



THOUGHT LEADER

Despite challenging export environment, SME agribusiness in the Gambia plans growth

Awa Sinyan Faal

Founder and
Managing Director,
Mira Impex

Mira Impex is a small-scale agribusiness based in the Gambia. Our company specializes in sourcing, processing, packaging and exporting raw cashew nuts and supplying groundnuts and peanuts locally to exporters. Mira Impex was formally registered in the Gambia in 2016 and currently has four permanent employees and up to 70 temporary employees.

The company sources its produce from the Gambia, Senegal, Guinea-Bissau, and Ghana and exports to India. Mira Impex has an annual turnover of \$900,000. We are planning to move up the value chain by expanding into processing cashew kernels, cashew jam and cashew juice.

Supplier network

Like other SMEs in developing countries, we at Mira Impex face a number of challenges. For example, Mira Impex has developed a network of suppliers that procure produce and transport it to its warehouse, allowing the company to focus on processing and exporting the product, including completing the paperwork necessary for exports. These suppliers occupy a significant position in the agricultural value chain and help SMEs such as Mira Impex to hold down costs. They also connect farmers to the market, while earning a living for themselves and experiencing economies of scale.

However, there can be downsides from relying on such suppliers, who tend to be uneducated and do not necessarily understand the negative impact they can have on the market. The suppliers sometimes hold back products in the hope that prices will rise. This not only stops Mira Impex from fulfilling its contracts, but also often causes the quality of the nuts to deteriorate, sometimes even preventing raw cashews from sprouting. Given that exports of nuts must meet international regulations and standards, a decline in quality can make it impossible to export the nuts, disrupting the market and preventing SMEs such as Mira Impex from fulfilling their potential.

Procuring and transporting agricultural produce from smallholders to processing sites is a challenge.

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Infrastructure problems

Moreover, infrastructure is a real constraint for agricultural trade in Africa, which is the largest sector in Africa and has tremendous scope for growth. For Africa's agricultural production to increase, governments need to invest heavily in infrastructure, with access to local markets and seaports given priority. SMEs battle with poor road networks linking urban and rural markets as well as countries and regions. As a result, we spend high amounts on transport and on costs related to strict border measures. Inadequate infrastructure also causes delays in our shipments, with the quality of products deteriorating.

Africa accounts for about 40% of the 2.6 million tons of raw cashew nuts produced globally every year, but only 10% of this is processed into cashew kernels for export at international market prices. An estimated 80%–90% of the cashew apple harvested annually in Africa goes to waste, due to lack of standard storage facilities.

Nonetheless, there are also positive market developments, for example regarding logistics. Using a reputable forwarding agency is an effective way to transport our goods to our end buyers. Such agencies have brought together a team with vast knowledge in identifying the shortest transit time and most efficient shipping lines. Working with them helps ease the burden of dealing with shipping transactions.

They professionally prepare and facilitate documents, such as phyto and fumigation certificates and certificates of origin. Their services prevent our cargos from being delayed in customs clearance in ports. Still, transporting cargo from the port of Banjul can be costly and time consuming, due to the port's size and location. It costs far less – up to half as much – to ship the same size container of raw cashews from Tema in Ghana as it does from Banjul.

Plans for growth

Despite our challenges, we are planning to set up a factory in Brikama, in the Gambia's west coast region, to process cashew kernels, juice and apple. The plant will include automated machinery and entail an investment of \$200,000. Experts will intensively train the workers and we aim to have women make up 70% of our workforce. Our intention is to train and provide employment to rural women who do not have formal education.

Through this expansion, we want to move up the value chain and sell directly to the consumer market through retail stores. There is global demand for processed cashew products and our main target markets are Africa, the United States, the European Union, and Arab Gulf countries. However, we will first introduce our products to domestic and regional markets before going global. We aim to be among the SMEs that help foster intra-Africa trade and contribute to ending waste of cashew nuts in the Gambia in the near future.

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