Country Profile

Nigeria is in Western Africa, bordering the Gulf of Guinea, between Benin and Cameroon.

General Information on Nigeria:

Capital	Abuja	Time Zone	GMT+1h00
Population	129,934,911	ISO Code	NG
Area	910,768 sq km	Dialling Code	+234
Languages	English (official), Hausa, Yoruba, Igbo (Ibo), Fulani	Continent	Africa
		Internet Domain	.ng
Currency	naira (NGN)	GDP	$105.9 billion
Major towns	Lagos	Export partners	US 46%, Spain 11%, India 6%, France 5%, Brazil
Exports	Petroleum, petroleum products, cocoa, rubber	Import partners	UK 11%, US 9%, France 9%, Germany 7%, China
Imports	machinery, chemicals, transport equipment, manufactured goods, food and live animals		

Structure, Organisation and Development Strategies

Historical Perspective

Cashew (*Anacardium Occidentale* L.) is a tree crop of considerable economic importance to Nigeria. Apart from being a source of useful products and by-products for food, medicinal and industrial applications, cashew also gives useful shade, act as ornamental and alley trees and is suitable for the control of soil erosion, particularly for the protection of watersheds and dams.

Cultivation of cashew started in the early **1950**s, through the efforts of an organization named then as **Eastern Nigeria Agricultural Development**. The initial objective of the program was to use cashew trees for **erosion control**, because of the massive erosion problems. The realization that cashew nut is a potential revenue-earning commodity compelled the defunct Eastern and Western Nigeria Governments to start commercial plantations in most towns of these regions.

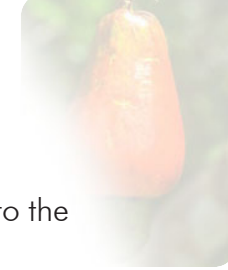
Structure and Organisation

Producing Place

Major cashew growing areas in Nigeria are, by order of importance: **Enugu, Abia, Imo, Anambra, Ebonyi** and **Cross River** States in the *eastern part of the country*; **Oyo, Osun, Ondo, Ekiti** and **Ogun** States in the *Western part*, as well as **Kwara, Kogi, Nassarawa, Benue, Taraba, Niger** and **FCT** in the *Middle Belt* and also **Sokoto** and **Kebbi** States in the *North West* part of the country. The majority of export quality nuts come from the **Western and Eastern parts** of the country.

Harvesting

Cashew nut setting begins in the middle of dry season, while harvesting takes place mainly in **February or March**. The entire harvest period occupies about **16 weeks**. In the Eastern



and Western parts of the country, where quality cashew nuts are grown, nuts are allowed to drop to the ground before they are collected. This practice ensures that only ripe nuts are collected.

After picking, the nuts are dried in the sun for 2 to 3 days, to reduce their moisture content to about **12%.** Properly dried nuts are packed in jute bags and can be kept for **6 to 10 months**, if stored suitably.

Grading

In the cashew producing areas, the products are graded according to market requirements. The nuts are graded into two categories by ***visual determination of the grade, according to their surface appearance and size***.

The two grades are:

Standard Grade Nuts – they are sound, mature, thoroughly dried nuts, which apparently show no defect or deformity. Their colour is usually light grey or light brown.

Under-grade nuts – they do not conform to the requirements of the standard grade. However, they are also mature and thoroughly dried. They may have surface blemishes, spots or somewhat tolerable discoloration. The small size nuts are part of this grade.

After harvesting and grading, the nuts are packed in good jute bags and further stored in proper, rodent proof storage areas. The storage structures are well ventilated in order to control humidity, which may cause the nuts to rot.

Processing

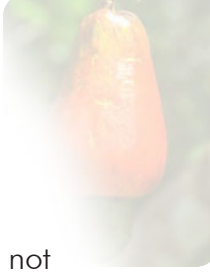
Nuts can undergo primary and secondary processing.

(i) Primary processing

Primary processing is as old as cashew in Nigeria. It involves the **roasting of nuts** through traditional methods. This processing method is predominantly a cottage type of industry, and most of the products are consumed locally, in semi and urban area. About **200 to 300 tones** of primary processed cashew kernels are **marketed locally**.

(ii) Secondary processing

Secondary processing entails a higher level of transformation, which targets mainly **exports markets,** and quite recently the local urban markets too. Since liberalization of the commodity market in 1986, many companies ventured into cashew nut processing, but majority have left the industry due to some problem or the other. The remaining operators are **Nigerian who have joint venture partnerships with Indians and use Italian** (Oltremare), or **Indian technology**. These technology systems entail nuts' cleaning, calibration and storage by grade, washing and humidification, roasting, centrifugation and cooling. They also involve shelling and kernel shell separation, kernel drying, peeling, grading, sorting and packing for market.



Export Marketing

Prior to the Structural Adjustment Program commenced in **1986**, the export of cashew nuts was not given prominence. Very few firms were in the business and the acreage under cashew cultivation was reduced, producing below **2000 tons**. Since **1987**, however, cashew nuts became prominent among the exported commodities.

Development Strategy

In its efforts to increase food production, the Government of Nigeria has earmarked various programmes to accelerate food output and to increase the quantity and the quality of export of commercial crops. To this end, several programs were started which are at different stage of implementation. To complement the efforts of the government, other agencies such as state (provincial) governments; international agencies such as USAID, Non-Governmental Organisations and professional groupings are implementing additional programs to develop the production and the exports of cashew nuts from Nigeria. These developments are summarised below:

❖ National Accelerated Industrial Crops Production Program (NAICPP)

The government commenced this programme in **1994**, in an effort to arrest the declining productivity of industrial crops and to restore the previous position of Nigeria in commodity export trade. The aim is to increase the production of ten industrial crops including cashew. The main thrust of the cashew NAICPP project is to motivate the farmers to increase the productivity of the crop by using **improved planting materials**, through the application of **improved agronomic practices**, the use of **appropriate agro-chemicals** etc. Improved seedlings are produced by **Tree Crop Units** and **the Small Holder Management Unit** (SMU) of the States Ministries of Agriculture and other implementing agencies. The improved seedlings are distributed to farmers for new planting and for rehabilitation purposes at **50 % subsidy**. Since the start up of this program, a total of **1.1 million cashew seedlings**, with a value of about **US $50,000** have been distributed to farmers and about **8,881 hectares** of cashew holdings have been achieved.

❖ Rural Transformation Programme

This integrated development strategy and program is meant to develop the rural economy through the economic empowerment of the rural population. Development of cash and food crops, including cashew, as well as rural industries are the central themes of this program.

❖ Massive Plants/Nurseries Program

The Central Government has set aside a substantial amount of money for the **massive multiplication program for plant materials** like nurseries, seeds and seedlings of major tree, cash and food crops, as well as for their acquisition and distribution to farmers at subsidized prices.

❖ Cashew Development Program (Under - Tree Crop Development Program)

This Central Government program aims at:

❖ Rehabilitating and resuscitating moribund plantations and expansion program;

- Training of extension staff and farmers;
- Providing and distributing inputs such as seedlings, agro-chemical etc;
- Quality control at primary (farm) level;
- Strengthening the management information system in the cashew sector.

The program should be implemented over a 4 -year period (2001 – 2004) and is based on the following premises:

- A total of **2,321 hectares** of cashew plantation is to be established;
- The capacity of **Cocoa Research Institute of Nigeria** (CRIN) will be further strengthened to allow the development and the production of high yielding, disease resistant, Brazilian cashew varieties for distribution to farmers, with a view to double the total annual output.

❖ Food and Agriculture (FAO) Technical Co-operation Program (TCP) for Tree Crops

FAO is supporting the agricultural development of Nigeria through sponsorship of a TCP on major tree crops, including cashew. Areas of assistance will include seed multiplication, germplasm conservation, capacity building, etc

❖ United States Development Aid Agency (USAID) Tree Crop Program

USAID has chosen 5 agricultural products with export potential to assist the agricultural development of Nigeria. The criteria used for the selection of these products were demand and export market trends, supply constraints and potential, comparative competitiveness, impact on environment due to cultivation, employment generation, foreign exchange earning capacity, etc. USAID would assist in activities related to product and market development and quality improvement. The five products selected are the gum arabic, sesame seed, ginger, cashew nut and leather products.

❖ Cocoa Research Institute of Nigeria (CRIN)

The Institute has undertaken research on various aspects of cashew production, including the development of improved technology for large-scale production. Areas or research comprised:

- Selection and breeding of local types and introduction of improved varieties;
- Development of rapid methods of propagation;
- Formulation of comprehensive farm management practices;
- Formulation of effective strategies for the control of pests and diseases, etc

❖ Establishment of Three-Commodity Development and Marketing Companies

This is one of the steps taken by the Federal Government to revitalize agriculture to bring it back to its past performance, by addressing the present near collapse of the commodity marketing system especially in terms of its effect on welfare of the farmers. Consequently, the following three multi-commodity and marketing companies have just been established:

- Arable Crops Development and Marketing Plc, which will comprise five groups of products, including cashew, citrus, mangoes and breadfruits that, are grouped together.
- Tree Crops Development and Marketing Plc

❖ Livestock and Fisheries Development and Marketing Plc

The companies, owned and managed by farmers, will have equity shares of US$500,000 to be divided into 60% and 40% equity shares between farmers and the central government, respectively. However, the central government share will be divested within 5 years. The functions of the companies will include:

* Promoting the production of tree crops through the production and distribution of inputs, including seeds/seedlings, fertilizer, and other agro-chemicals and farm machinery;
* Promoting and funding agricultural research and extension services;
* Promoting the development of rural infrastructure;
* Providing market information services;
* Undertaking buying and selling of agricultural produce;
* Promote processing, preservation, storage and distribution of agricultural produce etc.

Sector Performance

Production

Evolution of national output and perspectives

The first Nigerian cashew plantation dates back to **1954**, with **800 hectares** in the present **Enugu** State and **200 hectares** in the **Western part** of Nigeria. Its production did not greatly increase during the early **60s**, with harvests below **200 tones.** However, since the deregulation of the economy in **1986**, its production has substantially increased.

According to the estimations of the USAID sustainable tree crop programme, raw cashew production in Nigeria stands at present at around **40,000 tons** per year, most of it coming from plantations and small holdings.

The total surface under cashew cultivation in **1995** was estimated at **40,000 hectares**, out of which about **60% were smallholdings** and about **40% were large scale**, commercial plantations. By February 2001, a survey carried out by the Nigeria Component of the West African Cashew Survey, under the auspices of the Sustainable Tree Crop Project (STCP) funded by Common Fund for Commodities, revealed that a much larger area have been planted under cashew between **1995** and **2000.** According to NCAN, cashew is found both in the wild and under cultivation in 16 out of 36 states of the federation, with average annual output of **176,000 tonnes** of cashew nuts in the year **2000.** According to the federal ministry of Agriculture and Rural Development, currently Nigeria produces **30,000 metric tonnes** of cashew nut annually from a total holding of **50,000 hectares**, which are mostly under **smallholdings.** These are planted with varieties whose yield is estimated at **1,000kg/ha**.

Types of Cashew Cultivated

Nigeria produces a limited variety of cashew, consisting mainly of the yellow and red varieties. Research efforts did not result yet in the large-scale introduction of new varieties, but things are

changing. New, high yielding cashew varieties, with low gestation period and bigger nuts have been introduced, mainly through the present nursery/plant multiplication programme of the national and provincial governments.

The **Cocoa Research Institute of Nigeria** (CRIN), with mandate to research into cashew, has developed an improved variety of cashew called "**Brazilian Jumbo**", with nuts maturing within **one year**, in contrast to the local wild varieties which mature after 5 years. Besides, the **CNSL oil is higher in quality**. Already, the **local price for the new nut amounts to the double** of the existing varieties.

Main factors influencing production and harvesting performance

Like several other cash crops, production of cashew nuts is influenced by various internal and external factors. However, most of the factors influencing production and harvesting of export cashew are external, including:

* Market price of the product
* Climatic conditions
* Competition amongst the local buying agents
* Quality
* Disease, pest and fire outbreaks.

Price plays a major role in the production of cashew. Higher prices act as incentives to farmers and vice versa.

As far as the ***climatic conditions*** are concerned, the better the weather during the flowering season the better the harvest. When there is shortfall in rainfall or sunshine, the quality of the cashew is lowered.

Local buying agents play a vital role in the cashew supply chain in Nigeria, and there is a tendency for production to increase whenever there are many agents trying to secure supplies. The agents penetrate into the villages in producing areas, in order to source supplies. Competition, especially when export prices are attractive, tends to develop between established buyers and local firms.

Diseases and pest lower production and harvest, while *fire outbreaks* are common in the Guinea Savannah ecological zones, where cashew production takes place. Bush burning occurs especially during the dry season, which coincides with the harvesting season of cashew. Whenever such fire outbreak occurs, cashew farms are affected.

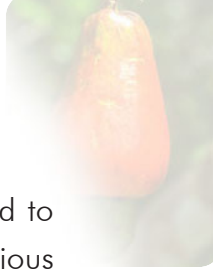
Processing

Evolution of the national output and perspectives

As earlier stated, three types of cashew processing are practiced in Nigeria, namely:

(i) Small Cottage Processing

This manual processing is carried out by small cottage industries. They use cashew of low quality and adopt rudimentary methods of roasting, in which the poisonous components of cashew are dispelled



in the roasting cylinders. Later, the inner shells are broken open by hand and the kernels heated to remove the skin. The edible cashew kernels thus obtained serve as a more tasteful and nutritious substitute to the popular groundnuts, and are sold at traffic hold-ups where travellers and motorists purchase them as snacks. The **quality of cashews obtained through this processing is poor**. The nuts are not standardized, possessing variations in size, finishing and roasting.

(ii) Processing for Export

This type of processing emerged mainly after the **deregulation of the economy**.

Processing plants have been installed to process kernels for export**. "Premier cashew processing industry**" at **Oghe,** in Ezeagu Local Government Area of **Enugu** State, was first to establish a processing factory for export. The factory was modernized in **1989,** when an ultra-modern Japanese technology was installed which has an operating capacity of about **2000 metric tonnes per year**. However, the plant has been **closed down due to management problems**.

The cashew processing factory located at **Ibadan, Oyo State,** using Oltremare technology, was installed in the early **70's.**

In **1989,** another processing plant was installed in **Owo, Ondo State**, with a capacity of about **2,000 tons per year**. It first exported of kernels in **1990**. Another plant, installed in **1998** in the **Oyo State**, can processes **1,000tons** of cashew. The **Isolo (Lagos) plant**, established in **1998**, processes about **1,000 tons** of cashew per year.

Yet another processing plant with **2,000 tons** capacity is located at **Okigwe, Imo State** which is **currently export oriented**. The most recent plant is **A.C.E.T,** a joint venture between **Nigerian and foreign investors**. Due to **unfavorable investment climate**, about **half of these plants have closed down**.

At present, the six processing plants operating in Nigeria have a **total annual processing capacity of 12,000 tons.** These plants process about **10%** of the **local production,** and some of them do contract processing for merchants of nuts.

(iii) Processing for the local market

This group of processors have gone further to add flavour and taste to the Nigerian cashew nuts. Realizing that the potential demand for cashew nuts amounts to **about 120 million people**, they have installed **two or three plants** with the major objective of tapping the middle and high-income domestic consumers. The cashew kernels produced are **salted and flavoured**, then **packed in very attractive packaging** to add to its sales appeal. These branded products labelled to show the chemical content and the expiry dates, are sold at supermarkets and shops where they can be displayed. Their prices range between **US $2 – 3 per pack of 200grams**. The nuts are uniform and their quality is high, they are roasted and packed under strict hygienic conditions and, of course, are approved by the regulatory authorities.

Types of processed products commercialised

There are three types of cashew products commercialised:

- Cottage products - mainly for local consumption;
- Factory processed products for export, including W-240, W-320, W450, LWP, WSP, Butts and SWP. They are packed in jute, low-density polyethylene or propylene bags, or in metal tins.
- Branded, flavoured/salted kernels for the domestic, middle and high-income consumers. The products, which are mainly wholes, whites, scorch and desert pieces, are well-packed and sold at supermarkets and superstores.

Major factors influencing the national processing performance

Several factors tend to influence the processing performance. These include:

- Post -harvest loses;
- Quality of the nuts;
- Competition from exporters of raw nuts;
- Demand situation in the international market;
- Infrastructure constraints

Quality of Nuts

Low quality nuts could be immature, could have undergone inappropriate drying and thus contain excess moisture, foreign matter, etc. The major aim of any processor is to get a whole nut, as low quality raw cashew could present technological and shortcomings in processing.

Competition from exporters of raw nuts

This is a major factor affecting the processing performance. When export prices are high, there is always a stiff competition between processors and exporters of raw nuts resulting, in higher prices of inputs for processors and the non-respect of obligations by buying agents. In this situation, exporters of raw nuts tend to pay more to farmers, leaving the processors with insufficient input nuts for processing.

Demand situation in the international market

The higher the demand in the export markets the higher the prices. The domestic market, encouraging processors to process more, also reflects this pattern, necessitating at times to draw from the old stock and to make more efforts to secure raw cashew. When the export market demand is low, processing performance would be low as well.

Infrastructure constraints

A large number of processing factories are located in semi-urban areas, where power supply is erratic, road access is difficult, and access to communication facilities is problematic, which invariably result in increased production costs.

Shortage of nuts

Earlier processing plants were installed on the assumption that raw nuts supply was sufficient. However, after the installation of several plants it was discovered that nuts were not always available when

needed. It is only when export prices are low, and exporters of raw nuts are left with unsold stocks, that domestic processors can secure sufficient supplies of raw material.

Exports

Export performance

Exports of cashew nuts from Nigeria fluctuated widely, falling from 14, 325 tons (US$ 4,0 billion) in 1990, to 12,580 tons in 1991. The highest exports were recorded in 1995, when 16,938 tons of cashews, amounting to over US$7,4 billion, were shipped to export markets.

Exports of cashew nuts from Nigeria, 1990 – 2001

Year	Quantity (ton)	Value (US$ billion)	Average unit value(US$/ton)
1990	14325	4.0	280.6
1991	12580	4.46	354.4
1992	12110	5.20	429.6
1993	13234	6.99	528.2
1994	12307	2.82	229.0
1995	16938	7.42	438.3
1996	12388	NA	NA
1997	530	0.25	463.4
1998	13640	NA	NA
1999	13136	3.41	259.4
2000	15000	7.02	467.7

Source: Federal Office of Statistics and the Nigerian Export Promotion Council, n.a - non available

Following the increase in the export prices between **1990 and 1995**, cashew farmers and exporters started the **1996** crop season with high hopes, but exports that year did not exceed **12,385 tons**.

However, the worst year for Nigeria cashew industry was to follow in **1997**, with the hopes for increases in export demand built up to **1996** and the entry in the market of the new exporters being destroyed by the dramatic crash of the international prices. That year has recorded the lowest export of nuts since deregulation, in **1986**, of only **530 tons**. This shock made many operators to leave the business in agony, with dramatic losses being recorded by farmers, exporters, banks, warehouse keepers, buying agents etc.

The international demand picked up again in **1999** and in the year **2000**, when prices recorded a second high since 1990, i.e. **US$ 467.7 per ton**.

In the last few years, i.e. after the crash in **1997**, a lot of exporters have run out of business. Only three major operators dominate the market since **1998**, namely:

- **Olam Nigeria Plc,** an Indian-owned Trading House with offices located in Singapore and

London.

- **Premier Agro Oil Nigeria Limited**
- **Century Exports Ltd.**

Olam Nigeria Plc. currently exports about 60**% of the Nigerian cashew**. The **last two companies** together cover about **20%** of the total exports. **Smaller exporters** handle the remaining **20 percent**.

Exporters are highly and increasingly dependent on India, the major destination of Nigerian raw cashew nuts, which are further, processed for re-export. Indian share in the total Nigerian exports rose continuously, from nearly **80% in 1990**, to over **81% in 1995** and over **94% in the year 2000**. Other minor exports destinations were Isles of Man or **Singapore**.

Exports of cashew to India, 1990-2000

Year	Quantity (tons)
1990	11456
1995	10020
April-June 1996	10189
2000	14152

Source: Directorate of Cashew Dev. Cochin, India, and Cashew Export Promotion of India, Cochin, 2000

Export of cashew kernels, which is capital intensive, commenced in **1990,** when the first private company, **Jof Ideal Co. Ltd**, shipped kernels valued at **US$ 252,375**.

In recent years other processors and merchants - who use contract processing, have joined the league, but due to numerous problems, their capacity to export was limited. In **1998 and 1999**, **Melagro** exported **10 and 20 tons** of kernels respectively. Recent exports of kernels averaged **100 tons per year**, with the unit export prices more than trebling, from **US$/ton 1150 in year 2000**, to **US$/ton 3959 in 2001**.

Export of cashew kernels from Nigeria

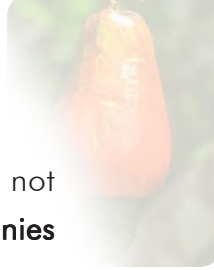
Year	Quantity (tons)	Value (US$)	Average unit price (US$/ton)
1990	NA	252375	NA
1991	NA	285000	NA
1992	NA	351000	NA
1998	10	23850	2385
1999	20	63000	3150
2000	100	115000	1150
2001	111	439474	3959.2

Source: Nigerian Export Promotion Council

Unlike the exports of cashew nuts, the exports of kernels are more diversified, the main import destinations being the **United Kingdom, Spain, USA** and the **Saudi Arabia.**

Organization of the sector and its impact on export performance

Cashew exports were not significant until the Nigerian economy was **deregulated** in **1986.** Hitherto,



two plantations in **Enugu (East) and Ibadan (West)** were prominent. The commodity was not scheduled and was handled by Commodity Boards. During that period, **four private companies** were **exporting cashew nuts**, and **Enugu plant was the only one to process kernels**.

However, things changed in **1986,** when the **fixed exchange rates** and **price fixation** for commodities was abolished, and commodity boards were winded up. A large number of companies and individuals entered the cashew market, with the resultant increase in production and exports. As many as **50 exporters** were trading cashews in the first nine years after liberalization, with **exports peaking at over 16,000 tons in 1995**.

Then came the crash of **1996/1997**, when over **75,000 tons of cashews** remained unsold and the majority of the exporters left the market, leaving only the very large companies, such as Olam. This crash led to the formation of the cashew association, **CASHTAN** -later **NCAN**.

Through the period under review, there were problems related to the **low quality nuts**, due to poor farm practices, lack of knowledge of adequate post-harvest handling and lack of quality control mechanisms. All these led to the **rejection of Nigerian cashew** in the international markets, or their sale at **discounted prices**.

In a nutshell, the sharp decrease of exports and the drop in export earnings of the sector in **1996** and **1997** can be attributed to its lack of organization and of a representative body, as well as to the insufficient knowledge of the quality requirements in import markets, lack of transparency on the part of the exporters, etc.

Quality of exports

❖ *Norms and standards*

According to SGS (quality inspectors), the standard for raw cashew nuts, unshelled, is specified as follows:

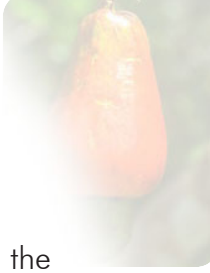
Nut counts	180-200 per kg
Moisture content	8-10% max
Defective nuts	15% max
Float Rate	18% max
Admixture	0.25% max
Foreign matter	0.25% max
KoR, or shelling out-turn	48-50 lbs/bag

Source: Obiazu P.C (2000)

Almost **fifty percent of the Nigerian cashew** nuts fall short of this specification.

❖ *Packaging*

Nigerian cashews are packed in **80kg jute bags**, or in **polythene** or **polypropylene bags.** Thirteen such bags weight a ton. Processed nuts are exported in **metal tins** or **cartons.** The tins are infused with **carbon dioxide and vacuum sealed**, to safeguard against contamination and deterioration during shipment.



❖ *Pricing*

Prices are mainly a function of demand and season. In February/March of this year, for example the price of cashew was US$ 280/ton, but by May, when Indian buyers came to the market, prices rose quickly to US$ 350/ton. From June to December, the merchants are mainly stocking and waiting to sell to exporters or processors of at a higher price.

Export prices for Nigerian nuts averaged US$ 377/ton between 1990 and 1996, and US$ 397/ton between 1998 and 2000, ranging however between US$ 200/ton and US$ 650/ton, depending on the quality.

❖ Quality inspection

The assessment of export quality is usually done by two major agencies:

- ❖ The **Federal Produce Inspection Service** (FPIS), and
- ❖ **Pre-Shipment Inspection Agents** (such as SGS)

Quality inspections may be made at three locations, namely:

- ❖ At the **initial buying center**. The first location in the marketing chain is the initial buying center, usually located up county, which conduct the primary quality assessment
- ❖ At the **intermediate center**. A more thorough inspection is made at warehouse, usually located nearer the export towns. Bulking - up of consignments also take place at these centers.
- ❖ At the **port**. This is the last point in the chain and is important for obvious reasons.

❖ Basic export documentation and quality control procedures by FPIS.

The basic documents required to export cashew nuts are the followings:

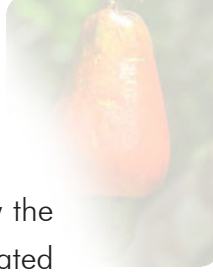
a. Duly completed form NXP (commercial export form)
b. Pro-forma invoice
c. Sales contract agreement, where applicable
d. NEPC registration certificate
e. Relevant certificate of quality, issued by FPIS
f. Shipping documents e.g. bill of lading
g. Other certificates e.g. form EUR - 1

Primary grading and sealing of export produce is done by the **State Produce Inspection Services** (SPIS), the local arm of FPIS. The initial grading is as follows:

i Export merchants acquire warehouses in the towns where they source and store their produce, until the required quantity are acquired . Such warehouses are registered by the local SPIS.

ii. Merchants request by application, to the local SPIS inviting it to conduct initial grading. On grading, if the produce is found to be of the prescribed standard, it is bagged, standardized and sealed in bags, duly marked with all necessary information such as country of origin, grade official mark, etc.

iii. After the evacuation check-test by the local SPIS, merchants can move the produce to the port town.



On arrival at the port town, the goods are received into warehouses registered and approved by the FPIS. Arrival check is conducted by FPIS to confirm the reports of the SPIS. The produce is fumigated inside the warehouse prior to shipment. Shipment check-test is conducted by FPIS. The goods are then transported to the ports for stuffing and loading.

Inspection agents, such as SGS, who also conduct quality inspection and certification of cargo prior to shipment, conduct quality inspection by pre-shipment inspection agents. Such inspections are usually conducted at the instance of the buyers and/ or sellers and could be done in the warehouse or at the port (i.e. point of shipment).
Most often quality inspection cover the following:

Sampling- This involves drawing a parcel that is representative of the entire consignment for analysis and reference using scoop and other methods.

Visual Method- A number of quality parameter like colour, appearance, foreign matter, mould, insect damage etc, can be ascertained visually, through cut-test and physical examination without necessary laboratory evaluation. Measurements of dimensions, temperature, moisture, etc are made using meters, Aqua boy and other apparatus.

Laboratory Analysis- Some other parameters like oil content, moisture, free fatty acid value, solubility, admixture, ash, specific gravity, etc are analysed in the laboratories.

❖ Influence of quality on export performance

Quality of cashew nuts produced is the greatest problem in Nigeria. Out of about **40,000 tonnes** of cashew produced in the country, **less than a half is exported**, and this poor performance is attributed to the poor quality of the products and to related problems. According to a founding member of NCAN, "… in 2001, Nigerian cashew nut were sold as low as US$280 /ton CNF, against US$ 600/ton FOB in Republic of Benin". According to Chemonics (Chemonics / USAID, 2002) company, "…Nigeria's cashew nut prices are especially low, apparently **30% below that of Tanzania**". Another major exporter and NCAN official said that "…Europe and the US are apathetic about agricultural products from Nigeria, because of their poor quality, and this leads to the products being purchased at a discount, making the country to lose US$ 57m to US$ 133.3m each year from unsold cashew nuts". Nigeria's poor reputation for good quality cashew nuts has led many buyers to shun its produce.

Constraints to Export Development

Production and Harvesting

Nigeria's cashew production is faced with various problems. These include:

Old trees:

Before deregulation of the economy, the cashew trees were neglected. As a result, no serious efforts were made to replace ageing trees. In old plantations, trees have outlived their productive years and

productivity is low.

Deforestation:

This is a major problem affecting production. In the cashew producing areas, in particular in the Eastern and Western parts of the country, economic development in terms of construction of roads, houses, schools, and other facilities have created serious destruction of economic trees. Cashew trees easily become the target.

Low yield varieties

Most of the existing cashew tree varieties have low yields, resulting in low productivity. Research and the introduction on a significant scale of high yielding varieties are slow.

Unstable prices

Prices of both local and international markets impact significantly on production and productivity. Good market prices are a strong incentive for farmers, but when prices are low, and even more when they remain depressed for two years and beyond, farmers are frustrated and sometimes destroy the trees.

Lack of awareness on the economic importance of cashew

Cashew apple is more popular in Nigeria than the cashew nut. The farmers do not realize the value of the nuts and tend to sell the apple, primarily to meet urgent cash needs. The result is that the apples are harvested with immature nuts. This practice contributes to about **40%** post-harvest losses of cashew nuts. Consumers of cashew apples throw away most of these nuts. The immature nuts have high moisture content and are unfit for export. This is a serious problem in Nigeria. Perhaps the NCAN production figure of 170,000 tones takes this category into consideration.

Dominance of small holdings and of wild cashew varieties

About **70%** cashew nut produced in Nigeria comes from smallholdings and wild strands, where improved varieties are not available. The high proportion of this type of production tends to account for a large extent for the low quality of nuts produced in Nigeria.

Land acquisition

Due to land acquisition problem, large-scale farming is often difficult for small investors, in particular in the southern part of the country.

High costs of inputs

Inputs, such as seedlings, chemicals, pesticides, fertilizer etc. are expensive and most often not accessible to most of the small holders.

Post-Harvest losses

Large quantities of cashew nuts are lost due to poor post-harvest handling, inadequate packing,

storage, drying procedure, etc.

Inadequate transportation and handling methods

Post harvest loses can arise from inadequate transportation and handling.

Processing

The first cashew nuts processing factory started its operation in **Enugu**, in the early **70's**, with its own plantation as well as purchases from out- growers. At that period the company had about **580 hectares** of its own plantation, coupled with **719 of its out growers**. The total production in **1978 amounted to 236 tons**. The factory was processing the nuts, then roasting and frying them for snacks, while the excess of supply of raw nuts was exported. Unfortunately, the factory **closed in 1979**.

In **1989**, the **Government** resuscitated the factory by installing modern **machines from Japan,** with an **operating capacity of 2000 tons/year**. The factory disposed of adequate raw material base and the adjoining communities knew no other business than cashew nuts. The situation of the factory degraded when its management became paralytic and ran down the factory. Salaries of workers were not paid for months and, in frustration, the workers vandalized the factory in **1998,** after only nine years of operation.

The **Eleiyele processing unit** was installed in the **1970's** in **Ibadan**, in the western part of Nigeria. The unit has been purchased by **Oltremare of Italy in 1990.** The **oil bath mechanism** had to be by-passed, due to scarcity /burning of kernels and the Oltremare technology failed, as a result of mechanical problems. Added to the mechanical problem, the company had inadequate working capital, banks could not provide pre-shipment financing unless letter of credit was opened from foreign buyers, and the buyers were difficult to come by. As a result, the factory was forced to sell the raw nuts to another processing factory at **Iwo, Osun state**, and to finance contract production for other company's nuts.

The story is almost the same for private-run plants, for example **Aquarian cashew processing factory in Owerri**, which has invested millions of dollars in equipment, buildings and labour.However, due to inadequate nuts, lack of market, difficulties in assessing correctly the working capital needed, the company could not survive.

Melagro Company was a foremost exporter of kernels, however, in the last 3 years the company had left the business.

The above scenarios captures the constraints encountered in cashew processing in Nigeria. These include:

- Inadequate supply of raw nuts
- Bad quality of export nuts

- Infrastructure constraints
- Technological difficulties
- Lack of market
- Inefficient management
- Post harvest losses
- Unstable prices
- Law income of domestic consumers
- Absence of common standards
- High interest rates

Inadequate supply of nuts

This problem arises from competition with exporters of raw nuts, which pay more than the processors to farmers, when export prices are good. The processors get adequate supplies of nuts only when prices are low and exporters warehouses' are filled with unsold nuts.

Bad quality of export nuts

This problem emanates form the country's low-yielding varieties. For example, in India, five tones of raw nuts give one tonne of processed kernels, while in Nigeria, six tons of raw nuts have to be processed in order to obtain one of kernels. In addition, most nuts are harvested **before their maturity** and their **wholeness is not guaranteed**, they have high moisture content, mould etc. Due to these shortcomings, even the Indian buyers tend to source nuts elsewhere, claiming that **Nigerian nuts are difficult to shell**.

Technological difficulties

Processing plants in search of equipments have made attempts to source machines form different sources. For example, **Premier cashew used Japanese technology, Oltremare installed Italian technology, ACET used Indian technology, etc**. For most of these technologies, the after-sales service is not available. In an attempt to "manage" and adjust, local technicians and engineers ended up destroying the equipment. Furthermore, skilled manpower is not attracted to cashew processing plants, due to poor remuneration and poor conditions of service.

Infrastructure constraints

Cashew processing plants are usually located in semi-urban areas, where electricity, telephone, quality water, access roads, etc, are lacking. Most processors, like any other investors, have to provide in-house generating sets powered with expensive diesel fuel, as well as water, medical facilities, and even construct access roads. All these infrastructure expenses add to production costs, making the product non-competitive in the international market.

Lack of market

Most of these processors complain of lack of foreign buyers for kernels. Domestic consumers prefer the 'local' kernel, processed by the cottage industries, cheap and readily available at the roadside, to the

expensive, export quality nuts.

Post – harvest losses

Most processors complained of the high losses of nuts before and during processes. These losses arise from the high incidence of breakages, pilfering, poor packing - resulting in losses in transit, and poor handling.

Unstable prices

Instability of prices makes planning difficult for processors.

High interest rates

The current bank rate in Nigeria stands at about **24-25%,** which is exorbitant for investors. Moreover, sourcing pre-shipment financing from **Nigerian Export – Import Bank** (NEXIM) is problematic because its interest at about **18%** is equally discouraging. To complicate problems of processors, banks do require letters of credit, but the lack of foreign market makes this condition difficult to satisfy.

Inefficient management

The two government-owned processing plants earlier mentioned were closed mainly due to management problems. Political consideration was paramount in making appointments into management positions. The post of chairman of the Board of Directors was a **political** compensation for those who sponsored parties to power. The chairman, in turn, appointed his cronies as suppliers, contractors, employees, etc. Companies' properties were personalised and foreign orders may have been diverted. In essence, funds allocated to the company for working capital and wages were mismanaged. The meager revenue realized from sales were used to finance, for example, travelling and personal emoluments of officials, while companies could not settle wage bills.

Low income of domestic consumers

Nigeria's 120 million people could be a large domestic market for cashew nuts. Groundnuts are, however, the most popular nuts because of their affordability and availability. Middle and high-income groups mainly consume cashew nuts and the flavoured and branded nuts sold in supermarkets. The unbranded cashew sold at the traffic hold-ups and local stores is popular because it is cheap, despite its low quality and poor packaging. For processors, it is a difficult to market nuts domestically.

Export Marketing

The constraints facing exporters of nuts and kernels are legion. In a nutshell, the followings are the most important:

- Quality of nuts
- Unreliable supplies
- Cumbersome documentation and export procedures
- Long delays at the port of exportation
- Levies

- Lack of working capital
- Sharp practices
- Price instability

Quality of nuts

Nigeria's nuts are not the best in the world market. According to an NCAN official, they attract the lowest prices in the international market. The problems arise from the low yield varieties, improper harvesting methods and lack of processing /drying mechanism.

Another issues are the high local consumption of cashew apples, with little interest for the nuts, in particular in the middle belt states, as well as the traders' penchant for quick money, thus by passing essential quality control mechanisms. The result is low prices, and sometimes the outright rejection of shipments. In these cases, Nigerian traders had to export through neighbouring countries, such as **Benin, Cameroon** and **Togo**.

Unreliable suppliers

Nigerian exporters of cashew nuts would enter into agreements or contracts with foreign buyers for given tonnage. However, due to **inadequate knowledge of export availabilities**, they fail to supply. The root of this problem lies in the relationship with buying agents, the absence of information on available quantities and grades. Foreign buyers are therefore reluctant to enter into business with Nigerian traders.

Moreover, often the Nigerian traders are dishonest and tend to supply **out of specifications**. **Samples** provided initially to importers are usually different from actual supplies.

Administrative bottlenecks

Lengthy export procedure and documentation makes exporting cumbersome. Exporters should be allowed to have a one-stop point for documentation.

Long delay at ports. Each of the various Government agencies is trying to be overzealous in performing its function. This causes unnecessary delays and sometimes contributes to exporters not meeting deadlines.

Excess levies. Although exports are not taxed in Nigeria, inspection agents and commodity associations impose various levies, and Government agencies charge high service fees, decreasing the price competitiveness of the products.

Unstable prices of nuts

This problem had sent a lot of exporters out of business in the cashew nut trade. For example, in the 1996 season, the price of nuts jumped from US$ 350/ton in March to US$ 400/ton in April. Many exporters made substantial stocks, however, in following period, prices slumped and the unsold stocks were stacked in warehouses. Many exporters who borrowed funds to finance such operations had to sell their personal property to offset such loans. In fact, as a result of this problem, the industry witnessed a lot of high turnover of traders.

The result of this unstable, low prices is the glut in the supply chain which affect greatly exporters,

buying agents and banks.

Inaccessible credit facilities

As in the case of processors, exporter's access to credit is made difficult by the high interest rate charged by banks.

Production and Trade Policies

Cashew nut sector has not really suffered from unfavourable policies, as most of the cashew farms are owned by **senior members of government** who were in power one time or the other. Currently, there are **no taxes on production except levies by local governments of the producing areas and grading fees by state governments. No taxes are charged on export rather export incentives are available to exporters** of nuts and kernels.

Other constraints

Transport

Nigerian's transportation system is not adequate. Although the country has a modern road network connecting cities, access roads to hinterland, where cashew is produced, are poor. Most of the roads are un-tarred and in a state of disrepair, rendering the access to cashew producing areas and buying stations very difficult. The railway system covers some part of the producing regions in the west and east, but, due to their inefficient operation, they are not used for transporting nuts.

Quality issues

This is a critical problem affecting trade in cashew nuts from Nigeria. Quality problems are generated by various factors, including:

- The fact that research institutes with cashew mandates are slow in their efforts to introduce and propagate improved varieties, mostly due to poor funding;
- The Federal Produce Inspection Service, which is the national governmental agency responsible for quality inspection, is equally under-funded and under-staffed. Their area of action is also limited. The local produce inspectors have limited knowledge of produces, serving most of times as revenue collectors for the local governments, rather than quality inspectors.
- Their agencies are located only in major seaport areas, making it difficult to certify products at farm gate. Besides, their services charges are exorbitantly high, unaffordable to most exporters.
- The extension services provided by the provincial and national Ministries of Agriculture are poor, primarily due to poor funding and the lack of technical knowledge on the value of cashew nuts as a foreign exchange earner for the country.

Organisation and co-ordination of the sector

The sector remained disorganised until 1996, when the first attempts were made by the Cashew Association of Nigeria (CASHTAN) to protect the interests of exporters and processors who were members. In order to ensure the participation of all stakeholders in the industry, the body was enlarged and re-named in May 1999 "The National Cashew Association of Nigeria – NCAN.

At present, the association is coordinating the affairs of the industry, although about a half of sector stakeholders, in particular small exporters, farmers, buying agents, etc. do not belong to the association. Due to organisational and financial problems, the activities of the association are restricted to Lagos area, which is the major cashew trade centre.

The Association of Nigerian Exporters –ANE is a larger body including the membership of all Nigerian exporters, but this other association doesn't seem to do anything for cashew sector development. They are mainly interested in products such as cocoa, wood and wood products.

Access to credit and investment facilities

As explained earlier, access to credit is difficult. The national export financing agency NEXIM offers the so-called concessionary lending rates at 18% to banks, that, in turn, finance exporters at interest rates of 24-25% 21-22% which are too high. This explains why processors, after installing fixed assets, find it difficult to access working capital to finance their operations.

Moreover, investment companies ignore the potentials of investing in the cashew business, being tempted to stay clear because of the significant number of processing factories that have failed.

Access to adequate processing technologies

Several technologies have been applied in the country. Oltremare of Italy installed a processing factory with 780 tonnes / year capacity, based on frying, balting and packing of nuts. The factory failed and the Nigerian engineers had to be called in, to fabricate some of the parts.

The Japanese technology in Enugu plant was too expensive for private entrepreneurs.

Most investors, mainly Indian nationals, are now using Indian technology, which is cheap, easy to maintain and has the advantage that spare parts could be manufactured locally. However, access to adequate technology is difficult for cottage industries that use local equipment, which is sometimes unhygienic and rudimentary.

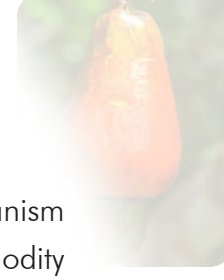
Identification of Technical Assistance Projects

Production and Harvesting

Cashew subsection needs assistance in the following areas;

- Stabilization of producer prices and incomes
- Awareness campaigns for farmers, extension workers and relevant Ministries
- Promotion of certified organic cashews
- Distribution of improved seedlings and disease resistant cashew varieties to farmers
- Sponsorship and dissemination of research findings
- Capacity building and institutional support

The stabilization of producer prices and incomes is the greatest task to be undertaken, in order to



reduce the instability of produce prices and, consequently, of farmers' own incomes. A mechanism should be designed, able to guarantee more stable incomes to farmers, much like the defunct commodity boards. The recent government policy to establish Commodity Bodies is meant to address this problem

Awareness campaigns for farmers, extension workers and relevant Ministries are necessary in order to train them in best agronomic practices, post-harvest handling, marketing and quality control and management.

Promotion of certified organic cashews may improve the export value of cashew products and open new niche markets to Nigerian exporters. Organic cashew snack products are in strong demand, with sales increasing at over 80% per year in the US market. Assistance should be extended to farmers to obtain organic certification.

Distribution of improved cashew seedlings and disease resistant cashew varieties to farmers should continue to be assisted through programs financed by FAO and CFC.

Many provincial and Central governments have already been planting new cashew trees in the past ten years, as shown in Annex VIII. Moreover, the Food and Agriculture Organisation of the United Nations, through the Federal Ministry of Agriculture, is sponsoring the technical co-operation project for selected tree crops, including cashew.

CRIN, the research institute with cashew mandate, is grossly under-funded and under-equipped. Assistance to the institute in sponsorship and dissemination of research findings would facilitate the undertaking of specific research on breeding, genetic engineering and improved cashew preservation methods including:

- Hybridization and vegetative propagation
- Incompatibility studies
- Biochemical composition
- Improved methods of preservation and storage of cashew nuts

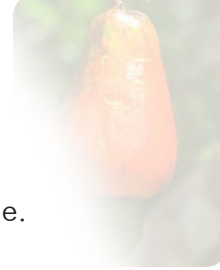
There is a critical need for capacity building and institutional support to organisations, agencies and ministries related to cashew production and harvesting. These include central and provincial ministries of Agriculture, Agricultural Development Authorities, the National Seed Service, etc.

Processing

Some of the incentives already given to cashew processing include:

- ***The Export Expansion Grant,*** offering processors and exporters of kernels the possibility to repatriate 20 % of the foreign proceeds paid through negotiable instruments. Most of the processors of cashew kernels are already benefiting of this incentive.

Juf Ideal, the largest exporter of kernels, has been enjoying it since 1991 until it stopped operation. A.C.E.T, a kernel exporter which exported 111 tons of kernels for about US$ 439,474, got about US$



4,400 repatriated in the year 2001. The Nigerian Export Promotion Council operates this scheme.

❖ ***Export Processing Factories*** scheme entitles exporting companies to apply for export free zone status. In other words, instead of relocating to the export free zone area in Calabar, the companies can maintain their location and enjoy the free tax incentives, as if they were located in the zone. This scheme is operated by the Nigeria Export Processing Zones Authority.

❖ **The *Small and Medium Scale Industries Credit scheme*** is used to promote industrial production in the country. The commercial and merchant banks in Nigeria have set aside ten percent of pre-tax profit, to be used as loans to processing industries. This scheme is operated by the Central Bank of Nigeria.

❖ ***Pre- and post- shipment financing*** of processors is granted by NEXIM bank. In the early '90, the bank, through the African Development Bank, operated the *Export stimulation loan,* a facility meant to promote production of goods for export. However, the facility has been extinguished. Despite the existence of the above scheme, processors compete with other fund seekers, such as the large - scale manufacturers.

Other technical assistance activities to cashew processing could include:

❖ ***The establishment of a standardization and export quality control mechanism.*** Out of the about 32 export grades of cashew kernels, only few are produced in Nigeria. Besides, Nigerian cashew nut is said to be very difficult to peel, thus making it difficult to achieve 100% whole nuts. Assistance to the sector should address these problems.

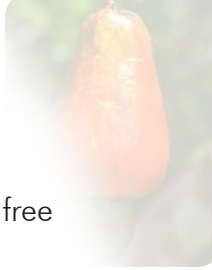
❖ ***Decrease of post-harvest losses.*** This stems from inefficient logistics, handling, packaging and processing. Assistance should focus on training and advisory services by reputable producers from India, Brazil, Mozambique, etc.

❖ ***Diversification of export product range and markets.*** Processors should be assisted to increase their export product range (e.g. flavouring and branding) and to access alternative export markets. For example, the branded Fugard cashew products have already captured niche markets, while other processors, such as Favour Foods, Embiks (Premium Cashew nut), On-Micro, etc, have made inroads in the market with the new range of their export cashew products. Assistance to these activities is paramount.

Export Marketing

Currently the Nigerian Export Promotion Council (NEPC) undertakes various activities to promote exports of cashew nuts and kernels. These include:

Participation in Trade Fairs and Exhibitions. Exporters of cashew nuts and kernels participated recently in exhibitions organised in Egypt, Japan, USA, UK, etc. Companies participating under the



NEPC umbrella usually enjoy free freight to a maximum of 100kg, 50% subsidy on air ticket, free space at the exhibition stand and free local transport in the country of exhibition

Trade Missions. NEPC and NCAN have organised in 1997 trade mission to India, in order to sensitise the Indian buyers and processors to Nigerian export offer.

NEPC provides exporters with Export Promotion Tools, such as product profiles, product catalogues and brochures, posters (on specific products or product groups including cashew nuts) and digital media, such as CD-ROMs and website hosting.

The Council provides up-to- date Price Indexes and cashew prices on both local and international markets. Many exporters of cashew nuts are beneficiaries.

NEPC, as well as commodity associations, such as NCAN, and NGOs organise export marketing workshops and seminars, meant to up-date the market and marketing knowledge of exporters, including those of cashew nuts. The existent export incentives are needed, together with the need for certification and standardization, and good agricultural practices.

NEPC intends to establish export warehouses in strategic cities in the USA, Europe, African and Middle East countries for agricultural commodities including cashew.

However, NEPC is in need of technical assistance in order to implement the target specific programmes for the cashew nuts sector.

Technical assistance required for effective export marketing includes:

- Experience - sharing visits to India, Brazil, Vietnam.
- Market promotion of cashew of Nigerian origin in overseas markets, e.g. USA, Europe, Japan and Middles East;
- Improving market access through product and quality development;
- Capacity building for trade promotion officers
- Exploring new markets for both nuts and kernels.

i. *Experience sharing visits to India, Brazil Tanzania*

Nigeria's greatest problems in cashew sector are quality control and certification and the organisation of trade. India, Brazil, and recently Vietnam acquired leading positions as leaders in production, processing, marketing and quality control of cashew. It is therefore expedient that ITC/UNCTAD/WTO or CFC should sponsor selected officials of NEPC, NCAN, FPIS, CRIN, to these countries for study tours.

ii. *Market promotion of Nigerian cashews* in USA, Canada, Europe, Japan Singapore, Saudi Arabia, etc., would facilitate the access of Nigerian nuts and kernels to these markets.

iii. *Training of officials.* There is a need to sponsor cashew nut officers from Nigerian Export Promotion Council, as well as produce inspectors to international courses, seminars workshops and conferences, in order to update their knowledge on cashew sector, as well as in trade promotions, quality control, farming practices etc.

iv. *Increased usage of cashew by-products.* There is the need to increase the domestic utilization of cashew by-products and their access to export markets.

Strategy and National Policies

Cultivation and collection of cashew nuts are labour intensive, having the capacity to create employment, increase rural earnings and earn foreign exchange. In recognition of this fact, both the provincial and central governments are undertaking several programs aimed at development of this sector. Some of these programmes are similar to those enumerated in the previous chapters.

Plans for Export Production Villages (EPZ) are at an advanced stage, aiming to set up pilot schemes of export production villages (EPZ). The Scheme is expected to use co-operative societies for export development of specific products, including cashew nuts.

Sector Organisation and Regional Co-operation

Nigerian cashew nut sector needs assistance in terms of organisation and capacity building. In the first instance, NCAN - the commodity association representing the interest of the sector, needs to be strengthened. Towards this end, the Association should be assisted through capacity building; information linkages; financial assistance to strengthen its activities, in particular the establishment of a functional secretariat and of a research unit.

As far as the association itself is concerned, it is urgent that it designs and enforces the **Code of Practice** in the business. This code should entrench good agricultural practices, standardisation and certification issues and the transparency in the cashew nut business. Moreover, NCAN should register with the International Nut Council, with a view to access latest information and expertise on nut business and to interact with reputable experts.

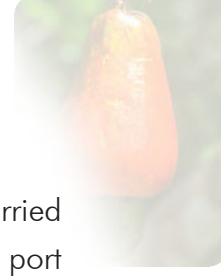
Networking Between Producers

Networking between the African cashew nut producers and exporters is critical to the success of the export business.

Export quality improvement and assurance

Adoption of a Code of Practice for registered exporters by industry association as NCAN. In the wake of the crash of 1996, NCAN had planned a common seal and code numbers for all exports. The association needs assistance to implement this objective.

Implementation of quality control and assurance at all levels of cashew production



and marketing chain. The present situation whereby quality inspection at the local level is carried out by SPIS is not adequate. Quality inspection should be undertaken from the farm gate up to the port of shipment.

Institutional support to state Federal Produce Inspection Agencies. Unlike independent inspection agencies that are abreast with latest issues on quality assessment, control and certification, the state-run inspection agencies lack such knowledge. Assistance in the areas of training, provision of requisite equipment and logistics is recommended

Good Agricultural Practices should be inculcated on farmers through agricultural extension workers, relevant ministries and NGOS.

Enforcement of laws on quality of export produce

During the commodity boards era, farmers were selling to licensed Buying Agents and were fully conscious of the stiff penalties imposed on them for the non-respect of quality requirements. Today's practice allows many buyers in a hurry to buy produce, to acquire and re-sell products that have not gone through proper quality control. In these circumstances, the establishment of the three multi-commodity development and marketing companies with mandate to address produce quality conformity is welcomed.

The government has commenced the review of the existing legislation on produce inspection services, with a view to improving efficiency and effectiveness. A consultant is already working with a technical committee on the adaptation of the Nigerian laws that would enhance quality of agricultural export produce.

Stakeholders in the Nigerian Cashew Sector

Farmers

No	Farm	Address
1	Efugo Farms Ltd.	Otukpo, Benue State
2	Premier Cashew Processing Co. Ltd.	Oghe, Enugu State
3	Innocent's Farm	Otukpa, Benue State
4	Cross River State Cashew Project Farm	Nyanya, Cross River State
5	T. Y. Acres Farm	Takum, Taraba State
6	Awoniyi Farms	Kabba, Kogi State
7	Kosani Ola Farms	Oro, Kwara State
8	Cashew processing Industry Farms	Iwo, Osun State.
9	Aflam Agro-Allied Farms	Oyo, Oyo State
10	Jeremiah Useni Farms	Gwagwalada, Abuja.

Exporters

Dangote group of Companies Ltd.
3, Osborne Road, Ikoyi, Lagos.
Tel: 234 – 1 – 2695108 – 10:
E-mail: dangote@dangote.group.com

Olam Nig. PLC.
Plot 2, Block K, Ilesamaja Industrial Estate,
Apapa – Oshodi Expressway, Isolo
P. O. Box 320, Lagos:
Tel: 234 –1–4971978/79: Fax: 4528403
E-mail: srivathsam@olamning.com

Goldchain International Ltd.
'NIJ House' 20, Adeyemi Alakija St. V/I, Lagos.
Tel: 234 – 1 – 618214, 612158 Fax: 7595378
E-mail: goldchain@usa.net

Forest Mercantile Ltd.
64, Balogun Street, Lagos.

Comdev Nig. Ltd.
83B, Marine Road, Apapa.

D & L Nig. Ltd.
28, Borno Crescent, Apapa, Lagos.

Agro allied Dev. Ent. Ltd.
33, Adetokunbo Ademola Street, Victoria Island,

Goodwill Ind. Ventures Ltd.
21, Doula Road, Apapa, Lagos.

International Ent. Nig. Ltd.
66, Akaro Street, Ilesamaja, Lagos.

Premier Agro Oils Nig. Ltd.
Flat 207, Regency Suites, 17 Ahmed, Onibudo Street, Victoria Island, Lagos

Vigotrtade Ltd.
1, Okudouwa St., Kirikiri, Apapa, Lagos.

Century Exports Ltd
176, Awolowo Road, S/W, Ikoyi, Lagos.

Processors

Viman Nig. Limited
Plot 1615, Ahmed Onidudo Street,
V/Island, P. O. Box 54687, Lagos.

Pramington Projects Ltd.
24, Bode Thomas St., Surulere, Lagos.
Jof Ideal Family Farms Ltd.
Plot 2 & 3, Industrial Layout, Ikare Road,
P.O. Box 50, Owo, Ondo State.

Acquarian Ventures Ltd.
New Industrial Layout, Onitsha Road,
Owerri, Imo State.

Cashew Nut Processing Industry Ltd.
Askar Paint Road, Eleiyele, Ibadan,
P. O. Box 7055, Ibadan.

Sulapan Nig. Ltd.
Overseas African Commercial Co. Nig. Ltd.
Fred Williams Estate, Iju, Lagos.
Km 3, Okigwe-Enugu Road, Okigwe. Imo State. Tel: 234-1-2626987/8 Fax: 2626989

A.C. E. T. Nig. Ltd.
214C, Eti Osa Way, Dolphine Estate,
Ikoyi, Lagos.

Fugard Foods Ltd
14A, Dandaura Road, GRA, Jos.
E-mail:fugard@jos.rcl.nig.net

Melagro Exports Ltd.
3, Blind Centre Street, Oshodi, Lagos.

Lad Group Ltd.
Abimbola House, Abimbola Street, Isolo,
Lagos.

Premier Cashew Processing Co. Ltd. (the first processing plant)
Oghe, Ezeagu L. G. A., Enugu State.

Processors

Institutions
Federal Ministry of Agric and Rural Dev.
Federal Secretariat,
Area 11, Garki, Abuja.
Remark : Policy Formulation

Raw Materials Research
& Development Council
Aguiyi Ironsi Street, Maitama, Abuja
Remark : Research and Development

Cocoa Research Institute of Nigeria (CRIN).
P. M. B. 5244, Ibadan,
Oyo State
Remark : Mandate for Cashew Research

Nigeria Export Promotion Council (NEPC)
Wuse Zone 2, PMB 133, Garki
Abuja:Tel:234-1-5233380-82
Remark : Export Promotion

Nigeria Export-Import Bank (NEXIM)
I. B.B. Way, Central Business
District, Abuja.
Tel: 234 – 1 – 2346141 – 9
Remark : Export Financing

Processors for local market (branded)

Company
Fugards Foods Ltd.
14A, Dandaura Road GRA, os.
E-mail: fugard@jos.rd.nig.net

Favour Foods Ltd
No.1 Alheri Zaria/Road Jos, Plateau State.

Embiks Investment Ltd
(Premium Cashew Nuts)
Plot 280 Trans Amadi Lay out, P.O. Box 4436 Port Harcourt,
Rivers State.

On Micro Enterprises Ltd.
No.4, Alhaji Lawal Street Ketu, Lagos.
Tel: 234-1-4935837
E-mail: on-microent@yahoo.com

Non governmental organisations Company
USAID
Chemmonics international, No. 7 Lome str.
,Zone 7, Wuse, Abuja. Tel. 234-9-
5236138

NCAN
The President, 1, Ikot-Ekpene Road,
Umuahia, Abia State. Tel. 234-88-221325

Source: Nigerian Export Promotion Council.

General Information on Cashew Plantations

	Region		% of total tree planted before		Types of planting mtrl.		Sources of planting mtrl.	Country of origin
1	Oyo State	60	20	20	10	By Seed	Extension service, His own tress , Other farmers, imported	Nigeria, Brazil, Tanzania, India, Kenya & Mozambique
2	Osun State	60	20	20	10	By Seed	"	"
3	Kwara State	20	20	50	10	By Seed	"	Nigeria/Brazil
4	Kogi State	25	50	10	15	By Seed	"	Nigeria, Brazil, India
5	Benue State	20	25	40	15	By Seed	Local /Imported	
6	Abuja FCT	10	10	20	60	By Seed	"	Mozambique/ local selected Brazilian nuts
7	Nasarawa State	20	20	40	20	By Seed	"	Local
8	Taraba State	10	10	20	60	By Seed & by grafted seedlings	"	Local
9	Cross River State	5	10	15	70	By Seed	"	Local
10	Enugu State	60	10	10	70	By Seed	"Local & imported from Brazil	

Source: Federal Ministry of Agriculture and Rural Development
Notes on the above table: The estimate is that only 10 out of the 36 states of the Federation grow cashew. It should be noted that the crop is grown in all ecological regions of the country from the rainforest to the Sahel Savannah.

Summary of Technical Assistance Projects in the Sector

Name of Project	Area of Focus	Executing Agency	Remarks
National Accelerated Industrial CropsProduction Programme	* Provision of ImprovedSeedlings/ Chemicals * Distribution of Planting Materials. * Replanting & Rehabilitationof old trees	Tree crop Development Unit.FMARD	Continuousimplementationstage
Rural Transformation Programme	Plantation of more acreage	Multi-Agencies	New (2002)
Massive Plant/Nursling Programme	Massive Multiplication anddistribution of plantingmaterials to farmers	Office of the Special Adviserto Mr President on FoodSecurity 4 th Floor, BulletHouse Wing "C" FederalSecretariat, Abuja.	New Project.
Tree Crop Development Programme(Cashew Nut Development Programme)	- Rehabilitate and rusticate oldtrees.- Provide inputs.- Quality control at primarylevel	FMARD	ContinuousImplementationstage
FAO Technical Co-operation Programme(TCP) for Tree crop	- Multi plicate.- Capacity building- Extension	FMARD/FAO	New (2002)
USAID Three Crop Programme	Quality control MarketDevelopment ProductDevelopment	USAID/Chemonics	New (2002)
Multi-Commodity Development &Marketing Companies (Tree CropCommodity & Marketing Company)	Production Marketing QualityCentre	National Strategic FoodReserves Department FMA&RD 3 rd Floor, NAIC BuildingCentral Area, Abuja. Tel: 09-2344827, 2345010Fax: 09-2344382E-mail: nsgrmae@hotmail.com	New (2002)proposed have to becommenced
Export Production Villages (EPZ)	Production /Quality /Market	Nigerian Export PromotionCouncil	New propose(2002)
Review of Existing Legislation on produceinspection and control	Quality /grading/ standard	Inter-ministerial committee	New (2002)

Cashew kernels grades and its proportion from Nigerian raw cashew

Wholes	Proportion	Splits	Proportion	Bits & Pieces	Proportion
WW210	2.10	SW	2.2	Chuli	0.01
WW240	2.71	SSW	6.81	DW	Nil
WW320	37.07	Butts	0.4	BW	0.08
WW450	17.18	Splits	6.01	DBW	Nil
		LWP	14.51	DSW	Nil
		SB	0.05	OW	Nil
		SS	0.15	WIII	0.77
		SP	0.82	DP	0.14
		SWP	2.39	PII (L)	1.94
		DSP	0.28	PII(S)	0.25
		SPS	2.68	UPP	Nil
		WBB	1.16		
Total	59.06		37.66		3.19