

Brief Report on the 7:30 Breakfast Debate – January 2008 – STATE, MARKETS AND CASHEW NUTS

Tanzania is losing billions of shillings every year by exporting unprocessed cashew nuts. One processed tone fetches five times more. The country exports more than 90% of its total cashew production to India in the raw form. After the commodity has been shelled in India, the nuts are re-exported to the United States and Europe where they fetch fabulously high prices. As a result Policy Forum and HakiElimu decided to dedicate January's debate to examine the cashew situation in Tanzania.

A research study entitled "Cashew Situation Analysis 2007" by Mr. Brian Cooksey, the Executive Director of Tanzania Development Research Group (TADREG) and Mr. John Shao a TADREG Consultant, was presented during the debate with Ms. Gertrude Mugizi facilitating the session.

Mr. Brian Cooksey elaborated and discussed on the state, market and cashew nuts by tracing an historical review and the challenges associated with the cashew nuts market, production and value of it in Tanzania; in this presentation attendants saw the reason behind cashew farmers being the poorest among the other farmers; District authorities in Mtwara Region resorting to threats of fines and land confiscation if farmers do not tend their cashew trees; the factors that have made Vietnam overtake Tanzania as a major cashew producer in less than a decade; and the reasons that prevent Tanzania from exporting processed cashew rather than the raw product.

Participants were told of how cashew nut farmers were among the poorest farmers in Tanzania due to poor production methods and marketing, wrong taxation policies and poor regulation. For instance, the MAMCU (Masasi Mtwara Cooperative Union) bought cashews from farmers for 260 Tshs kg on credit but eventually when the farmers were paid, the actual amount was lowered to 145 Tshs kg. Other examples given include how farmers do not use chemical inputs to fight powdery mildew disease; how some are likely to work as a part-time labourers for larger farmers; how politicians issue instructions to lower level local Government authorities to ensure that the going price is not lowered or forcing farmers to sell cashew via cooperatives; and the excessive and arbitrary taxation and regulation imposed directly and indirectly on cashew farmers rendering the product unprofitable. The Cashew Board was also described as inefficient and untransparent, resulting in patronage which ends up determining who benefits from farm inputs.

The presenters hence concluded that current relationships between cashew producers, the state and private traders are dysfunctional and serve to undermine the long-term competitiveness of the Tanzanian cashew Industry.

Mr. John Shao, when giving his presentation on the current cashew situation, showed a picture of a cashew farmer's house, which depicted the abject poverty farmers in the industry really live in.

In his presentation, Mr. Makaburi the Managing Director of Cashew nuts farmers said it is true that a new system of marketing has created problems especially to the farmers and that nobody in Government has helped farmers by providing warehouses. He also said that the farmers don't understand the systems that are introduced to them and hence are always manipulated by Government officials and the Cooperative Union. For instance, cooperative officers convince the farmers not to agree with various systems as they say they are not good. In truth, they do this to further their own interests.

Comments/Recommendations from Plenary Discussions:

- Both farmers as well as professional experts have to be involved in the sector especially in the choice of systems to be used.
- Poverty facing the farmers has to be addressed i. e. by economic empowerment.
- We have to understand the "villagisation policy", and its legacy.
- When formulating policies, the government has to bear in mind their realistic implementation.
- Farmers have to be more involved in the process (i.e. representation in the cashew Board of Tanzania).
- From the Vietnam experience, increases in the country's cashew production should serve as a lesson to the Tanzania Government.
- Fragmentation of land ownership, is it because of unplanned system?
- As a country we have poor data keeping and has to improve.
- Policies should be flexible. For example not all cashews should be sold to the cooperative Unions.
- Politicians should not interfere in the industry.
- The cashew farmer can have a better price for his produce (value-added) if focus is put on better processing - 80% of cashew can be sold outside if we process them.
- The market in Tanzania is very big but the value of cashew low.

Mr. Brian Cooksey and Mr. Shao recommended the following:

- Vietnam has positive results and Tanzania since independence has negative results why? If you are progressive in your approach you will see gains in the industry, if you take a backward approach, the results will be negative.
- Villagelization prevented the farmer from growing. Progressive farmers were cut economically.
- The problem is not poor policies. The government plays its role ineffectively – it does not empower the farmers.

Mr. Makaburi recommended that:

- The Government is the main source of the problems facing cashew farmers because Government officials are the ones managing the systems on behalf of the farmers but they are not working as they are supposed to.

Ms. Gertrude Mugizi closed the discussion by emphasizing the need for transparency and accountability for sustainable cashew nut production in Tanzania. She also said that the Government has to ensure that there are regulatory frameworks that are effective and that work for the benefit of Tanzanians and not otherwise. This will help ensure that the profits are utilized and serve to benefit the Tanzanian farmer.