



MORE INFO: CASHEW NUT

■ Tanzania produced 200,000 tonnes of cashew nuts in the last season—the highest in many years— from 130,000 tons it produced a year before.

■ In 2011/2012 Tanzania produced 158,000 tonnes of cashew nuts

The country expects to produce 230,000 tons in the year 2015/2016

■ More than 90 per cent of cashew nuts are exported unprocessed

Figures from Bank of Tanzania reveals that Tanzania's cashew nuts exports increased sharply to 1.9 million tonnes in the year ending February 2015 from 1.45 million tonnes recorded in the

Progress made in constructing cashew nut processing plants

AGRO-PROCESSING. Cashew nut Board of Tanzania director general Mfaume Juma says the move will help to add value on cashew nut produced in the country which in turn will make farmers benefit more thus improving their livelihoods

By Veneranda Sumila
BusinessWeek Reporter

Dar es Salaam. The construction of three new cashew nut processing plants is set to start this year, *BusinessWeek* has learnt.

The government has already sourced three areas with 20 acres each in Mkuranga, Tunduru and Mtwara.

Surveyors have already been given the work and are already on site doing a feasibility study and helping in preparing a business plan.

Speaking with *BusinessWeek* over phone, Cashew nut Board of Tanzania director general Mfaume Juma said that the move would help to add value on cashew nuts produced in the country which in turn will make farmers benefit more thus improving their livelihoods.

"I can say that we are at a very promising stage. We expect to receive the feasibility study and the business plan after two months, after that actual construction will begin," said Mr Juma.

"The source of funds for the three new industries is already available from the Cashew nut Industry Development Trust Fund," said Mr Juma without specifying the total cost of the three new processing industries.

It is estimated that Tanzania processes only 2 per cent of cashew nuts

locally; the rest is exported raw, in essence denying over 300,000 farmers added value for their sweat.

Statistics indicate that Tanzania is Africa's largest cashew nut grower after Nigeria, and despite increased production, the industry has been characterised by many challenges, some unresolved for years.

Lack of adequate processing plants is a long time cry for farmers, which has led farmers to high dependency on raw exports.

Exporting in shell nuts, farmers have been earning very little with the nation estimated to lose \$110 million annually, the Agricultural Non

State Actors Forum (ANSAF) 2008 study titled Reform of the Tanzanian Cashew Nut Business Environment, showed.

Mr Juma urged farmers to prepare their cashew nuts in a proper way so as to avoid selling ruined cashew nuts which in turn deny them better prices.

"You find some farmers adding wastes to their cashew nuts so as to make them heavier, this is very bad as it demoralises the buyers when setting the price," said Mr Juma.

According to ANSAF, 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," says ANSAF report titled 'Short Summary Advocating for Effective Regulation for the Cashew Nut Industry in Tanzania.'

In the period 2007-2012, over 461,000 tonnes of in shell cashews have been exported with handling costs of \$85 million (Sh136 billion).

"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 and the overseas buyer would pay the cost," says the ANSAF report.

Jim Fitzpatrick an independent international consultant and advocate specialised in the cashew nut industry with almost 30 years' experience, said recently that lack of a conducive market environment is another challenge afflicting cashew nut farmers in Tanzania.

He said that cashew farmers in countries where processing of cashews is carried out locally are paid higher prices than cashew farmers in countries where the shell nuts are exported for processing.

The result of processing the entire crop over five years, according to the 2008 ANSAF report, would be an inflow of value to the rural communities of over \$750 million (Sh1.2 trillion), a massive impact on the economy of the southern regions.

According to Mr Fitzpatrick the percentage the farmer receives is between 57 per cent and 65 per cent of the sale price and approximately 15 per cent less than the Cashew nut Board of Tanzania indicative farm gate price.

"The level of transaction costs compare very unfavourably with

similar costs in other countries," said Mr Fitzpatrick.

"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," says the report.

Meanwhile, Mr Juma said that chronic complaints from cashew nut farmers in Tanzania on effective regulations have decreased significantly following a proper supervision strategy and education among farmers.

For years, the cashew nut industry in Tanzania has been experiencing lack of quality information which has been triggering chronic complaints from farmers.

Mr Juma said that due to proper management of the cashew sector, complaints decreased significantly in the last season.

"The 2009 regulations are very good. The problem was on the implementation stage. We have a limited number of experts, but with support from the board things have improved significantly," said Mr Juma.

He said that currently there are 42 districts cultivating cashew nuts but the country has only 70 experts.

"How do you expect such a limited number of experts to monitor all 42 districts? Unless they get support from other stakeholders," he said.

Statistics indicate that cashew consumption in the world is growing to an eight per cent every year, raising alarm for Tanzania to improve the cashew investment climate.

