



THE CASHEWNUT INDUSTRY STRATEGY IN TANZANIA

Key Message:

Revamp Tanzania's cashew nut industry through promoting production, domestic processing and enhancing the industry competitiveness

Partners:

Prime Contractor:

Michigan State University (MSU)

Sub-Contractor:

ASPIRES Tanzania

Other Partners:

Ministry of Agriculture, Livestock and Fisheries (MALF)

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Introduction

Globally, Côte d'Ivoire remains the largest cashew nuts producer, with an annual average production of 180,000 tons (kernel basis). India's production is estimated at 165,840 tons, followed by Vietnam with 103,500 tons. Tanzania leads production in Eastern Africa, with an average annual production of 50,000 tons (INC, 2020).

Competitiveness of Tanzania's Cashew nut Industry

Tanzania's cashew nut industry has a comparative advantage in the international market due to a combination of seasonality and price. The country produces cashew nut at times when major producers are off-season. This results in low market competition for Tanzania. In addition, the country produces premium quality cashew nuts that have higher prices in the world markets compared to cashew nuts from other countries in Africa.

Despite these advantages, the industry is still facing significant processing and competitiveness challenges emanating from various factors including policy and regulatory frameworks and technological gaps. The processing sector still remains underdeveloped and uncompetitive. Currently, about 90 percent of cashew nut in Tanzania is exported in raw form while the rest is processed domestically (CBT, 2020). The low local processing capacity continues to be a drawback to the country's economy. Some studies have shown that Tanzania lost about USD 551 mil in cashew nut value addition between 2008-2013 equivalent to USD 110 mil per annum by exporting raw cashew nuts instead of processing them (ANSAF, 2013). This has warranted the need for a strategy that will harness the country's potential in domestic cashew nut processing to ultimately improve industry competitiveness.

The Cashew nut Strategy

The Cashew nut Strategy focuses on improving the country's cashew nut productivity and production, processing capacity and enhancing industry efficiency and competitiveness. It covers a ten-year period, and its implementation will be in two phases of five years each from 2022/23-2027/28 and 2027/28-2032/33.

During the 10-year period the strategy targets to increase cashew nut productivity from the current 0.25 MT/ha to 1.0 MT/ha, and ultimately production will increase from 50,000 MT/year to 1,775,300 MT/year. This will be achieved through promotion of efficient agronomic management practices of plantations, improvement of farmers' access to primary inputs and rehabilitation of plantations. Other proposed initiatives include new farmland expansion, introduction of block farming, farmers and cooperatives access to funding, and improved storage technologies and management of stocks.



In terms of processing, the strategy investigates improving the processing capacity from the current 5,000 tons/year to 1,400,000 tons /year by the year 2031/32. This is to be accomplished through upgrading and extending existing processing capacity, promoting the development of cashew by-products (such as processing cashew apples and cashew nut shells products), developing processors' capacities concerning management and business administration, and improvement of processors' access to funding and technologies by partnering with local financial institutions and investors from strategic countries while engaging local processors/SMEs.

About enhancing the industry's efficiency and competitiveness, the strategy proposes reducing market concentration and vertical integration, market diversification, studying local and international marketing opportunities for cashew products, the launch of a branding and marketing campaigns, introducing and promoting quality controls and food safety standards, the establishment of a market information system, digitizing the industry and improving the business environment including the review of existing regulations, licenses and levies.

The Process

The development of the Cashewnuts Strategy was an inclusive process with all key stakeholders involved at various stages. Drafting of the strategy was led by Prof David Nyange with support from the Dr Malogo Kongola (Independent Consultant). The draft was presented to the Ministry of Agriculture by Prof Nyange in consultative meetings and comments were incorporated by the Consultant. It also went through Cashew nuts Stakeholders' General Meeting and the Ministry of Agriculture for endorsement



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The U.S. Government's Global Hunger & Food Security Initiative



The United Republic of Tanzania
Ministry of Agriculture, Food Security and
Cooperatives



The Cashew Nut Board of Tanzania



**The Revised Cashewnut Industry Strategy
(2022 – 2032)**

SERA BORA's Support on Cashew nut Strategy Development

- ✓ Drafting the program document led by Prof. David Nyange, with support from Dr. Malogo Kongola (Independent Consultant) and Edith Lazaro
- ✓ Organizing, hosting and presenting the Strategy document at various technical meetings including Cashew nut Stakeholders' General Meeting and high-level Ministry of Agriculture officials.

Potential Impact:

The Cashew nut Strategy places the industry at the core of both economic performance and poverty reduction. Initiatives highlighted by the Strategy have the potential to awaken the cashew nut sub sector. The proposed investments across the cashew value chain will enhance farmers' incomes, create new employment opportunities, increase Government revenue domestically and through exports and ultimately contribute to poverty reduction in the country.



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