

Country Profile

Tanzania is an African country bordered on the south by Mozambique, Malawi, and Zambia; on the west by Zaire, Burundi, and Rwanda; on the north by Uganda and Kenya; and on the east by the Indian Ocean.

Capital	Dodama	Time Zone	GMT+3h00
Population	37,187,939	ISO Code	TZ
Area	945,087 sq km	Dialling Code	+255
Languages	English, Swahili, Arabic	Continent	Africa
Currency	Tanzanian shillings per US dollar - 924.70	Internet Domain	.tz
Major ports	Dar es Salaam, Zanzibar, Tanga and Mtwara	GDP	\$22.1 billion
Exports	\$827 million (f.o.b., 2001) Gold, coffee, cashew nuts, manufactures, cotton	Export partners	UK 22.0%, India 14.8%, Germany 9.9%, Netherlands 6.9%
Imports	\$1.55 billion (f.o.b., 2001) consumer goods, machinery and transportation equipment, industrial raw materials, crude oil	Import partners	South Africa 11.5%, Japan 9.3%, UK 7.0%, Australia 6.2%

Structure, Organization and Development Strategy Historical Perspective

Cashew nut, which is the main cash crop of Southern Tanzania, is also grown, to a lesser extent, in other regions, particularly along the **coast**. Smallholders, estimated at **280,000 households**, on some **400,000 hectares** in **mono or mixed-crop** production systems predominantly grow cashew nut. The average smallholder cashew farmers generally have about one to two hectares of cashew trees, sometimes intercropped with food crops, mainly **cassava, grain staples and legumes**. Large-scale private plantations occupy about 2,000 hectares in **Lindi and Mtwara** regions.

Most of the cashew was planted in the **1950s** and **1960s**, with a marked decline in planting since mid **1970s**. However, new plantings started again in early **nineties** and by late nineties, more and more people are planting cashew. Today even some non-cashew growing areas (such as **Singida, Mbarali** and **Suluti** in Songea) have started planting of cashew especially with effect from **2001**. Some non-traditional cashew growing regions such as **Dodoma, Kigoma** and **Musoma** are planning for cashew planting in the due course.

In older plantations, trees were established from unselected seed. But recently farmers are using **polyclonal seeds** or **seeds from selected clones** (AC4, AC10, AZA2, AZA17 and AC28). **Grafting** is the most recent propagation technique used. The **Agricultural Research Institute (ARI)** based at Naliendele, Mtwara, Tanzania, provides both seeds as well as grafted materials.



Grading, Marketing and Processing

Grading

With an intention of offering **fair average quality certificates** to exporters, based on **cutting tests**, **Cashew nut inspection service** was available with effect from **1952**. Formal grading of cashew nuts was not introduced until **1995/6**. It was carried out when the **cooperative societies** delivered the nuts to the **National Agricultural Products' Board warehouses** and was aimed at meeting the quality requirements of buyers rather than improving nut quality. In **1968/9** farmers were required to grade their nuts at the farm level and a **two-tier price system** was introduced which recognized two grades of nuts at the buying posts.

Two grades of cashew nuts are distinguished in Tanzania: **"Standard "** and **"Under grade"**. Standard nuts are defined as those containing no more than 0.25 % by weight of foreign matter and no more than 13% by weight of void, damaged, immature or previous season's nuts. Moisture content should not exceed 13%. Under grade nuts are those not meeting these requirements. It is estimated that **standard nuts comprised about 80% of the national production**.

Marketing

Up to **1962**, the procurement and marketing of cashew was carried out by **individual private merchants** acting as middlemen between producers and Indian buyers. Prices varied widely from place to place, season-to-season and even within the same season occasionally.

From **1960** there was a large increase in the number of co-operatives and farmer's associations representing cashew producers.

In **1962** the **Southern Region Cashew nut Board (SRCB)** was set up and this took over the marketing of the whole crop. The SRCB sold nuts to exporters at auctions and producers were paid according to the price at the last auction. This gave more stable prices to producers.

The SRCB was replaced in **1963** by the **Southern Agricultural Products Board** and then by the **National Agricultural Products Board (NAPB)** in **1964**. By then, procurement was entirely undertaken by **Primary Cooperative Societies** which sold to **Regional Co-operative Unions**.

This system lasted till **1974** when, with the establishment of crop authorities, the **Cashew nut Authority of Tanzania (CATA)** took over the role of NAPB. CATA was given wide ranges of responsibilities for developing the industry by promoting the activities of growers; stimulating processing; regulating and controlling marketing and exporting and advising the government on the industry. In spite of these powers, production underwent a catastrophic decline.

The co-operative societies were disbanded in **1976**, from when the farmers sold their crop to the village traders, who acted as an agent for CATA.

In **1985**, the **Tanzania Cashew nut Marketing Board (TCMB)** was formed to replace CATA and procurement of nuts was again channeled through **Regional Co-operative Unions (RCU)**



and **village primary societies**. TCMB bought the nuts from the RCU at a predetermined annual Into-Store price, arrived at after negotiations between the board and each of the RCUs. In **1993**, the functions of TCMB were taken over by the **Cashew nut Board of Tanzania (CBT)**. For most of the **1970s** and **1980s** the procurement and marketing system was unsatisfactory and the frequent delays in collecting nuts from villages and making payments to farmers were acting as major disincentive to growers. The inefficiencies in the system resulted in the RCUs accumulating large debts.

However, the **1990s** have seen increasing liberalization of marketing – licensing of private buyers was started for the **1991/2** crop and the Government relinquished its control on pricing for the **1992/3** crop.

The benefits of liberalization for farmers have been very marked and, as a proportion of the export price, farmers received a higher price for their cashew in **1993/4** than they had ever received before.

Unfortunately, in **1996/97**, farmers were paid less than they have been over the past few years due to the **high level of taxes** imposed by District authorities and **export levies**.

Marketing performance

The producer price is a function of many considerations and influences, the most important of which are **production cost structure, the international cashew supply and demand dynamics, the domestic market situations, the effectiveness of regulation mechanism and the tax structure on the agricultural sector.**

It can be noted from below table that the average producer price of cashew nut increased substantially in 1994/95 after the agricultural marketing system was liberalized. The price continued to improve steadily and reached a record level of Tshs 600/= (US\$ 0.67) per kg (SG) in 1999/2000. However, the producer price fell drastically in the following marketing season (2000/01) due to decline in the world market prices of kernels caused by over supply of cashew nuts.

Raw cashew nuts: production, average producer prices and export prices, 1990/91 to 2000/2001

Year	Production ('000 tons)	Producer Price (Tsh/kg)	Export Price (\$/t)
90/91	29.8	110	NA
91/92	41.2	137	NA
92/93	39.3	140	NA
93/94	46.6	177	NA
94/95	63.4	300	NA
95/96	81.7	325	850
96/97	63.0	315	750
97/98	99.9	300	850
98/99	106.4	440	900
99/00	121.2	600	1055
00/01	122.3	250	600

Source: Cashew nut Board of Tanzania (CBT)





Primary and secondary processing

Most of the cashew nut crop is exported. **Over 95% of the cashew nuts produced in Tanzania are exported in raw form to India** and a small proportion goes to small-scale backyard processors. This dates back to early **1960's** and **1970's** when Tanzania did not have any local processing factories. Unfortunately, to a large extent, this situation continues even today when there are **12 large-scale cashew nut processing factories** in the country.

Currently there are two medium scale cashew nut processors. **Mohamed Enterprises processes about 1,500 tons of raw nuts while Premier Cashew Industries process 4,000 tons annually.** Processed kernels are exported to **United Kingdom, South Africa, South Korea, Pakistan and Kenya.**

Only a small part of national production is consumed locally after processing by traditional methods. Wider local use is made, however, of **cashew apples**, which are eaten fresh or used to produce a local beer (ulaka) or a spirit (nipa). Nevertheless, most apples are unused but measures are underway to make cashew juice and other secondary products such as jams, chutney, pickles, vinegar and candy.

Development Strategy

Following **export of cashews in raw form for more than ten years**, the Government has recently declared a national policy to encourage local processing of cashew nuts and to **discourage exports of raw nuts.** The National Development vision 2025 envisages modernizing the Agricultural Sector. It is envisaged that by **2025** the economy will have transformed from a **low productive agricultural economy to semi-industrialized economy** led by modernized and highly integrated and buttressed by industrial and service activities in the rural and urban areas.

Five-Year Cashew Nut Sector Development Plan (2002-2006). Identification of projects/activities with respective responsible stakeholders

Projects/Activities	Responsible stakeholders
Production	
Develop appropriate research technologies <ul style="list-style-type: none"> • Pest and disease control • Germplasm improvement • Planting materials multiplication • Disseminate improved planting materials to farmers 	NARI, MAFS,CIDEF, Fs, DCs, MRALG
Improve knowledge/Technology/Information Transfer: <ul style="list-style-type: none"> • Develop a Website • Establish an information network • Produce training/information materials • Dialogue between stakeholders • Regional standards for nuts and kernels 	NARI, MAFS,MRALG, CBT,MCM, CIDEF, DCs
Improve Farmer Knowledge <ul style="list-style-type: none"> • Special farmer training • Train and employ more Extension staff 	NARI, MAFS, CBT,Fs, CIDEF, DCs
Training/Strengthening of Farmer Groups/Societies (SACCOS): <ul style="list-style-type: none"> • Training on cooperatives 	MCM, DCs, CU, Fs,
Establishment of appropriate Input Distribution System: <ul style="list-style-type: none"> • Strengthen Input Trust Funds • Provision of Inputs on Credits • Effective use of inputs 	NARI, MAFS, CBT,PID, MCM, CIDEF,DCs, Fs, CU, RS
Establishment of levy and Tax Committee: <ul style="list-style-type: none"> • Rationalize all taxes and levies on Agric. sector • Reform/remove sulphur import levy 	PRI, MAFS, MCM,MF
Processing	
Develop policies to safeguard processing	MAFS, MCM, CBT, CIDEF, MIT
Promote and Develop Local Processing: <ul style="list-style-type: none"> • Small scale Processing • Medium scale Processing 	CBT, Fs, DCs,MCM, CIDEF,MAFS
Leasing or selling of present factories	CBT, MIT, PSRC,
Institute good environment to Processing Sector: <ul style="list-style-type: none"> • Exemption of import duty to machinery and spares for processing 	MAFS, CBT, MF,WCM, CIDEF,PSRC, MIT
Develop symbiotic business partnership between small and large scale factories	CBT, FM, MCM
Promote Secondary Processing: <ul style="list-style-type: none"> • Food (Dried fruit, jams, chutney, feeds) • Beverages (Juice, wine, gin) • CNSL (Paints, building materials, brake lining) 	NARI, MAFS, CBT
Marketing	
Strengthen Co-operatives	MCM, CU, DCs, Fs, MAFS
Strengthen District Councils	MRALG, DCs, Fs,MAFS, CIDEF, CBT
Seek alternative foreign markets: <ul style="list-style-type: none"> • Marketing information, • Export knowledge education 	CBT, MAFS, MCM
Export Quality improvement <ul style="list-style-type: none"> • Regional Farmers and Processors' Association 	Fs, MAFS, MCM,PA, FAs

The table presents five-year sector development strategies (2001/02 to 2005/06) and the respective responsible stakeholder for implementation. The government has decided to revamp the cashew nut industry and rehabilitate all cashew nut processing factories so that Tanzania can once again **export processed cashew nuts**. The Government, through the **Parastatal Sector Reform Commission (PSRC)** has advertised the factories for **sale to private investors**. To fully utilize the capacity of processing factories, production of raw cashew nuts has to be increased and be sustained. Further measures also are currently being taken to ensure that the nuts produced in the country are of high quality. This will be achieved through educating farmers on proper cashew handling procedures and assisting them in cashew grading.

Tanzania qualify only for one market (raw nuts) instead of distinguished markets for raw nuts, kernels, cashew nut shell liquid (CNSL) and cashew powder found in several other countries because it does not process nuts.

- The government through CBT has already **rehabilitated two factories namely Masasi and Kibaha processing factories** and leased them to private investors. Negotiations are underway with other investors who are going to rehabilitate and lease **Likombe, Lindi and Newala I** factories.
- The presidential **Parastatal Sector Reform Commission** has already advertised the **sale of the remaining factories**.
- CBT has proposed to the government to raise the current **3% levy charged on export of raw nuts to 10%** as a disincentive to export of raw nuts and instead charge only **1% levy** on export of kernels. This is open for further review in order to encourage exportation of kernels. However, this will depend upon levels of future production.

In conclusion, CBT recommends the following as further development strategies:

1. **Export levy on kernels be exempted to local processors for a period of 2 years**, thereafter levy be imposed on a rate to be agreed upon by all stakeholders.
2. **Export levy on raw cashew nuts be increased from the current 3% to 10%** to serve as a disincentive to exporters of raw cashew nuts.
3. **Cess be collected at the port of exit** and thereafter be distributed to relevant district councils. This procedure will prevent evasion of cess payments.
4. CBT be allowed to **establish the Local Processors Stabilization Fund** from part of the revenue to be collected from the recommended new export levy on raw cashew nuts.

On the other hand, **Cashew nut Association of Tanzania (CAT)** has also presented their views in terms of cashew nut sector development with regard to **short, medium and long term strategies**, which includes the following:



- The **licenses for buying cashew nuts** should be issued from only a **one stop center**
- The government should **step-up security** during the **buying season** in order to avoid banditry.
- **Farmers should be trained** on proper harvesting and storage of the produce
- **Levy (cess) should be charged** to already bought and collected cashew nuts.

Payment of levy before purchase will definitely set aside the small-scale traders and businessmen. In addition to that, primary societies never refund the amount of cashew for what has not been bought.

- Cess should be paid in **accordance to agreed laws and regulations**, that is **5% of farm gate price**, so that farmers will be able to get a better pay and should not be exploited.
- In order to promote processing in the country, the government should **remove all types of taxes for all processing machinery, equipments and spares**.
- CBT should **not tax the 1-% levy for processed kernels**.
- The Government should make a thorough study on how best to **utilize the present large industries** and allow **privatisation**. At the same time medium and small scale processing should be encouraged and enabled.

Sector Performance

Production

Evolution of national output and perspectives

Cashew gained economic importance in Tanzania just after **Second World War** when **7,000 tones of raw nuts were exported to India**. Ten years later cashew production increased by three folds and in **1960** about 42,000 tones of raw nuts were exported. Since then production continued to increase and reached a maximum of 145,000 tones in **1973/74** season. The main reasons underlying this increase in production were probably **increase in acreage, improved husbandry and good producer price**.

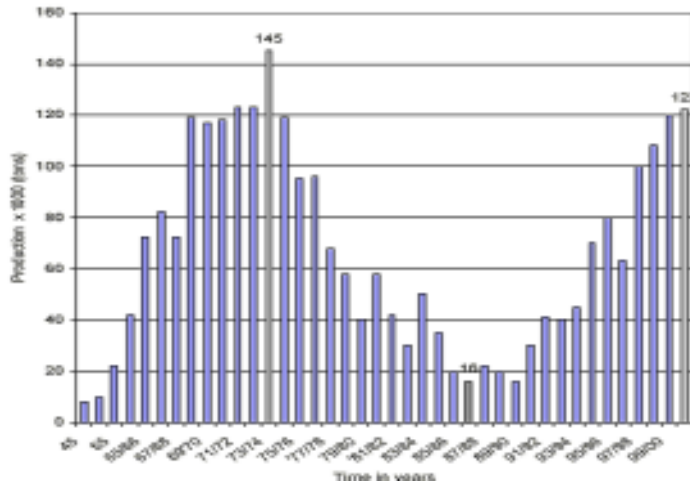
Exports of Cashew Kernels, 1972 to 1992

Year	Tons	Tshs '000'	Avg Price (Tshs/ton)	Avg Price, FOB (US\$/ton)
1972	2902	22,440	7,736	1,081
1973	3710	32,724	8,820	1,256
1974	4060	46,736	11,511	1,611
1975	3999	44,115	11,032	1,416
1976	5954	76,227	12,803	2,274
1977	3898	85,301	21,883	1,623
1978	3635	67,904	18,680	2,423
1979	3871	83,107	21,469	2,612
1980	5474	215,009	39,278	4,790
1981	3961	114,923	29,014	3,503
1982	4337	1239,576	28,576	3,004
1983	2301	33,559	33,559	2,865
1984	1694	65,396	65,369	4,217
1985	518	58,338	58,338	3,380
1986	NA	NA	NA	NA
1987	NA	NA	NA	NA
1988	1014	407,950	402,318	4,254
1989	1711	816,933	477,459	3,109
1990	1412	969,187	686,393	3,486
1991	956	976,453	1,021,394	4,477
1992	1027	1,043,954	1,016,506	3,512

Source: Cashew Board of Tanzania (CBT)

Unexpectedly from **1974/75** season production trend reversed and there was a continuous and drastic decline in cashew production falling to as low as 16,400 tones in **1986/87**. The decline in cashew production was consistent in all cashew-growing areas in the country and resulted in a large loss of revenue for growers, processors and the government. From **1987/88** the production began to increase again and reached about 41,238 tons in **1991/92** to 121,207 tons in **1999/2000**. Production reached 122,283 tons in **2000/2001**.

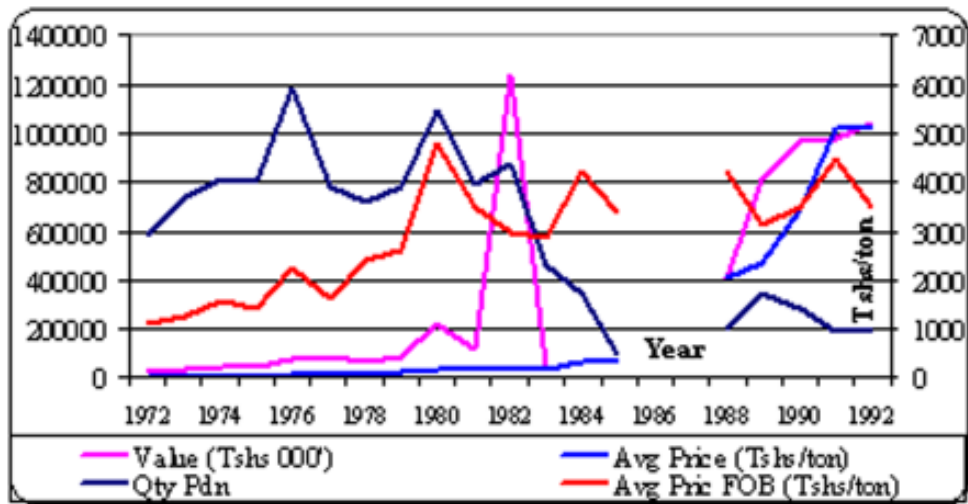
Production of raw cashew nut in Tanzania



Tanzanian government has been taking various measures to revive the cashew nut industry since **1987/88** marketing season. This involved establishment of **Cashew nut Production Improvement Pilot project (CPIPP)** between **1987 and 1989**. Prior to this, two other programs, namely the **Cashew nut Improvement Program (CIP – 1990 to 1996)** and the **Cashew nut Research Program (CRP)** were implemented with support from cashew levies (**1% of the FOB price is channeled into research**). However, **liberalization** of cashew marketing has significantly contributed to the improvement of the industry through **fair market pricing**.

There are several **achievements** made over a period of **6 years (1990-1996)** of the CIP Program as summarized in the Project Completion Report (MOAC, 1996):

- More than **one million improved cashew planting materials** (1.2 millions), were delivered with a survival rate of over 70% meeting the demand by 82%.
- More than **nine (9.2) millions of neglected cashew trees** were **reclaimed**
- **Twenty percent of the total cashew trees** were **protected** from **powdery mildew** attack by about 24% of all cashew-growing farmers.
- **Production and working capital loans** for farmers and traders were implemented through a **local bank** during the first 3 years of the Program
- **Farm gate price rose** to about **65% of the export price**.
- Cashew research is now fully dependent on **funding** derived from a **cashew nut export levy**.
- **Establishment of Regional Input Funds (RIFs)**, which uses a minimal levy on each kilogram



of cashew nuts sold, has enabled smooth and timely availability of inputs for each region—although there were several management and organizational problems.

Types of cashew cultivated

The **Agricultural Research Institute at Naliendele** in Tanzania is **one of the few places in the world where cashew is given precedence**. Until now, cashew breeding at Naliendele had been limited to a selection Program, trying to find what is best from local material and foreign introductions. It is likely that **all local materials have a narrow genetic base**, originating from comparatively few seed brought to the region within the last 500 years. The most recent foreign introductions have been restricted to small numbers of seed from less number of locations.

For commercial production in modern agriculture, the cultivators of fruit and nut crops are propagated asexually. Such clonal propagation allows faithful reproduction of the superior genotype. Yet, many cashew-growing areas in Tanzania still depend on seedling material and polyclonal seed gardens have been established for that reason. In Tanzania, cashew is highly heterozygous within the limitations of the narrow genetic base. Merely collecting phenotypically attractive plants will not necessarily avoid inbreeding. As is the case with naturally cross-pollinated crops, inbreeding can be expected to result in decline in vigour and fertility. It is yet to be proven whether the poor performance of the local material can be attributed to inbreeding depression or whether polyclonal seed will avoid inbreeding depression and prove superior seed than what is already available. Some of the genotypes present at **Agricultural Research Institute Naliendele** and available to farmers are listed in below.

Cashew Genotypes Available at Ari Naliendele and Distributed to Certain Farming Communities

Cashew Genotype	Country of origin	Cashew genotype	Country of origin
AC1	Sri Lanka	AZA17	Zanzibar
AC4	Sri Lanka	AIN62	India
AC6	Sri Lanka	ATA19	Tanzania (Tanga)
AC10	Sri Lanka	AM6	Malaysia
AC22	Sri Lanka	AT58	Tanzania
AC28	Sri Lanka	BR lines	Brazil
AC43	Sri Lanka	Duckie	Cookie Island
AZA2	Zanzibar	Cookie	Cookie island

Polyclonal seeds *

*Polyclonal seeds, which are a composite of 22 elite clones from ARI Naliendele, are currently the most available and promising source of seeds for new planting. They are available from six Cashew Development Centres (CDCs) scattered throughout cashew growing areas in the country. Source: Agricultural Research Institute, Naliendele, Mtwara, Tanzania

At Naliendele Agricultural Research Institute, Breeding Programme to generate new cashew



clones commenced from **1996** and is expected to continue in the foreseeable future too. Controlled cross-pollinations are planned and executed annually and are made using standard seed parents in a crossing garden where 101 selected clones are available. The pollen parents are individual trees, from both Tanzania and overseas locations, selected from the trials and planted at Naliendele. The crosses aim to combine complementary qualities from parents with contrasting characteristics, taking care to prevent inbreeding depression by avoiding parents with a common ancestry. The seed produced is germinated and grafted onto mature seedling rootstock to appraise, in one or two years, hypersensitivity to powdery mildew, bud-vigour and kernel quality tests against the test grafts. A selection–rejection ratio of 1:20 was proposed for this stage. The selected plants are multiplied by budding or grafting for growing in progeny row trials within existing planted areas at Naliendele. The plants are appraised over three consecutive crop years for growth and vegetative habit, *Helopeltis* tolerance, powdery mildew resistance, with and without chemical control, yield in terms of nut weight, number and quality as percent kernel out-turn.

Following a pre-assignment appraisal of the **Cashew-breeding Program in 1993**, five objectives for a Crossing Program were proposed.

These were:

- To make test crosses between polyclonal seed parents for evaluation
- To generate new populations from crosses between local and introduced germplasm for further selection.
- To see if pollination mechanisms hinder, or enhance, polyclonal seed production
- To improve pollination techniques
- To study cashew genetics

The top priority is now given to generation of new populations for further selection.

Harries et al (1998) presented a stepwise Breeding Programme Cycle, in which all steps in the Programme are repeated annually. It is essential that farmers be able to choose from a range of tested materials, those clones/genotypes that are most suited to their growing conditions and preferences. The release of new materials becomes the first priority of ARI Naliendele. Through breeding section, in cooperation with the other research sections and production units, farmers, cashew nut buyers and processors, ARI Naliendele can serve the national cashew industry.

Main factors influencing production and harvesting performance

Since the 1960s the cashew industry has experienced similar changes in fortunes to those affecting other cash crops in Tanzania over the same period – healthy export industries were stifled by low producer prices and inefficient centralized marketing organizations working under monopolistic



conditions. In addition, cashew had the added disadvantage of a serious disease problem establishing itself over the same period. This has been balanced, however, by the attractive export prices which have been persistent so that with appropriate internal adjustments the industry has been able to reestablish itself. The last few years have seen very encouraging increases in production but for this to continue, inputs (chemicals and machines for disease control and improved planting materials) will need to remain readily available. An effective marketing system needs to remain in operation and the farm-gate price of raw nuts must continue to be attractive. It is also imperative that taxation be restrained and kept to a reasonable level.

Among other factors that influence production and harvesting performance of cashew nut sector includes:

- Implementation of a **comprehensive cashew research Programme** covering breeding, pathology, crop protection, agronomy, vegetative propagation and socio-economics and farming systems.
- Improving the **availability of better planting materials** from CDCs, farmers training and establishment of village based nurseries operated by farmers
- Implementation of a **comprehensive extension approach**, complementing the national extension service that was particularly aimed at cashew nut production promotion
- **Market liberalization** of the cashew industry, whereby inputs, crop and processing business were privatized with minimum interference from the government

Future development of cashew industry in Tanzania will depend upon:

- Proper management of the **Regional Input Funds**
- Widespread adoption of **Integrated Cashew Management package**
- Development of small to medium scale **cashew processing technology**
- **Smooth funding of cashew research** by the industry itself while scaling down other cashew levies not directly contributing to the development of the industry.
- Strengthening of **Research-Extension-Farmer-Trade linkages** by instituting a cashew Management unit that will be charged with responsibility of studying and evaluating all aspects of the industry and advise the government on the necessary steps to be taken.
- **Availability of capital** and production loans from banks and the development of Savings and Credit Co-operatives (SACCOs) among cashew farmers.

Labour

The average size of cashew households varies within the farming system zone from **3 to 7** persons, but only between 2 and 4 of these contribute to farm labour. Although farmers can increase their labour through traditional **labour exchange** arrangements, these are usually only short-term. A shortage of cash limits the use of hired labour to 18-37% of households.

Adult males carry out most cashew activities and particularly the heavy work of rehabilitation; adult females contribute significantly to weeding; harvesting is frequently a family activity. A **shortage of labour** has probably been one of the most important factors limiting the rehabilitation of abandoned farms, particularly those that were abandoned for many years.

Processing

Evolution of the national output and perspectives

Ever since the start of the industry, most of the exports have been in the form of raw cashew nuts, which have been **shipped to India** where there is plentiful, cheap manual processing capacity. From India, kernels are then sold to the world market; mainly USA and European countries. The volume of raw nuts exported from Tanzania has followed closely the trend in national production.

Domestic processing of nuts for export started in Tanzania in **1950**, with a small-scale plant in **Mtwara**. However this failed because of labour supply problems. Mechanized processing began again in **1965** when a new factory was built in **Dar es Salaam** and this was followed in **1970** with another one built in **Mtwara**. During the **1970s**, annual processed kernel exports amounted to about **4,000 tons per annum**. In 1974 loans from the **World Bank** and **Bank of Sicily** were obtained to finance **7** more factories at **Lindi, Mtama, Mtwara, Nachingwea, Masasi, Newala** and **Dar es Salaam**. Later additional factories were built with the same financing in **Mtwara, Newala, Kibaha** and **Tunduru**. **Twelve factories** were fully established for the **1982/3** season and this gave a **total processing capacity of 112,000 tons**. Unfortunately, by this time **cashew production had dropped to 48,000 tons** instead of increasing to 200,000 tons which was anticipated in 1974.

Throughout the **1980s** most of the factories remained out of operation, due to erratic supplies

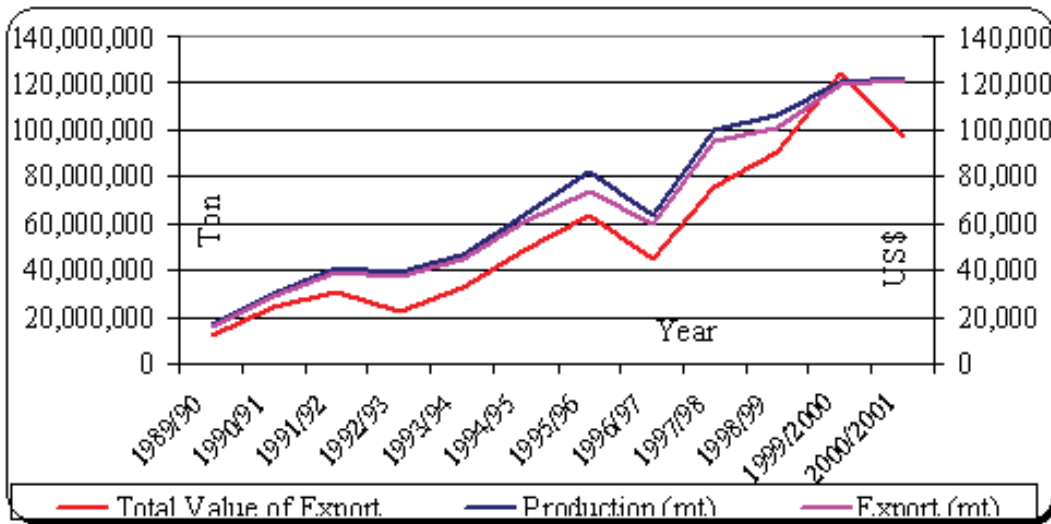
of nuts and raw materials and the export of kernels averaged only **about 2,100 tons per annum**; as a by-product, small quantities of **cashew nut shell liquid** were also produced and exported. With the revival of the industry in the **1990s**, there is

Raw cashew nuts: exports to India, 1989/90 to 2000/2001

Year	Production (mt)	Exports (90% mt)	Export price (FOB US\$/mt)	Total value of exports (US\$)
1989/90	17,059	16,200	750	12,150,000
1990/91	29,846	28,300	850	24,055,000
1991/92	41,238	39,000	800	31,200,000
1992/93	39,323	37,350	600	22,410,000
1993/94	46,603	44,200	750	33,150,000
1994/95	63,403	60,200	800	48,160,000
1995/96	81,729	74,200	850	63,070,000
1996/97	63,034	60,000	750	45,000,000
1997/98	99,916	95,000	800	76,000,000
1998/99	106,442	101,000	900	90,900,000
1999/2000	120,000	119,136	1,039	123,782,304
2000/2001	122,283	121,379	708	96,913,812

Source: Cashew Board of Tanzania.

renewed interest in processing and arrangements are being made for **leasing several of the processing factories to private companies.**



One study conducted during 1998 reported that the **margin was small** (about \$40 per ton) when **kernels are sold**. So there is a great necessity to encourage small to medium scale cashew nut processing locally by policy measures. The Indian manual processing technology could be initiated with local modifications. Medium scale cashew processing technology involving centrifugal decortications could be undertaken on pilot basis.

Tanzania is gradually moving towards **more local processing of cashew nuts**. The social-economic benefits to the country are too important to be ignored. Value addition to the products has to be sustained, using alternative processing technologies like small-scale hand technology or medium scale centrifugal decortications, to ensure that the business community follows this route.

Currently, there are two medium scale cashew nut processors. **Mohamed Enterprises** processing about **1,500 tons of raw nuts**, while **Premier Cashew Industries** (established 1998) process **4,000 tons annually**. Both factories are based in **Dar es Salaam**. It is estimated that **1% of nut** produced in the country is processed by **small-scale processors**. There are several advantages of small scale processing: Realization of **higher kernel out-turn percent** of about 86% as compared to 55% in large-scale factories; **low investment cost** (manpower, training and machineries) and finally, **income distribution** particularly to women.

In this respect, besides **roasting skills and technology**, the **packing of processed nuts** is a vital part of the small scale processing. Other constraints include **lack of capital, storage and low quality of finished goods**. Following areas of improvement were suggested:

- i. Research on appropriate technology for roasting and shelling of nuts,
- ii. Institutionalization of quality control on kernels,
- iii. Assistance in packing technology,
- iv. Assistance in marketing research and
- v. Establishment of network of small-scale processors.

Apart from the government assistance, small-scale processors have been supported by various organizations like **Equal Opportunity for All Trust Fund (EOTF)**, **NGOs** and respective **District Councils**. The Government promotion had involved setting **incentives** for local processors and investors in the cashew nut industry sector. Incentives include **remission of export taxes**, **reduction in District Council levies** and **support in rural infrastructure**.

In the wake of sustainable processing endeavor in the country, mechanisms are in place to ensure continuing expansion of the Tanzania cashew nut production, and it is anticipated that the **production will continue to grow higher**. Modern marketing principles have to be applied like **branding** of products from Tanzania.

The **market liberalization** benefits and free market environment is already resulting in **increased business confidence**, including **international investment**, and this will **lead to dynamic changes** in cashew industry in Tanzania.

Tanzanian business community will have to face the challenges of international markets for this **market research** and **value addition** and **branding** will have to be undertaken.

Types of processed products commercialised

A number of commercially viable products can be obtained from cashew, which if exploited properly can increase the farmers' income and eventually alleviate poverty in Tanzania. Unfortunately, processed kernels is the only main commercial product exported from Tanzania. Cashew nut Shell Liquid (CNSL) was exported during the early **1990s** when processing was undertaken.

Kernels are exported in specific grades such as **whole white kernels**, **whole scorched kernels**, **whole dessert kernels** and **white pieces**. Measures are underway to conduct secondary processing, which will lead into commercialising of more products such as apple juice, pickles jam etc.

Main factors influencing the national processing performance

Some of the factors influencing the national processing performance are:

- Low comparative advantage in processing (technology and labour)
- Low nut production below factory requirement

- Low effective demand (difficult in market penetration)

The government is addressing the situation by encouraging local nut processing and selling or leasing out the existing factories to private traders. Other incentives to encourage local processing include removal of 1% cess on cashew nut intended for local processing; provision of 2 years tax holiday for the acquired factories and some relief on export taxes of kernels.

It has also been found out that most of local processing initiatives are affected by **lack of capital, storage and low quality of finished goods**. The government is currently taking strong measures to tackle these.

Export

Export performance

Tanzania exports most of its crop in **raw form** and loses massive revenue since the largest “**profit margins**” are found in processing and marketing areas. Farmers earn income only during the short season (**October–January**) and have few alternative sources of income during the rest of the year. During **1980s and 1990s** Tanzania’s exports of raw cashew nut to India rose steadily to about **100,000 tons** to feed the expanded processing capacity of India, which is estimated to be **500,000 tons per annum**.

Tanzania and Mozambique have been major suppliers of cashew nut to India. Other African suppliers include Guinea Bissau, Ivory Coast, Nigeria and Benin (former Dahomey). Tanzania has been supplying about **41%** by value of total Indian imports followed by Mozambique (**12%**).

According to the CBT report on the *Status of Cashew nut Industry in Tanzania*, presented at the 2001 Cashew Conference in Kibaha, Tanzania, **exports from East Africa to India have been increasing** as other traditional exporters such as Vietnam and Indonesia, have imposed restrictions in the **form of taxes** on exports to India. The restrictions have been imposed to **promote their domestic processing industry**. For example **Vietnam and Indonesia** imposed **taxes** by **20%** and **30%** respectively. **Guinea Bissau and Ivory Coast** have also imposed some degree of protection to their local processing sector at the rate of **20%** on export price of about **US\$ 260 per ton** of raw nut exported. In Tanzania, export price (f.o.b.) for raw cashew nuts have been fluctuating over the last 11 years between 1989 and 2000. However, **Tanzania** has also imposed an export tariff of **3%** on the f.o.b. value, this is neither for the purpose of promoting nor protecting local processing but as a source of revenue to the **Cashew Board of Tanzania (CBT), Cashew nut Industry Development Fund (CIDEF)** and **research activities**.

Apart from the deliberate efforts to increase the national cashew nut production, the country is now looking forward to process most of the crop produced within the country.

Organization and co-ordination of the sector and their incidence on the export performance

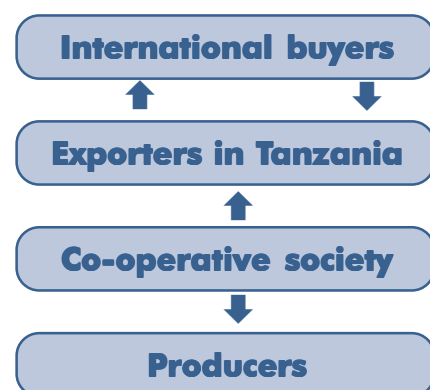
Generally, the **marketing** of cashew nut in Tanzania is **regulated by CBT**, which is the Government body. At the moment, CBT has formulated rules and regulation pertaining to marketing of the crop. According to CBT, two key aspects of the regulations require the producer and the buyer to do the following:

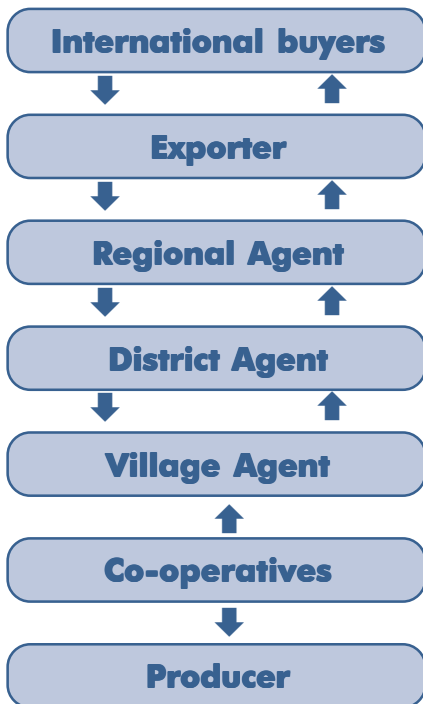
- The **producers** to collect the nuts, grade and sell them in two grades (Standard and Under Grade) at designated buying centres.
- The **buyers** to register themselves with the Board. They have to obtain a buying license worth Tshs 60,000/= (US\$ 66.7) per district.

Cashew nut is currently marketed under a **multi-channel system**. According to a study undertaken by Consultant from the University of Dar es Salaam in 2001 on the “Verification of Cashew nut Statistics of the 2000/2001 harvest”, there prevailed three types of channel structures namely, the corporate, the extended and over-extended channels. These channels are briefly described below.

(i) The corporate channel

Technically, a corporate channel means that **the intermediaries are either integrated into the corporate structure of the exporter** or at least **administered by the exporter**. Hence, it is a form of a **no-intermediary channel**. Invariably, where this channel structure prevails there is only the exporter between the international buyer and producer. Typically, the exporter gets in touch with the producers through a Primary Cooperative Society, which serves as a non-trader intermediary. The results of the study referred to above indicate that there was only one exporter – **OLAM (Tanzania) Limited**, which operated under a corporate channel in 2000/01 marketing season. In addition, they showed that the exporter OLAM (Tanzania) limited, consistently offered **better prices to producers** than the rest of the dealers and was a clear market leader. The corporate channel is portrayed as follows:

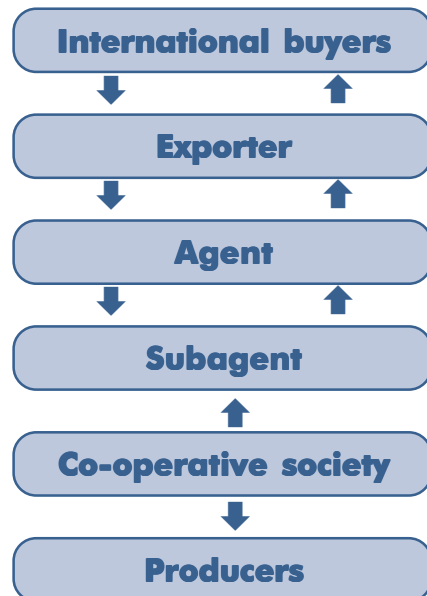




(ii) Extended trade channel

The extended trade channel consists of at least **four members**: the international buyer, the exporter, the agent and the sub-agent. Also, between the sub-agent and the producers, there is in most cases the Primary Cooperative Society, serving as a non-trader intermediary. These relations are portrayed below:

The major disadvantage of this kind of a channel structure is that **benefits are with the middlemen**. Thus, this kind of channel structure offers a strong motive for the better-placed channel members to cheat the channel members who rely on them for the price, which the dealers are willing to offer. Consequently, **the flow of market information is severely hampered**. In this arrangement, the **producers are at the receiving end**.



(iii) Over-extended channel

One of the characteristic features of the **supply-demand link**, which emerged following the liberalization of the cashew nut market and the resultant market situation thereof, is the creation of an over-extended trade channel.

In its more extended form the distribution channel consists **more than four members**: the International buyer, the Exporter, the Regional Agent, the Regional Sub-Agent, the District Sub-Agent and the Village Sub-Agent. Also the Primary Cooperative serves as an intermediary between the producers and the village subagents. These relations are portrayed below:

It has been learnt from these marketing channels that producers of cashew nuts have very **weak organizations in the form of cooperatives**. Therefore, the cashew nut farmers do not have strong collective organs to promote their interests during the selling of their cashew nuts resulting in lack the bargaining power when they negotiate with traders. In order to strengthen Farmers' Organizations, the Government has established the **Ministry of Cooperatives and Marketing** to **promote** and **support farmer's organizations**.

Quality of exports

Cashew quality is of utmost importance as the product directly enters the retail market. **High quality** is of primary concern to importers as it is one of the major criteria for success in the world market. Currently, the common trade practice is to utilize **the US cashew grading system**, due to the strong influence that demand from the United States has on the **world prices**. India and Brazil have worked hard to ensure high quality of the processed kernels, and **India was the first country to use quality control** for improvement of performance. Quality control is administered by **the Cashew Export Promotion Council (CEPC) India**. Cashew producers and Exporters in India and Brazil introduced food quality standards in the late **1980s** to ensure product safety and guarantee quality. Currently, cashew exporters must comply with **ISO 6477**, a standard introduced in **1988** in order to unite the major export classifications and provide a single classification scheme for global quality control.

In Tanzania when Cooperatives served as original buyers in most cases and delivered the nuts to the Cashew board warehouses in **Mtwara**, farmers were required to grade their nuts at farm level before selling to the cooperatives. Discoloured, pitted, shriveled nuts were not to be mixed with good nuts. Since **1976**, after the **abolition of cooperative unions**, **CATA** has been purchasing the nuts **directly from the village societies**. By then, CATA was also taking care of export.

The **Cashew nut Board of Tanzania** in collaboration with **SGS Company Limited** is basically doing nut quality analysis. Main tests conducted for nut quality analysis before issue of certificates includes **nut counts, percentage defective, moisture content** and **Percent out-turn** obtained through cutting test.

Pests and diseases play an important role in determining nut quality since they can cause **premature nut fall, incomplete nut filling** and **damage to the nut**. Now that marketing has been liberalized, buyers are more selective about the nuts they purchase and this is reflected in the higher price they are prepared to pay for clean nuts and for those from the inland parts of Tanzania – **Tunduru, Nachingwea**, and **parts of Masasi**-, reputed to have **higher percentage out-turn and lower moisture content**. Most Indian buyers conduct **cutting tests** on nut

samples before they buy the product at the buying posts or collection centers. Tanzania has no established laboratories for quality control aspects as most tests are carried out using simple portable tools like **moisture analysers, weighing scales** etc. Measures are underway to establish a **quality control laboratory at the Agricultural Research Institute, Naliende, Mtwara.**

Constraints to Export Development Production and Harvesting

(i) Diseases and pests

Devastating effects of **Powdery Mildew Disease (PMD)** is a major constraint in cashew nut production in the country. The disease may cause a yield loss ranging between **70 to 100%** depending upon phytosanitary measures taken. Other diseases, which appears to be a great threat to the industry, includes **Anthraxnose** (*Colletotrichum spp*), **Dieback** (*Phomopsis spp*) and **wilt problem**.

On the other hand, damage from sucking pests like *Helopeltis spp*, **Coconut bugs** (*Pseudotheraptus wayi*), **Stem borers** (*Mecocorynus spp*) and **Mealy bug** (*Pseudococcus spp*) is also equally important. These pests affect both yield and quality and are likely to become important when mildew is controlled.

Preventative and control measures biological and chemical are known to majority of farmers but actual application is challenged by a number of factors like cost.

(ii) Inadequate use of farm inputs

The use of agrochemicals for prevention and/or control of diseases and pests have become inevitable in most cases. However, there has been limited use on account of **untimely distribution** or **unaffordable prices**. The existing distribution system is generally weak characterized by **lack of funds, unreliable suppliers** as well as **weak** and **poor infrastructure** in the rural areas.

(iii) Awareness on research packages

There is inadequate dissemination of research findings due to inadequate extension services, weak extension system, and inadequate coordination of the extension services, poor infrastructure and inadequate transport facilities.

Notwithstanding the efforts in research, there have been some problems in implementation due to **inadequate staff and funds**. With respect to technology, research activities still operate at narrow genetic base.

(iv) Motivation of farmers

The farmers' environment of operation in the cashew industry (production) is not attractive enough to stimulate increase in production. Marketing of raw cashew nuts has been **inconsistent**, and the **producer price is very low** and **completely blind on the rising operational costs and cost of living**. To a large extent most farmers cannot breakthrough and their economic base is generally very weak.

(v) Inadequate mechanization

Like in many other crops, **traditional farming** is still predominant in cashew production. Hand hoe and machetes are the most dependable tools allowing very limited coverage.

(vi) Farmers' knowledge

Most farmers have limited knowledge not only on technical issues related to cashew growing and processing but also in **farm business management**. The use of indicative prices to determine producer prices and cost-benefit analysis are unknown to majority of them.

Most of the cashew nut trees are not well attended and **fire out-breaks** which have been very common, have a negative effect on production.

Processing

Cashew nut processing sector is faced by a number of problems:

(i) Decline of raw nuts output

From 1975 onwards, due to various production constraints stated above, production of raw nuts **countrywide declined substantially**. The unavailability of raw nuts was exacerbated by **changes in policy in 1984** where the mandate to buy raw nuts was transferred from **Tanzania Cashew nut Marketing Board to Co-operative Unions**. The **system allowed export of raw nuts** while there **was inadequate supply** to feed the existed local processing factories.

(ii) Quality of kernels

In Tanzania, the products coming out of **hand processing technology** can not be sold in the international market. The unhygienic environment, poor handling and lack of the state of the art technology in processing have resulted to inferior quality that cannot compete in the international market. **Packaging** has also contributed to this image.

(iii) Perception of processing technology

Hand processing technology is seen to be **affordable both financially and technically**. In other countries like India, it has been proved that kernels from hand processing too can fetch good prices in the international market. Despite these achievements and advantages the hand processing technology is yet to pick-up adequately in Tanzania. Measures should be taken to

promote the process in this country.

(iv) Uneconomic operations

Majority of the processing factories were not established with a business focus but with a **service oriented** focus. Most of them operated at very high costs with very minimal gains. For instance, there was over-employment and unnecessary permanent employment, which **increased the running costs**.

With this trend, most factories failed to repay loans, which swelled with time. Processing needs heavy investment both at installation and during operations. One of the serious problems faced by this sector is an **acute shortage of funds to re-open and run the factories**. Other operation factors include high operating costs and a lack of reliable power and water supply.

(v) High interest rates

High interest rates charged by financial institutions on loans and overdrafts are said to be one of the major factors affecting processing in Tanzania. More people had been induced to export raw nuts instead of processing due to this as they can quickly recover the money invested and repay their loans. In view of this, it is advised that the Government take a deliberate move to facilitate financial support to assist the would be investors in processing by giving them **soft loans**.

Export Marketing

The salient factors affecting export marketing of cashew nuts in the country includes:

(i) Few marketing channels

Currently the only product, which is marketed internationally, is the raw nut, and the only major market available is **India**. This **monopoly** has given power to buyers to determine buying price leaving very small or no room for bargaining. It is felt that farmers are pushed to very low margins in the raw nuts market. By not processing, the product is qualifying for only one market, which has proved to be a problem. Local processing could open up a wider and heterogeneous market. However, in the mean time, the government is exploring other export markets of raw nuts.

(ii) Weak Farmer Organizations

Co-operative Unions and **farmers' primary societies** have **failed to handle marketing activities**. Most of them are weak in terms of qualified and committed personnel and lack purchasing power. Generally the environment is not very supportive to the existence of Co-operative Unions. The policy has kept on changing while financial support has always been minimal or lacking. Therefore, the cashew nut farmers do not have strong collective organs to

promote their interests during the selling of their cashew nuts, they lack bargaining power when they negotiate with traders.

(iii) Lack of information

Currently, there is **no effective marketing information system** in cashew industry. The importance of marketing information to traders and farmers in particular cannot be over-emphasized. Since Tanzania plays a dominant role in the global cashew nut production, it requires an effective marketing information system that is able to monitor and analyze global production, marketing trends and relay such information to cashew stakeholders. **Most stakeholders lack these important information/knowledge of industry.**

Production and Trade Policies

(i) Multiplicity of taxes and levies on cashew farmers

The cashew nut industry is **highly taxed** in Tanzania. The taxes include central and local taxes. During 2000/01 marketing season taxes charged on the cashew industry were as follows:

- A **district cess** of Tshs 100/ per kg of raw nuts to be paid by traders,
- **CBT levy** of 3% of the F.O.B value of export paid by exporters,
- **Buying license charge** of Tshs 60,000/= paid by traders for each district of operation.

These taxes affect greatly the **producer prices** received by farmers, as they constitute a very high percentage of the farmers' gross margin.

(ii) Processing policy

Cashew processing has been since Inception State owned parastatal at times monopolizing the market of raw nuts. Except for hand/manual processing which served a small portion of domestic market; semi-mechanized and mechanical large scale processing plants were closed since **1980s**. Attempts to re-open some of the existing mechanized factories and establish some new medium scale processing plants are now operational. **Masasi** and **Kibaha** factories have started operation; two medium scale factories (**Premier** and **Mohamed Enterprises**) are now operational. Equal Opportunity for All Trust Fund, was allowed to install their machinery in the former **MCC** and **Tanita factories**, and processing has started. The lack of proper policy measures to protect processing investors against raw nut traders leads to poor performance in this sub-sector.

Other policy issues limiting production and trade includes:

- Land tenure**, as a policy issue tends to deter people investing on land.
- Structural adjustment Programme** and its effects

- iii. **Liberalization** (This encouraged exporters to benefit from lucrative prices)
- iv. **Lack of enabling environment**

Identification of Technical Assistance Projects

Production and harvesting

There are a large number of constraints, which negatively affect production and harvesting. Some of them which can be addressed, include the following:

(i) Diseases and pests

Devastating effects of **Powdery Mildew disease** (PMD) is a major constraint to production. It is thus recommended that the following activities/projects should be taken into consideration under the Research Programme:

- Evaluate and develop the potential of biological control of PMD
- Undertake a study to assess the existence (or not) of different PMD strains
- Improve understanding of the epidemiology of PMD both on a macro scale (regionally) to determine factors promoting PMD and locally on a smaller scale to determine what might affect PMD severity

The breeding/selection programme will also obviously be taking this into account. Research efforts to identify **varieties tolerant to mildew** have intensified as tremendous efforts and money is being spent to address this issue. Projects in this regard include;

- Germplasm improvement,
- Evaluation of planting material multiplication techniques
- Disseminate improved planting materials to farmers

Damage from major sucking pests and mealy bug also affect yield and quality significantly and are likely to become important when PMD is controlled. It is recommended that biological control strategies for the major insect pests be developed and enhanced, in addition to improving the understanding of the ecology of these insect pests.

(ii) Lack of good planting material

The availability of good planting material is the foundation for any good production system both now. This is also essential to overcome future problems. It is recommended to take efforts for **regional evaluation of clonal material** both introduced and local. Past changes and predicted future market trends should be taken into account.

Project Status: the Cashew nut Improvement Project initially implemented these activities. In this project, the element of research was conducted at the Agricultural Research Institute, Naliendele,

Mtwara, funded by the former British Overseas Development Agency (ODA) now called **Development For International Development (DFID)**.

Other Project /activity areas:

In the Five-Year Development Plan (strategy) 2001/02 – 2005/06, the Cashew nut Board of Tanzania, has presented planned projects and activity outlines together with respective responsible stakeholders for implementation. Some of the projects and activities are mentioned below:

- **Transfer of technologies to farming community.**

Measures to be taken to **improve technology transfer** to farmers by employing and training more extension staff, establishment of village demonstration plots and provide incentives to extension staff including transport facility.

- **Farmer knowledge**

There is a great need to improve farmer's knowledge on technical issues related to cashew growing, processing and farm business management. It is recommended that **Special training for farmers** be conducted in achieve these.

- **Farmer groups/societies**

Develop strategies to encourage formation and strengthening of Primary Societies pertaining to **Saving and Credit Cooperative Societies** – SACCOs so as to increase the purchasing power of the farmers to enable them to procure inputs in time.

To re-establish cooperative training sessions for farmers and as well as staff members of the Cooperative societies.

- **Input distribution**

District level input trust funds should rectify and improve the prevailing system of input distribution so as to make sure that the **trust funds operates with maximum efficiency**. Input trust funds should directly import the required inputs so that the farmers can get them at a better price. Traders interested in buying nuts should be encouraged to assist in provision of inputs for credit.

- **Rural infrastructure**

Efforts should be taken to convince major **stakeholders** (processors, traders, exporters, district councils etc) to **contribute for rural infrastructure** with regard to maintenance of the rural road network.

Processing

The undisputed benefits of processing within country are quite clear. There is a lot of potential for value addition in the country, which should be enhanced. The projects should have the following aims:

- To institute a policy of safeguarding processing factories by **stepping up raw nut**

export tax as well as expansion of local processing facilities in the country.

- To **promote small scale processing** by **offering training** and **capital assistance** to individuals or groups. Similarly, to **promote medium scale processing** aimed at production of **high quality products** of international standards.
- To continue **leasing or selling of all the present processing factories to private investors** so that they can be commercially managed.
- The government to institute **good environment for investment** including **exemption of import duty for processing machinery and spares parts**.
- **Develop symbiotic business partnerships** between large and small factories, conduct **feasibility studies** and **start pilot projects**.
- Promote **secondary processing** in the country with regard to production of beverages (juice, wine, gin) ; food (dried fruit, jams, chutneys, livestock feed) and the CSNL (paints, building materials, brake lining). **Techno-feasibility studies** of by-products and market evaluation to be conducted.

Export marketing

(i) Marketing and price information

Market and price information can and should influence many aspects of production, processing and marketing, therefore, up to date intelligence on this issue is of crucial importance. It is therefore recommended that a research be conducted on **historical trends in the market in order to predict future long-term trends of prices and demand for different grades**. The study should be extended to other possible areas of interest – study the **link between income growth in USA / EU with increasing demand for cashew** and the **potential for speciality products**.

In the longer term, it would be beneficial if **all the players in the cashew sub-sector could take responsibility for cashew promotion** both at home and abroad. It is recommended that export education be improved on the ground and promotion on the basis of market information – marketing channels – supply chain management – speciality products.

(ii) Kernel quality program

The quality of kernels has a direct and significant influence on price and hence profitability, it is therefore important to have clear and **standardized systems** in place, which are **harmonized with international standards**. It is recommended that a Standard system of grades, quality standards, etc be implemented, which are in line with international systems.

(iii) Strengthening of District Council and farmer groups

To **strengthen District councils** together with **farmer groups** to properly manage the execution of the procedures laid down upon buying of cashew nuts. This should involve educating farmers on policies of free market system as well as quality control aspects (grading).

(iv) Research on alternative markets

To conduct **research on alternative foreign markets** other than India especially during this transition period of changing attitudes to local processing.

Strategies and National Policies Favouring the Development of the Sector

Taxes and levies

One of the major constraints in the marketing system is the **multiplicity of taxes and levies on cashew farmers**. These taxes greatly affect the level of producer prices received by farmers, as they constitute a very high percentage of the farmers' gross margin.

In order to address this problem the government has set up an **inter-ministerial committee to study and recommend ways to rationalize all taxes and levies** charged on agricultural sector. It is expected that, the number and levels of taxes and levies will be reduced in the near future.

Market liberalization

The benefits of the market liberalization and free market environment is already resulting in **increased business confidence, including international investment** and this will lead to **dynamic changes** in the cashew industry in Tanzania and the world over.

Sector Organization and Regional Cooperation

- Knowledge/Technology/Information transfer
- This theme is crucial aspect for any modern industry. This is because it affects all stakeholders from farmers, extension workers, researchers, processors and policy makers. The following are recommended for regional cooperation:
- Develop a website with market and trade information and provide training to trainers for providing proper information to farmers through appropriate media (e.g. Radio, TV, pamphlets etc). Other information as well could be placed on the website.
- Hold regional meetings and establish an information network to exchange experiences, market, technical and processing information with other countries.
- Produce training/information materials to extension staff including leaflets, videos and films for the whole region, so as to avoid duplication of efforts.
- Devise methods for collective negotiations to improve dialogue between stakeholders.
- Implement regional code of practice for processing of cashew nuts in line with international standards and certification systems.
- Implement regional standards for nut and kernels

Export Quality Improvement and Assurance

Develop regional farmer and processing associations. It is recommended that measures should

be taken to develop strategies to encourage formation of farmers' groups. This is a priority for the following reasons:

- Improved marketing of raw nuts (bargaining power, better price, bulking)
- Potential processing activities
- Convenient and efficient points of entry for extension
- Credit availability/accessibility
- Improved input supply and price
- Assurance of good quality exports products.

Address of Main Stakeholders in the Cashew Nut Sector

- **The Principal Secretary, Ministry of Agriculture and Food, Security,** Kilimo I House-Temeke, P O Box 9192, Dar Es Salaam.
- **The Principal Secretary, Ministry of Cooperatives and Marketing,** P O Box, Dar es Salaam.
- **The Principal Secretary, Ministry of industry and Trade,** Lumumba Street, P O Box 9503, Dar es Salaam.
- **Director General, Board of External Trade (BET),** Kilwa Road, P O Box 5402, Dar es Salaam.
- **Principal Secretary, Ministry of Regional Administration and Local Government,** P O Box 923, Dodoma.
- **The Director General, Cashew Board of Tanzania,** P O Box 533, Mtwara
- **The Zonal Director, Southern Zone, Agricultural Research Institute,** P O Box 509, Mtwara.
- **Cashew Management Unit,** P O Box 6226, Dar es Salaam.
- **Olam (T) ltd,** P.O. Box 71062, Dar es Salaam, Telephone: 2864912/2864931, Email: Off @ Africaonline.co.tz
- **Ste Bps (Cote D Ivore),** P.O. Box 1060, Mtwara., Telephone: (255)232333331, Fax: (255) 232333331
- **Dashwood Corporation,** P.O.Box 11789, Dar es Salaam, Telephone: 022-2122941-2122943, Fax: 022-2122945
- **Afrisian Ginning,** P.O.Box 19964 DSM, Telephone: 255-22-2138781, Email: afrisian @ cats-net.com
- **Euro Impex ltd,** P.O.Box 4075, Dar es Salaam. Telephone: 00255-812-781653, Fax: 051-139620
- **Abbasi Exports ltd,** P.O.Box 70, Mtwara. Telephone: 0593373, Fax: 0593129
- **Sanaa Exports ltd,** P.O.Box 119, Dar es Salaam. Telephone: 288-741-236665
- **Premier Cashew Industries Ltd,** P O Box 816, Dar es Salaam.
- **Onash Exports ltd,** P.O.Box 11567, Dar es Salaam. Telephone: 25-22-2127882/ 2120321, Email: Onash tz @ yahoo.com

- **Kanyakumari Trading**, P.O.Box 4075, Dar es Salaam. Telephone: 0255 22 2123142-2119471
- **Afro Asian Agro Prod**, P.O.Box 816, Mtwara. Telephone: 333616, Email: afroasian@intafrica.com
- **Export Trading co.ltd**, P.O.Box 10295, Dar es Salaam; P.O.Box 869 Mtwara. Telephone: 33588/2333302/2333172, Email: etc @ export trading tz.com
- **Alpha Exports**, P.O.Box 570, Mtwara. Telephone: (255-23) 2333162, Fax: (255-23) 2333907
- **H.S. Impex ltd**, P.O.Box 483, Mtwara.
- **Tropical Commodities**, P.O.Box 19681, Dar es Salaam. Telephone: 25957/46952, Fax: 46156/25957
- **Asia Commodities**, P.O.Box 4075, Dar es Salaam. Telephone: (255) 222123142, Fax: (255) 222119471
- **Oceanic Trading co**, P.O.Box 157 Mtwara. Telephone: 255-23 2333162, Fax: 255-23-2333907
- **Mohamed Enterprises ltd**, P.O.Box 20660, Dar es Salaam. Telephone: 118931-114376-112756, Fax: 113183-112694
- **Cubix Limited**, P.O.Box 319, Mtwara. Telephone: 255-23-2334051, Fax: 255-23-2334051
- **Swanlinks int.**, P.O.Box 8067, Dar es Salaam. Telephone: 051-183688, Email: jeizan@swanlink.com
- **Uniafrico ltd**, P.O.Box 8197, Dar es Salaam. Telephone: 118681/119441, Email: uniafrico@cats-net.com, cable: uniafrico
- **Executive secretary**, Cashewnut Industry Development Fund, (CIDEF), P O Box 77432, Dar es Salaam
- **Other Stakeholders:** Farmers, District Councils, Regional Secretariats, Private Distributors of inputs
- Cashew nut Association of Tanzania, P O Box 75585, Dar es Salaam, Tanzania.

List of Cashew Processing Units

a) Cashew Processing Factories

No.	Factory	Capacity (MT)	Supplier of equipment	Completion date	Closing date
1	Masasi	10,000	Oltremere Italy	March 1981	June 1982
2	Newala I	10,000	Oltremere Italy	None	June 1982
3	Newala II	10,000	Cashco Japan	June 1981	April 1982
4	Likombe	10,000	Cashco Japan	June 1981	March 1985
5	MCC	8,000	Cashco Japan	1968	June 1982
6	Kibaha	10,000	Cashco Japan	October 1980	March 1985
7	Tanita I	12,000	Oltremere Italy	1965	August 1985
8	Tanita II	12,000	Oltremere Italy	1987	June 1982
9	Tundururu	10,000	Oltremere Italy	Not done	-
10	Lindi	10,000	Oltremere Italy	October 1978	June 1982
11	Mtama	5,000	Oltremere Italy	October 1979	June 1982
12	Nachingwea	5,000	Oltremere Italy	February 1981	June 1982

Source: Cashew Nut Board of Tanzania (CBT).

b) List of Small Scale Processors:

- Tupendane Cashew nut Processing Group – Lindi district
- Tandahimba Cashew nut Processing Group – Tandahimba district
- Tumaini cashew nut Processing Group – Masasi district
- Kitangari Cashew nut Processing Group – Newala district
- Tunduru Cashew nut Processing Group – Tunduru district
- Kididimo Cashew nut Processing Group – Mkuranga
- Chogogwe cashew nut Society – Tanga district
- Kigamboni Muafaka Group – Dar es Salaam
- Bagamoyo Cashew nut Processing unit – Bagamoyo district
- Somanga Cashew nut Processing Group – Kilwa district

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Abbreviations

CBT: Cashew nut Board of Tanzania

CIDEF: Cashew Industry development Fund

CU: Cooperative Unions

DCs: District Councils

FA: Farmer Association

FM: Factory Management

Fs: Farmers

MAFS: Ministry of Agriculture and Food Security

MCM: Ministry of Cooperatives and marketing

MF: Ministry of Finance

MIT: Ministry of Industries and Trade

MRALG: Ministry of Regional Administration and Local Government

NARI: Naliendele Agricultural Research Institute

n.a not available

PA: Processing Associations

PID: Private Input Distributors/suppliers

PSRC: Parastatal Sector Reform Commission

RS: Regional Secretariat

TPRI: Tropical Pesticide Research Institute

The End

