by the government cashew Institute, INCAJU. The factory was designed with the help of TechnoServe, a US NGO which aims to promote entrepreneurial women and men in poor rural areas. The Dutch NGO, SNV, has assisted the owner to contact a Dutch buyer of cashew kernels who operates from Rotterdam and exports to various parts of the world.

At the time of our study, the factory employed 92 workers (56 men and 36 women; 61%-39%, respectively). When the factory opened, about 1,000 people turned up to apply for jobs, illustrating the real need for cash income in the area. Men workers in the factory are mainly married, whereas almost half of the women workers (47%) are divorced and/or widowed. Headship was used as a selection criterion, based on the view of the management that ‘female heads’ are most in need for cash and more likely to work hard. As in the Angoche factories, more women workers tended to look after larger families than men did.

Men were found in all the leadership roles in the factory. Peeling and selection is mainly done by women (peeling 32 - selection 4), but men had also managed to get work in these sections, six men in the peeling section and one man in the selection

process. Only men (43) worked in shelling. The owner of the factory said that the door of the shelling section was open to women, but that they preferred to work separately. One fact is clear – the men started to work a few days before the women did and were trained to use the machines. According to one manager, before the factory opened, he called a few women to try and use the machines ‘but the women said they could not handle the machine’. However, when we tried to use the machines ourselves, it became obvious that while it is a skill that may require some time to acquire, there are no issues of strength involved. Women are often excluded when it comes to the use of machines, but in this case, it is complicated by the fact that shelling involves contact with an acidic substance (Cashew Nut Shell Liquid), which burns the workers’ hands despite the use of coconut oil which provides some protection. In focus groups, we sought the views of women themselves to their exclusion from shelling. Some explained they did not want to burn their hands, adding that it would affect their farming work which they said was not a concern for men, but other women said they wanted jobs in the shelling section because ‘it is also work through which money can be earned’.

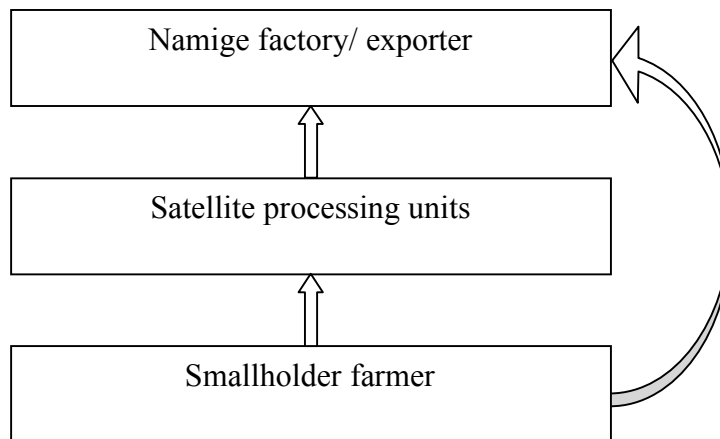
Both women and men work long hours, but more women worked the longest hours per day. Wages are not fixed, but are paid on a piece-rate basis. There were more women than men who reported earning the lowest wages (4 women and only 1 man) and only men (6) earning the highest wages. There is currently no minimum wage set for workers in rural industries. The industrial wage which tends to relate to urban areas was about 800,000mt at the time of the study (2002) so in fact, none of the workers in the sample actually earned this minimum. The rural agricultural minimum wage was about 560,000mt but many workers did not earn this amount either.

Workers receive a free meal at work and according to their contracts they have access to health assistance, paid annual holidays, and severance pay in case of professional illness or work accidents. There are plans to set up a trade union and a crèche is also under construction – that is, a clean, sheltered area where mothers can arrange someone to look after their babies, but with no provision of food and trained child carers as in the old government-owned factories.

SNV, with Mozambican NGOs and support from TechnoServe, has developed a programme of “satellite” processing around the factory. The satellites are small scale processing units which are provided with equipment, training and subsidised credit. The units will buy the raw cashew, steam, crack, dry and peel the cashew, and pack it for transport to the factory. In the factory, the nuts will be sorted, graded and packed for export. The satellites initiative has the potential to increase the quantity of nuts which are processed as well as generate employment for local people. In these cases, the chain becomes much shorter (Figure 2) than typical chains (Figure 1), minimising the number of intermediaries between producer and exporter, and adding value locally. However, it remains to be seen whether the satellite units will benefit women directly through employment as it is mainly men have been employed in the three functioning units (12 are planned, each with a capacity to process 24 tons of raw cashew). It also remains to be seen if the satellite units are economically viable. At present, the Namige factory owner and TechnoServe have some reservations about the financial viability and sustainability of the satellite units, because quality and productivity has been low (the appearance of the nuts, the proportion of ‘whole’ nuts

produced), costs are high and prices of kernels on the international market have remained low (Pal, 2003).

Figure 2. Namige factory and satellite processing export chain



Factory workers in the south: Macuacua

The factory INVAPE (INVESTIMENTOS AGRO-PECUARIA), in Macuacua in Gaza province began functioning in 1998 with a total of 107 workers (62 women and 45 men) of whom 86 (61 women, 25 men) worked directly in processing. Interestingly, more women than men initially worked in the shelling section in this factory in the south of the country. However, the number of processing workers was reduced to 40 (18 women and 22 men) at the beginning of 2003 and to 19 (9 men and 10 women) in June 2003. A greater number and proportion of women than men lost their jobs (51 women - 84% compared to 16 men -64%). The decrease in number of workers and output is primarily linked to the management of the factory and the availability of raw cashew in the area.

Fifteen men and 15 women were interviewed, of a total of 40 workers employed in May 2003. A high proportion of women workers were heads of household (67%) but in this case in the south, men tended to have larger families, probably due to a number of polygamous households in the sample. Women and men both worked long hours, with a day which started at 4am. Working conditions in this factory were particularly poor. Once again, women tended to earn less than men, with more women than men earning the lowest wages (12 as compared to 5 men) and men the higher wages (10 men compared to 3 women).

The social construction of what constitutes 'appropriate work' for women and men is clear in cashew processing. In India, women comprise 95% of the entire processing sector, using the very same machines as those used in Mozambique. However, in that context, too, men dominate in leadership positions.

5. Conclusions

The liberalisation policy of the World Bank was both ill-conceived and ill-timed. It was a case of a non-democratic “one-size-fits-all” approach to trade reform. Access to markets to sell cashew is very variable in Mozambique and local markets are underdeveloped, with prices largely controlled by a few big traders. The problems of low production and low prices are compounded by weak infrastructure and extension. Liberalisation, and particularly agricultural liberalisation in sub-Saharan Africa, tends to benefit those with greater power: access to land, information, financial assets and markets (Bryceson, 2002; Whitehead, 2001; Grown et al, 2000; Oxfam, 2000; United Nations, 1999). Countervailing power can be argued to come from disadvantaged groups becoming more organised to defend their interests and/or specific policies and interventions being put in place. This study shows that liberalisation tends to widen the gap between socio-economic groups and between women and men, and that insecurity and risk is passed down the supply chain to those with less power. On the positive side, producer and small processor associations are increasing, at least in Nampula province, and a key challenge is to enable women to be well represented or to form their own organisations to promote their access to market-based livelihoods.

The comprehensive strategy which the government has put in place recognises that much more needs to be done if Mozambique is to revive the cashew sector. Agricultural extension, credit, roads for market access, prices and local processing are all important factors to stimulate the smallholder sector. However, the political will and resources to really implement this strategy are particularly difficult to harness in a policy environment where economic efficiency and market-led growth are so dominant. The role of the government in funding and regulating extension services is declining. Part of the new strategy in the liberalised context is to devolve extension work to private companies and NGOs which are interested in cashew production, but it is questionable whether they will opt for time and communication-intensive paths to increasing production for small farmers and there is increasing discussion of stimulating private plantations. As the study shows, women have considerable access to and control over land and trees but they have had even less access to information and inputs.

Improved marketing is another key priority. Ironically, much of Mozambican cashew production is organic and could benefit from growing niche markets for organic products at a global level. However, the institutional capacity to organise such niche marketing takes time to build and the transaction costs of acquiring certification are high.

The closure of cashew processing factories resulted in the loss of critical sources of regular income for both women and men. Few ex-workers have found other employment. Women have been particularly affected by the job losses because they have fewer sources of income and are less mobile than men. There is enormous competition over jobs in the new, smaller and semi-mechanised factories. Wages and working conditions in the liberalised environment have deteriorated in relation to the earlier government-run factories and CNSL is much more of a problem with semi-

mechanised technologies as compared to earlier mechanised impact shelling, although more valuable whole nuts are produced. Women are losing out to men in the competition for jobs, in an industry which used to be one of the few which provided women workers with secure, stable employment. This trend which can only be reversed if policies are put in place to encourage women to work in any section of factories and other processing units. Workers and unions are currently in weak positions, and the government should be an important arbitrator in defending the rights of workers for decent wages and living conditions. While the Namige factory provides an example of better practice, it is very dependent on the goodwill of one employer and the collaboration between a set of organisations working in that provincial location.

At the macro-level, competition between countries in the South for shares of the international cashew market has increased. Some Indian states are working hard to increase production to meet their huge in-country processing capacity needs, which would reduce their imports of raw nuts from Mozambique. The market in kernels also faces competition from new entrants, such as Vietnam, where government protected the sector and invested heavily in research and development. All these factors make it even more difficult to maintain decent returns for smallholder producers in Mozambique and to ensure decent wages and working conditions for cashew processing workers, both women and men.

Our study also shows that cashew remains an important crop for household consumption and as such contributes to household nutrition and food security. Women are highly involved in both processing of fruit and nuts at the household level and in the marketing of raw nuts. Due importance should be given to the production of cashew for consumption and for sale in local, as opposed to international, markets. The use of cashew at the local level has a role in household food security, provides income and strengthens social relations (in today's terms, building social capital). For these reasons, Mozambique should also pay attention to potential domestic and regional markets for cashew nuts (kernels). Much depends on the location of production and processing in relation to existing markets. In the north of the country, exports of raw cashew to India is likely to dominate for some time, particularly for producers who are close to the main roads. Cashew produced in the southern provinces may find an important outlet in markets such as that of South Africa, which does not produce cashew, provided cashew processing in Mozambique can be increased. The volatility of the international market and the difficulties in gaining access to kernel markets, mean that strengthening local and regional markets may have an important role to play in enhancing livelihoods.

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