

Short Summary Advocating for Effective Regulation for the Cashew Nut Industry in Tanzania



ANSAF PROFILE

The Agricultural Non State Actors Forum (ANSAF) was formed in 2006 by members¹ from the private and civil society organizations, farmers' umbrella groups working in the agricultural sector in Tanzania. During its initial stage it was known as Private Sector and Civil Society Agricultural Working Group (PSCS-AWG). ANSAF is a fully registered NGO under the Non Governmental Organization Act of 2002. ANSAF is a member-led forum involving organizations from the commercial sector, non-governmental organizations (NGO) sector (both Tanzanian and international) and farmers' groups in Tanzania. It is a forum for non-state actors to discuss and work towards solutions to improve the agriculture sector in the interests of men and women currently living in poverty.

ANSAF works with members to bring together a critical mass of actors and as such supports the coordination of critical debates on national and local issues focusing on policies and practice. It represents its members' interests and needs in national and local policy and practice dialogues to influence change using evidence based research to stimulate growth of the agricultural sector focusing on smallholder farmers. ANSAF also actively promotes accountability, transparency and citizen engagement within the agricultural sector.

ANSAF organizes informative and regular forums for debate and discussion on issues that are of interest to our membership. The focus of the forum is to generate learning and sharing best practice within the ANSAF membership, promote proven and innovative practices within the sector for wider uptake and consideration by farmers, policy makers and other stakeholders.

ANSAF's mission seeks to work with members and non-members to orchestrate collaborative efforts to influence policy and practice change on crucial issues affecting marginal, smallholder farmers (men and women) and other stakeholders through learning, communicating and advocacy. ANSAF vision is to a Tanzanian Society free of poverty where sound agricultural policies and best practices contribute to the transformation of the country's economy.



ACT PROFILE

Agricultural Council of Tanzania (ACT) is the agricultural private sector apex organization in Tanzania. It was established in 1999 as the Tanzania Chamber of Agriculture and Livestock (TCAL) and officially launched by Hon. President, Benjamin W. Mkapa in 2000. It is registered as a company limited by shares and having no capital. In 2005, the organization changed its name to Agricultural Council of Tanzania to reflect its democratic nature and the focus a forum for free dialogue between actors.

ACT is a membership organization representing a wide spectrum of actors in the Tanzanian agricultural sector. Members include groups and associations of farmers (crops, livestock and fish producers), suppliers, processors, transporters, researchers and other stakeholders dealing in agri-business. ACT recognizes the unique challenges that the small, farmers face as well as the medium and large agribusinesses and strive to lobby and advocate for conducive policies while proactively developing innovative and sustainable approaches for them, provide services and support to all groups to enable them move forward.

ACT has built relationships with a number of local, regional, and international organizations for the purpose of improving service delivery to its members. ACT is a member of the Tanzania Private Sector Foundation (TPSF), the

¹ ANSAF members have increased from 7 in 2006 to.....in 2012. Members include, Agriculture Council of Tanzania, VECO Tanzania, Muungano wa Vikundi vya Wakulima wodogo Tanzania (VIWATA), Participatory Ecological and Land Use management (PELUM) Tanzania, Oxfam GB, Concern Worldwide, Tanzania Organic Agriculture Movement (TOAM), SNV Tanzania, VSO Tanzania, Katani Ltd , Tanzania Agriculture Capacity Building (TACAB), Tanzania Agricultural Development Trust (TADT), Rural Livelihood Development Company (RLDC), Action Aid, Rural Urban Development Initiatives (RUDI), World Vision, Swiss Aid, Hellen Keller International, Organic farmers Association of Zanzibar, Kaderes Peasants Development Ltd – Karagwe, Catholic Relief Services, ADRA, Community Environmental Management Development (CEMDO), Tushiriki – Mbeya, Free Ambassador Women & Children Mission Tanzania (FAWACM-TZ), Haki Kazi Catalyst, MANI USHIWA HAUPERI (MAUH – CBO), Mission for Improvement and Boosting Organizational Services to the Community, (MIBOS), Lutheran World Relief, Trias Tanzania, Illeje Environmental Conservation Association (IECA), Water and Environmental Sanitation Projects Maintenance Organization (WEPHO), Aga Khan Foundation Tanzania, Mererani Green Society(MEGRESO), Badilika Foundation, Tanzania Social Welfare Development, Farmers Pride Mkulima – Arusha, Cafe Africa and Busokelo Development Foundation (BUDEFO),

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umbrella private sector organization, and the Agricultural Non State Actors Forum (ANSAF). Regionally, it is affiliated to the Eastern Africa Farmers Federation (EAFF), Eastern Africa Business Council (EABC) and Southern Africa Confederation of Agricultural Unions (SACAU). Internationally, it is a member of the Royal Agricultural Society of the Commonwealth. It also enjoys partnership and collaboration with related private and public sector institutions locally, regionally and internationally.

Author

Profile

James Fitzpatrick is an independent international consultant and advocate specialised in the cashew nut industry with almost 30 years' experience and knowledge in the sector. He regularly provides consultancy services on the industry and supply chain management to a range of high profile clients and is a recognised expert and a published author on his favourite subject – cashew nuts. In recent years he has compiled studies on “Competitiveness in the African Cashew Sector” and the “Global Cashew Nut Processing Equipment Study” for the African Cashew Initiative. He addressed the Plenary Session of the African Cashew Alliance in 2011 and 2012 on a range of subjects including “Cashew Nut Processing Equipment” and the international cashew nut markets and addressed workshops on “The Role of Technology in Improving Competitiveness of Cashew Processors” and “Cashew Processing Equipment Purchasing Strategies to Strengthen Competitiveness”. He is market advisor to the African Cashew Initiative as well as advising a number of private clients on the development of cashew processing activities. He has been an advocate for the development of the African cashew sector since the mid 1990's. His monthly publication “Cashew Club” is distributed free of charge to ngo's and stakeholders in Africa and has a circulation of approximately 750 cashew stakeholders Worldwide.

Note from James Fitzpatrick

Many actors in the cashew nut sector in Tanzania and beyond gave generously of their time, expertise, and imagination during conversations with me and Dr Rose Mushi leading to the development of this report. We would like to extend our appreciation and thanks for their time and patience. I would also like to extend a particular word of thanks to the staff at ANSAF, LIMAS (Mtwara) and Dr Rose Mushi.

James
Fitzpatrick

23rd January 2013

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1. Purpose and scope

In the cashew season 2011/12 a serious crisis developed in the marketing of cashew nuts from Tanzania. For five months in 2012 it looked as if the Tanzanian cashew sector could face an insurmountable challenge. This crisis was symptomatic of deep rooted structural and regulatory issues in the cashew sector in Tanzania.

Over many years the Tanzanian cashew sector has been a serial under achiever. The sector is the most regulated cashew sector in the World but despite this it remains largely a producer of in shell cashew nuts for processing in Asia. It is characterised by low levels of value addition sacrificing at least US\$550m in value addition alone over the past five years.

This study carried out a detailed analysis of the Tanzanian cashew sub-sector and its place in the wider international cashew market. The study utilised an innovative approach which involved not only a review of existing studies, literature, policy and law but also a series of face to face interviews with a wide range of stakeholders both national and international ranging from the growers to coops to warehouse keepers all the way through to the processors who buy Tanzania raw cashew nuts. A total of 101 people were interviewed for this study, more than 50 studies were assessed, 21 statistical sources were utilised and six trade publications were used for historical trends on prices and trade.

Interviewees

Representatives of	Number
Farmer Associations including growers	6
Primary Cooperative Societies	20
Public servants	11
Advocacy organisations & associations	10
Warehouse keepers & logistics	5
NGO	5
Investors	5
Politicians	2
Traders/brokers including inputs	7
Journalists	1
Processors	18
Co Operative Unions	6
Bankers	5
Total	101

The assessment of the policies, strategies, legislation, regulation and functioning of the cashew market in

Tanzania is framed within the impact of the overall competitiveness of the sector. In doing so it is important to recognise that the cashew sector throughout Africa is in fact two chains which do not always operate in a cohesive manner. The analytical framework is to consider the Tanzanian cashew sector within the framework of its competitiveness as a pointer to the impact of current and past policy and regulation. This was executed as stated above by a close reading of the existing studies and by interview, discussion and debate with a range of stakeholders.

2. Description of Findings

2.1 The Tanzanian Cashew Market

- The cashew nut industry Worldwide suffers from a lack of quality information. The Tanzanian sector is no exception to this rule and we found that many myths persist and often create responses based on inaccurate perceptions of the market and market actors.
- It can be rightly argued that the Tanzanian cashew sector as a provider of in shell cashews to India for processing is competitive. It can also be argued that the failure of the sector to sustain cashew processing as a significant part of its activity casts doubt on its sustainability.
- Advocating an approach to regulation then entails assessment of the impact of policy and regulation on the competitiveness of the two chains identified as follows:
 1. The in-shell cashew chain is termed a “trader” driven chain, an oligopsony dominated by a few trader/ buyers supplying India
 2. The cashew kernels chain on the other hand is “buyer driven” by roasters, packers and distributors whose concerns are reliability, food safety, quality and traceability.

Tanzania in the International cashew market

1. Tanzania is not unusual in Africa in exporting in-shell cashew nuts for processing elsewhere.
2. The outlook for demand is healthy and the cashew kernels market is likely to grow
3. The supply/demand balance is tight now and increased production is needed. The increase in production can only realistically come from Africa.

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4. The tight supply/demand balance is leading to price volatility and risk.
5. There is increasing interest in processing on the continent of Africa.

Production, Inputs and costs

- The production of cashew nuts in Tanzania over the past ten years has been characterised by variable production with the low level being 75,000 tonnes on two occasions and the high being the 158,000 tonnes.
- There is evidence in Tanzania that inputs, despite Government subsidies are high priced and that access to the right inputs at the right time of year is limited. The failure of the marketing and distribution system for inputs is an annual threat to the crop in Tanzania
- There is also good evidence that the costs involved in evacuating the cashew nuts from the farm gate to the warehouse receipt system and on to the ports for export are not competitive and cost the farmer significant income in any given year.

Farm Gate prices

- Like the auction itself the sales prices and analysis is opaque. The figure farmers receive is diluted due to the high level of costs cooperative union/wrs level the. The percentage the farmer receives is between 57% and 65% of the sale price and approximately 15% less than the CBT indicative farm gate price. The level of costs compare very unfavourably with similar costs in other countries.
- When we consider the price at which the nuts are eventually sold in India the farmer's share falls to an unusually low level in the context of the international market. Through a combination of high taxes, remarkably high costs at coop/wrs level and high export margins/costs for exporters who buy at auction. At these levels it appears that Tanzanian farmers are not receiving a price which is in line with the quality they produce as compared to their counterparts in West Africa who function in an open market.

Processing: Competitiveness of the kernels chain

- The mechanised factories built in the 1980's never worked and were probably never likely to work regardless of developments in domestic supply. Care must be taken in basing any future

development of value added activity on these plants.

- Regulation of the sector must be tempered with an approach that is supportive of development at all levels and above all it must recognise that markets have changed and will continue to change in the dynamic market conditions which are likely to persist into the foreseeable future.
- In Tanzania today there appear to be four groups of processors or potential processors:
 1. Operating medium scale processors: These processors are Olam, Export Trading, Mo Cashew and Cashew Company Mtwara.
 2. "Legacy" processors: These are the processors who own the factories which they bought in the 1990's from the Government of Tanzania. Some of the owners of the factories recognise that the equipment remaining is only of scrap value whilst others cling to the hope that the factories will one day operate.
 3. Small scale and microprocessors: There are small scale "cottage industry" processors operating outside the organised economy and more organised efforts toward micro processing among farmer groups supported by aid agencies.
 4. Promoters of /investors in new large scale processing.

Constraints on processing

Tanzania grows high quality cashew nuts in quantities sufficient to support a national processing sector which would be welcomed by buyers. The impediments to the development of processing have been due to poor policy decisions, lack of financial services and a supply chain which thinks short term and does not have linkages to the international kernels markets. Development is constrained by:

1. The auction system means that processors have to compete for supplies at a time of year when Indian processors are most in need of product.
2. The fact that all cashew nuts have to be routed via the cooperative unions and auction system means that the processor has no security of supply.
3. The costs of routing product through the cooperative unions and auctions are too high.
4. Investors are unlikely to invest millions of dollars in processing facilities when their supply is decided by an auction which is rumoured to be corrupt and prone to political interference.
5. The "legacy" factories are not fit for purpose.
6. Small scale processing is not suitable for export to the international markets unless it is tied to a

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larger scale factory which can offer buyers sufficient volume, food safety and quality product.

7. Tanzanian investors and entrepreneurs find access to financial services limited and prices high.

2.2 Regulation and Institutions

Policy, The CBT and the auction

- There is little evidence that in 2012/13 Tanzanian farmers will receive a better net price, given the quality of the product, than their competitors elsewhere in Africa.
- Government policy is clearly to develop the cashew. However cashews are also used for political purposes. Much of the regulation could be effective but it is so highly politicised as to render the institutions charged with management of the sector unable to listen to the market but obliged to listen to short term political factors especially from local politicians.
- There is a common policy without a coordinated execution which weakens the sector and opens opportunities for over charging and profiteering.
- The Tanzanian cashew sector is left with a marketing system (wrs/auction) which was in many ways ideally suited to the market environment of 2001-2007 but which was not suited to the situation 2008-2012.
- Processing capacity today is lower than five years ago. The auction system does not incentivise domestic processing even though the policy and regulation is in place to protect processing.

Farmers' representation

Farmers are poorly represented in the sector. Due to the nature of the auction they have no access to buyers, have only one marketing channel via the primary cooperatives and have no representation at the auctions.

Agricultural inputs system

The government subsidises inputs for the cashew sector mainly sulphur and pesticides. The subsidy is a good way to fund inputs but the delivery mechanism is not functioning - farmers need to have imports during the right window when for example sulphur application will work and at prices which they can afford.

Primary Agricultural Cooperatives and Cooperative Unions

The Government has a Reform and Modernization Program with the objectives of developing cooperatives that are voluntary, democratically led and managed on commercial and sustainable basis.

The program requires a very strong public education and cooperative management training.

The warehouse receipt system/auction

- The warehouse receipt system and auction was introduced in 2007 to prevent exploitation of farmers and to enhance competitiveness of processors. Similar systems had operated in other commodities but crucially the auction element operated differently in those cases.
- The Tanzanian warehouse receipt system for cashews is an ideal environment for the export trader who brings finance from external sources and sells in a market which has many different clients.
- The WRS and auction is a disincentive to domestic processing investment.
- There is only one legal channel for marketing products so that there is no competition for the provision of services to farmers who are tied to the one buying outlet.

Extension services

Given the opportunity for expansion, the availability in Tanzania of the best cashew research facility in Africa at Naliendele Agricultural Research Institute and the necessity of replacing aging trees, extension services should be high priority. Execution and resourcing of the policy is poor according to farmers, NGO's and associations.

Extension Support Services

Farmers complained that extension services from the Government are not available to them. Local Government authority officials complain of lack of budgetary resources to effectively facilitate the delivery of extension services through recruiting adequate field staff and equipping them with necessary working tools.

3. Summary of recommendations

The way forward: Practical and Policy recommendations

3.1 Marketing and Value Addition

Processing and value addition

- Tanzania must process its cashew crop at home. In the period 2007-2012 over 461,000 tonnes of in shell cashews have been exported

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with handling costs of US\$85m. These costs are in effect paid by farmers. National processing would mean that these costs would be built into sales prices charged for export effectively the overseas buyer would pay the cost

- It is estimated, based on studies undertaken in West Africa by USAID and the African Cashew Initiative that the processing of the entire cashew crop would create 45,000 jobs.
- Cashew Farmers in countries where processing of cashews is carried out locally are paid higher prices than cashew farmers in countries where the in shell nuts are exported for processing.
- The result of processing the entire crop over five years would be an inflow of value to the rural communities of over US\$750M, a massive impact on the economy of the southern regions.

The actions required to stimulate processing are:

1. Encourage investment in processing by increasing access to financial services for domestic entrepreneurs and encourage partnerships with international entrepreneurs.
2. Build a secure supply chain where Tanzanian processors can legitimately develop direct sourcing relationships with farmers and coops.
3. The warehouse receipt system has a constructive role to play especially in times of quiet trading but it should be unlinked from the auction system and should function as a financing mechanism for farmers who want to participate and for processors who want to buy in the season.
4. Support investment in processing with matching investment in the supply chain using the existing high quality research.
5. The costs of routing product through the cooperative unions and auctions are too high and reduce the competitiveness of the processing sector. Tacking this cost structure is an essential pre requisite for the development of the cashew sector in Tanzania.
6. Encourage small scale processing but incentive small scale processors and large processors to work together.
7. Reward processors who develop their workforce with tax incentives and support services.
8. The importation, installation and development of technology should be facilitated by the Government.
9. Remove barriers to trade, corruption, lack of information, excessive bureaucracy.
10. Become a customer oriented sector.

What type of processing and processing technology?

The future is in modern, food safe processing plants which offer buyers viable volumes in line with the kind of relationships necessary in the current food ingredients market. Therefore the sector needs a series of medium to large scale factories located throughout the producing areas which will meet buyers' requirements. These factories must be linked to farmers to ensure traceability and must be linked closely with customers abroad.

The in shell export trade recommendations

1. The sector will continue to be dependent on the in shell trade whilst processing capacity is established.
2. Urgently open new markets in Brazil and Vietnam reducing reliance on India
3. Build better information and market understanding with the Cashew Board of Tanzania developing an understanding of the dynamics of the market for in shell cashews.
4. Strive for transparency in the auction
5. The costs of routing product through the cooperative unions and auctions are too high.
6. Encourage the involvement of processors abroad directly in the auction by making the system easier e.g. change the auction terms from "ex warehouse" to "FOB".
7. Improve warehouse and drying practices and talk to buyers about their needs for quality cashew nuts.

3.2 The Way forward: Developments in Tanzania

Grow more cashews – work with the existing farmers.

The most effective way to increase farmer incomes in the cashew nut sector is to educate farmers on growing cashews to bring yields up from the very low levels. Simple practices such as when and how to prune trees can have fast and effective impact. Secondly, tree densities are low in Tanzania. Farmers could plant and manage more trees on their existing land if they had access to seedlings or seed and if they were assisted in developing their knowledge.

Based on evidence from other countries a regular annual crop in the range of 200,000 tonnes is possible without any addition to the land usage or spread of the crop to new areas.

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Inputs – effective delivery and access is more important than price.

The cost of inputs is an important issue, availability and access to inputs is a far greater issue. We have seen for example that the cost of sulphur in Tanzania is probably double the World market price but far more damaging than the high price is the situation where sulphur is not available for application at the right time or even at all.

Reward quality

Tanzanian farmers are not incentivised or rewarded for producing better quality nuts. This system does not encourage better quality and without a processing industry to promote better quality, an effective extension service to educate farmers or a market information service to inform them they continue to be underpaid for the better quality product.

The Co Operative Unions

Do the coops especially the Unions do what they say they will do for the farmer? The initial evidence is that they do not. Action

1. The entire Primary society and Cooperative Union Cashew activity should be audited annually.
2. Farmers should receive statements which details their costs and deductions
3. The costs that co-operatives pay and charge should be public and open to review.
4. The Government should reconsider the propriety an organisation such as a cooperative union being the warehouse keeper, purchaser and marketer of the product.

Financial services

1. The Tanzanian banking sector is well committed to the cashew sector through the warehouse receipt system under guarantee from the Government. This participation whilst welcome may be acting as a disincentive to lend competitively to the private sector for investment. A discussion as to how banks manage risk in the sector needs to take place to ascertain the truth or otherwise of this proposition.
2. Lack of financial services for processor/investors is a primary impediment to the development of the processing industry and leads to excessive dependence on the state for initiatives which will stimulate processing and value added activities in particular.
3. Recent reports of the establishment of a national Agricultural Development Bank if true could be significant for the cashew sector.

The Warehouse Receipt System and Auction

Over the past five years it is quite likely that farmers overall would have received higher prices with or without the wrs/auction system. We believe that it is time to reassess the current system in the light of this development and to ensure that it will be connected to the market in future.

Efficiency: The level of costs has to be controlled and linked to market prices in order for farmers to obtain a fair market price.

Structure: The auction and the warehouse receipt system should be separated. The wrs should be seen as a system which brings competitive finance under Government guarantee. It should continue to offer this to the cooperatives for product routed through the auction system but it should also be extended to farmers and processors who choose to operate through the wrs system as part of their marketing strategy. We see the concept of the wrs system as a finance mechanism as valid but the marketing system as severely flawed in the circumstances of the market in 2012 and beyond.

Market information: The auction as a marketing system without a fully supportive market information system and a full understanding of how the market works at all levels will not function properly. The Cashew Board of Tanzania and the sector need to build understanding and market information as a matter of priority.

Transparency: The lack of transparency in the auction system leaves it open to accusations of corruption and price fixing which is not good for the CBT or other stakeholders. An auction designed to enhance value to farmers and through which almost all in shell cashew are obliged to flow should be public with the winning bids published.

Processors and access to farmers: The implementation of the wrs/auction system for domestic processors is a disincentive to investors, threatens security of supply for would be processors and stops the building of market linkages between processors and farmers/primary coops.

Marketing of in shell nuts: Under the present system (apart from the few processors) there are licensed buyers who buy for their own account and sell to processors in India and there are buyers who buy on account of India processors as handling agent. Other buyers are reluctant to become involved due to bureaucracy and myths around the system which

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enforces the role of the Tanzanian exporter who makes a high margin for simply arranging the transport to the port and shipment to destination. Ultimately the farmer pays the price for this.

The current system of licensing traders to buy at auction is archaic and seems simply to be a way of collecting fees at two levels (CBT and local operator). The licensing system could be done away with enhancing competition.

Primary cooperatives and cooperative unions provide services to farmers at varying levels of efficiency but they do not represent farmers and are not advocates for farmers' views. If the auction system is to regain the confidence of farmers then farmers must be encouraged to form functional representative bodies and these bodies must be allowed access to the auction system

Warehouse keepers:

- a. There is evidence that the current warehouse keepers have no incentive to move the product out of their warehouses as they earn income from storing it.
- b. Quality and weight is not properly controlled in the warehouse. Under recording quality when it is known to the end buyer can create a large margin for that buyer and is a form of corruption where large gains are made for very small expenditures.

The Cashew nut Board of Tanzania

Tanzania is an important cashew country and should be represented in a confident and assertive manner which certain individuals do as individuals but the Board fails to do as an organisation. We also believe that the Cashew Board of Tanzania has not developed a market knowledge and understanding fitting of its role representing the Tanzanian sector abroad and promoting growth and development at home. Symptomatic of this malaise is the strategic plan of the Cashew Board of Tanzania. It is not connected to any reality in its description of the World market – estimates of the World crop and of World consumption are very inaccurate.

Actions

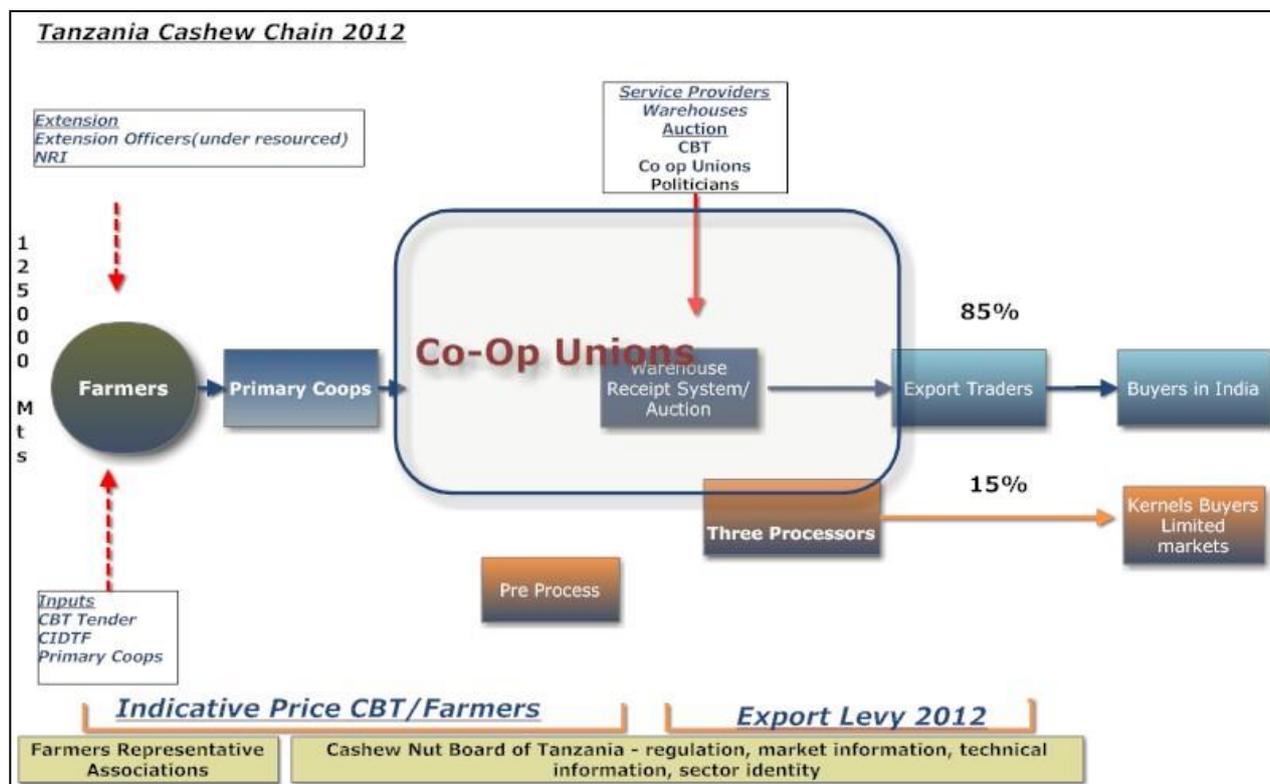
1. The Cashew Board would benefit by a better more developed market information system with a global reach. Achieving this requires enlisting some support from market sources in the international market.

2. The target markets are now fast moving and volatile both for in shell and kernels. The marketing and decision making process should be more flexible in line with the movements in the marketplace.
3. The CBT has many and varied roles which overlap with other institutions and agencies. The CBT should be more focussed on its coordination and marketing role
4. We are not aware of any method currently in place to measure the impact of CBT actions.
5. The development of processing is essential for the sustainable and growing sector the CBT has to take a central role in promoting processing, bringing market news and new processing technologies.

5. How can we build an industry?

1. Bring the regulatory and institutional interventions into line with the current market situation
 2. Build a vision of 100% processing
 3. Centre support programmes around the growers. Solve the inputs crisis.
 4. Educate growers on looking after the trees and drying the nuts at harvest.
 5. Encourage processing and build links between the processors and the growers.
 6. Link the Tanzanian Cashew sector to the World market by opening up alternative destinations and developing a market information system
 7. Reduce costs to competitive levels – it is not just about the costs in Tanzania it is about unfair margins, inefficiency and corruption.
 8. Develop financial services including the warehouse receipts system to assist with value addition activity.
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Factsheet 1: The Tanzanian Cashew Sector 2012



Tanzania 2012

- 2011/12 Producer of 158,000 tonnes of quality cashew nuts in shell.
- Third in Africa by volume; Second in Africa by quality of the major producers.
- Less than 15% processed in country: US\$110 m in direct value addition lost every year.
- The most regulated cashew market in the World.
- The only functioning cashew warehouse receipt system / auction system in the World.

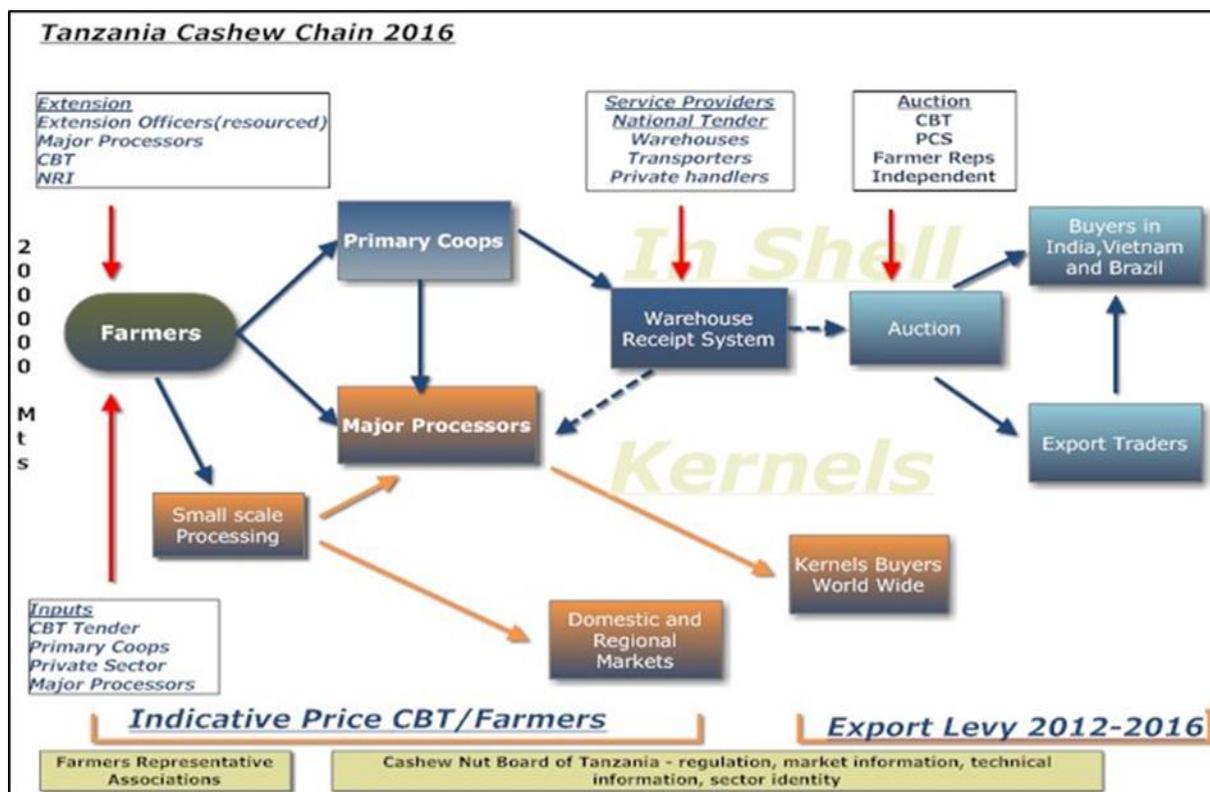
Problems

- The international market has changed necessitating changes to the regulatory system.
- Auction system is a disincentive for processors.
- Co Operative Unions high costs reduce returns to farmers.
- Lack of transparency at the auction and in the warehouse receipt system.
- Lack of transparency in Co Operatives dealings with farmers.
- Poor market information and understanding at all levels.
- Failure of the crop inputs distribution system.

Opportunity

- Cashew consumption is growing.
- The World needs more cashew nuts from Africa as much as 8% more every year.
- The investment climate and interest from cashew buyers is greater than ever before.

Factsheet 2: The transition: 10 ways to change the sector



Tanzania 2016

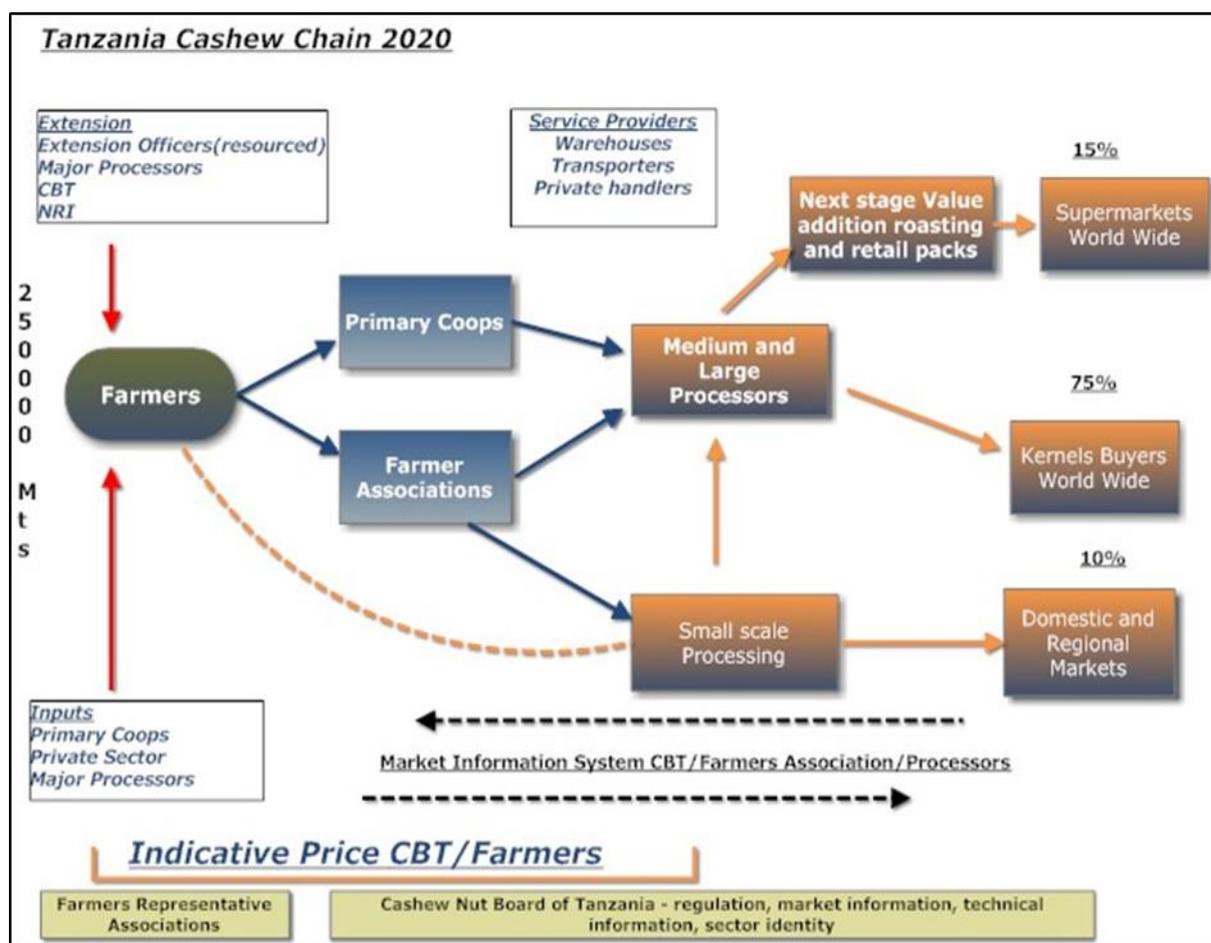
1. Prioritise value addition/processing through modern processing linked to farmers and linked to small scale processors.
2. Build a market information system for kernels, in shell & processing equipment.
3. Introduce transparency in the auction system.
4. Separate the wrs and the auction.
5. Rationalise costs in the marketing system especially Cooperative Unions
6. In shell exports continue through the wrs/auction: Tanzanian processors can source directly from farmers, associations and primary coops.
7. Open new markets for in shell.
8. Prioritise cashew brand Tanzania as food safe and reliable.
9. Properly resource extension services.
10. CBT concentration on coordination in the sector.

2016: In transition

- Processors can deal directly with farmers and primary coops.
- The WRS separate from the auction as a financing mechanism for stakeholders.
- The auction concentrates on in shell export, is transparent and is well informed.
- Buyers from all over the World know about Tanzanian cashews.
- Competition in the crop inputs market
- Farmers have access to representation at all levels



Factsheet 3: Vision 2020



Tanzania 2020

- ✓ All cashew grown in Tanzania are processed in the in Tanzania
- ✓ 75% exported to international markets: 10% to domestic and regional markets: 15% is further value added for supply packaged to supermarkets in major markets.
- ✓ Competition for supply between major and medium processors.
- ✓ Small scale processing links farmers directly to the domestic market.
- ✓ Cashew Tanzania brand is established.
- ✓ Processors are now supplying packed as well as bulk kernels.
- ✓ Production is 250,000 tonnes.
- ✓ Competition in input supply.
- ✓ CBT role is information, technical support, representation and development.
- ✓ Farmer associations offer farmers an alternative to Primary Cooperative societies.
- ✓ The chain is characterised by value addition, quality and good information.
- ✓ Next objective 25% value added roasting and 350,000 tonnes production.

