



## African Cashew initiative, Mozambique | Outcome Sheet



*Establishing a viable market for cashew seedlings*

**INCAJU decides to gradually phase out seedling subsidy policy.**

### Background of the INCAJU seedling policy

In Mozambique, the production of cashew seedlings needed to rejuvenate the overage tree population lies in the hands of the state. One of the main objectives of the Mozambican Cashew Promotion Institute (INCAJU) is the “promotion of the planting of cashew trees”. INCAJU operates 34 nurseries in the cashew growing regions with an installed capacity of 10.000 to 300.000 seedlings per year.

INCAJU’s seedling production and distribution policy foresaw for the last ten years a free allocation of up to 50 seedling per smallholder farmer. Commercial farmers who wanted to receive more than 50 seedlings needed to pay 15-20 MZN/seedling.

But instead of triggering plantation efforts, this well-meant subsidy constrained that same objective. Due to a limited allocation of financial resources and management problems, only a small number of seedlings actually reached the fields of the smallholders. Their survival rate remained very low because of a lack of ownership of the farmers in the plants.

At the same time, the policy of free seedling distribution - although in reality not well implemented - impeded the development of private nurseries. Seedlings could not be sold because, supposedly, the state distributed them at no charge.



INCAJU state nurseries suffer from management problems and a lack of investment in shade constructions and irrigation systems.

### Success story: ACi could assist INCAJU in evaluating and changing seedling policy!

From the very beginning of ACi implementation in Mozambique, the project noted that the seedling subsidy is blocking the development of a functioning private seedling market, which exists in Mozambique for all other tree crops such as mango, orange or lemon trees. In the long run, only an economically viable cashew tree production market will ensure the sustainability of the sector, as the rejuvenation of the tree population is crucial to secure farmer income as well as enough supply of good quality nuts to the existing processing facilities.



This old sign indicating the INCAJU nursery in Liupo resumes its meaning: Production and selling of grafted cashew seedlings.

Hence, the project team started open discussions with INCAJU about this policy already in the beginning of 2010. The crucial point was the lack of indisputable economic data about the costs of the seedling production. ACi assisted in providing these detailed calculations which number the costs of production at 23,3 MZN/seedling applying adapted technologies and including transport to the farmer’s field. In the long term, a seedling should therefore cost around 27-30 MZN, including a profit margin for a possible private seedling producer.

ACi suggested to start with a price of 5-10 MZN, gradually increasing the charge over three years. After many discussions, INCAJU finally decided to follow this recommendation and implement the first year of a seedling selling policy in 2011/2012. Seedlings will be sold for 5 MZN to the smallholders. The survival rate is expected to rise significantly due to the new sense of investment and ownership that a price for the plant establishes in the farmers.