

**AN ASSESSMENT OF INSTITUTIONAL FACTORS AFFECTING CASHEW NUT
MARKETING IN MTWARA REGION**

**FOR REFERENCE
ONLY**

BY

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
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ABSTRACT

The study on an assessment of institutional factors affecting cashew nut marketing was carried out in Mtwara Region. The study had the following objectives:- (i) To assess the role played by each institution involved in cashew nut marketing. (ii) To examine the effectiveness and efficiency of each institution involved in marketing of cashew nut in the study area. (iii) To analyze the effect of government policies such as taxation on marketing of cashew nut in Mtwara Region. (iv) To identify kind of capacity building required for strengthening and promoting cashew nut marketing system in Mtwara region. (v) To identify the constraints and problems affecting cashew nut marketing system. Both primary and secondary data were collected. A sample of 160 cashew nut producers, 20 cashew nut buyers and 44 institutional officials were interviewed using structured questionnaires. The tools of analysis used, include descriptive statistics and content analysis. The result of analysis revealed that:- (i) Poor rural infrastructure was indicated as the main constraint affecting cashew nut marketing, (ii) unreliable market and low producer price was the second constraint affecting cashew nut marketing, (iii) other constraints are lack of access to the reliable credit facilities, (iv) traders decide price (dictation of price) dropping prior to notice, (v) inadequate competitive market which lead to low producer price, (vi) price variation from one place to another and (vii) lack of communication and marketing information. From the above results, it is recommended that:- (i) Rural infrastructure should be improved. (ii) Government should find the reliable cashew nut market outside the country. (iii) Government should revive the free market policy to avoid the private traders to exploit producers. (iv) To improve communication system so as to enable marketing information to be available adequately and timely. (v) To create competition on cashew nut marketing. (vi) The rural primary societies should be strengthened by being given with soft


loans to buy crops and enable them to sell crops outside the country and the market be in the hand of union. (vii) More credit to the cashew nut producers, buyers and institutions. (viii) Price should be stabilized. (ix) Training on how and where to apply for credit, how to find cashew market out side the country, cashew processing using simple technology but modern one, and grading of cashew nut should be provided.

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DECLARATION

I Hawa Abdulrahman Ghasia, do hereby declare to the Senate of the Sokoine University of Agriculture that this dissertation is my own original work and that it has never been submitted for a degree award in any other University.

Signature 

Date 2/10/2003

DEDICATION

This dissertation is dedicated to my beloved husband Yahya Mhatha, my beloved Parents and My beloved children Hussien Yahya, Asia Yahya and Seif Yahya who suffered various consequences but remained my richest source of encouragement.

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LIST OF ABBREVIATION

CAT	-	Cashew nut Association of Tanzania
CATA	-	Cashew nut Authority of Tanzania
CBT	-	Cashew nut Board of Tanzania
CCM	-	Chama cha Mapinduzi
CUT	-	Cooperative Union of Tanzania
GDP	-	Gross Domestic Production
HA	-	Hactre
MAC	-	Ministry of Agriculture and Cooperation
MAF	-	Ministry of Agriculture and Food
MAMCU	-	Mtwara Masasi Cooperative Union
MRATIFU	-	Mtwara Regional Input Trust Fund.
NAPB	-	National Agricultural and Products Board
NECU	-	Newala Cooperative Union
TASA	-	Tanzania Agricultural Situation Analysis
TCMB	-	Tanzania Cashew nut Marketing Board
URT	-	United Republic of Tanzania
VEO	-	Village Executive Officer

CHAPTER ONE

1.0. INTRODUCTION

1.1. Background to the study

Importance of agricultural sector in the economy of developing country such as Tanzania is widely recognized. Because of that the agricultural sector has a key role in economic development. The role of the sector has been summarized by South Worth (1976) cited by Gabagambi (1988) as (i) meeting the additional demand of food resulting from population increase and remedy nutritional deficiencies (ii) significant contribution to GDP and export earning (iii) supply of raw materials required by industries (iv) employment for idle labour and reserve it for industries and important market for industrial products. Crops of significant contribution to agricultural exports include cashew nut, coffee, tea and tobacco.

Cashew nut is an important exchange crop to Tanzania economy. The importance of cashew nut is not only limited to being one of main source of foreign exchange, but also it constitutes a regular source of cash earning to producer of crops in six regions, namely Mtwara, Coastal region, Ruvuma, Tanga, Dar es Salaam and Lindi.

It is reported by Kilango *et al.*, (1999) that Cashew nut accounted for 11% of Tanzania agricultural export in 1992. The same authors indicate that cashew nut ranked the second after coffee accounting for 8.7% of all export earnings in 1998 in nominal terms.

It is important to note, however that production of cashew nut in Tanzania has experienced both downward and upward growth since mid 1970s. The World production trends show that, Tanzania produced 21% of world production between 1979 and 1981 and 6.5%

between 1989/1991. The decline in cashew nut production is attributed to many factors including problems related to institutional and organizational structure of the cashew nut industry. This study intends to assess institutional factors influencing cashew nut production and marketing in Mtwara region.

1.2. Background information

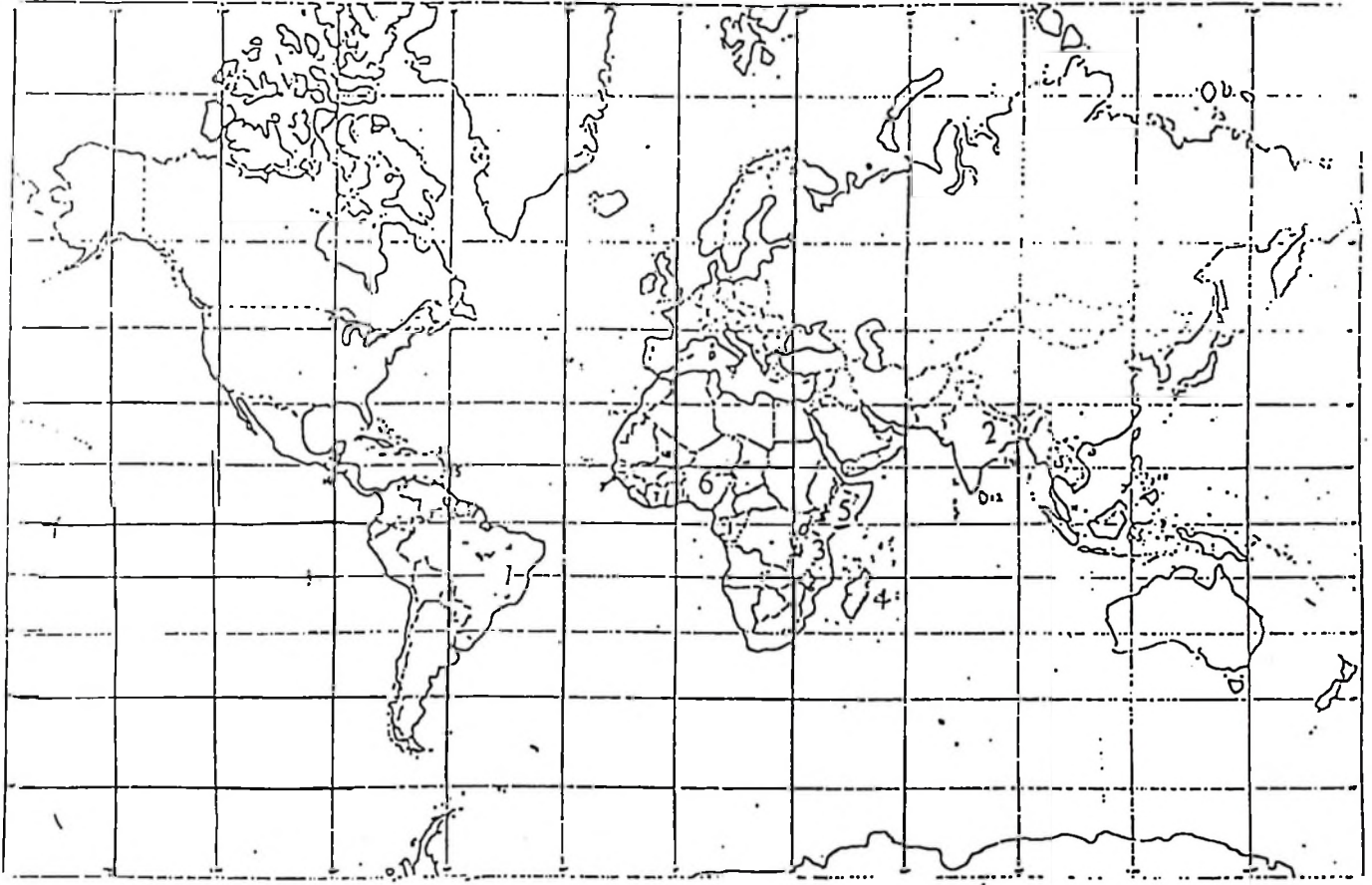
1.2.1. History of cashew nut production in Tanzania: Origin and Distribution

The cashew plant originated from Central and South America. From its center of origin it has now been widely distributed throughout the tropics, particularly in Africa and Asia (Axtell, 1992). It was one of the first fruit tree from the New World to be widely distributed throughout the tropics by the early Portuguese and Spanish adventurers. The Portuguese introduced it to India from Brazil in the 16th century and it reached the East African coast and Malaysia about the same time. It has become a popular tree crop in many tropical countries especially in the coastal areas (Purseglove, 1987). Major producing countries in the world include India, Brazil, Mozambique, Malaysia, Tanzania, Indonesia, Nigeria, Angola, Kenya and Thailand (Figure 1.1). In Tanzania, cashew is grown mostly in Tanga, Morogoro, Coast, Dar es Salaam, Lindi, Mbeya, (Kyela) and Ruvuma, (Tukuyu) regions (Figure 1.2). However, the bulk of the crop comes from Mtwara region, particularly in Newala district with a marked concentration on the Makonde plateau (Annual Cashew Report, 1999).

Cashew nut is the main cash crop of Southern Tanzania and 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. Large-scale private plantations occupy about 2,000

hectares in Lindi and Mtwara regions. Most of the cashew trees were planted in the 1950s and 1960s, with a market decline in planting since mid 1970s. However, new plantings started again in early nineties and by late nineties more and more people do plant cashew. Today even some non-cashew growing areas (such as Singida, Mbarali and Suluti in Songea) have started planting cashew nut, especially with effect from 2001. Some non-traditional cashew nut growing regions such as Dodoma, Kigoma and Musoma are planning for cashew planting in the due course (Annual Cashew Report, 2001/2002).

Generally 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 (Figure 1.3). Since then the production continued to increase and reached a maximum of 145,000 tones in 1973/74 season. It is at this period that 10 cashew-processing factories were constructed on a loan basis from the World Bank. Unexpected from 1974/75-season production trend reversed and there was a continuous and drastic decline in cashew production to 16,400 tones in 1986/87 (Figure 1.3).



- Key
- 1. Brazil
 - 2. India
 - 3. Tanzania
 - 4. Madagascar
 - 5. Kenya
 - 6. Nigeria

Figure 1. Major cashew growing areas in the world (Source: Sijaona, 1997)

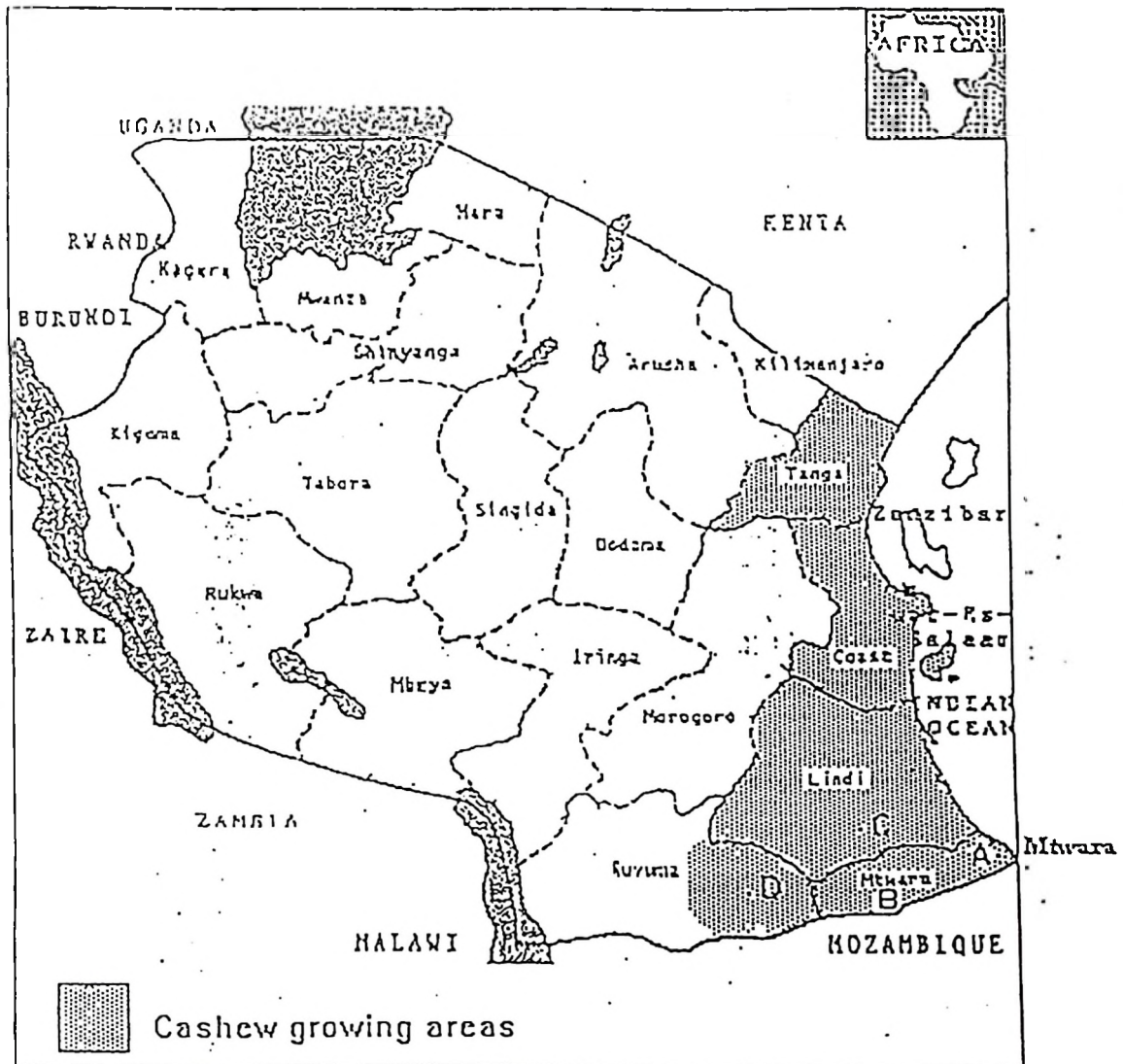
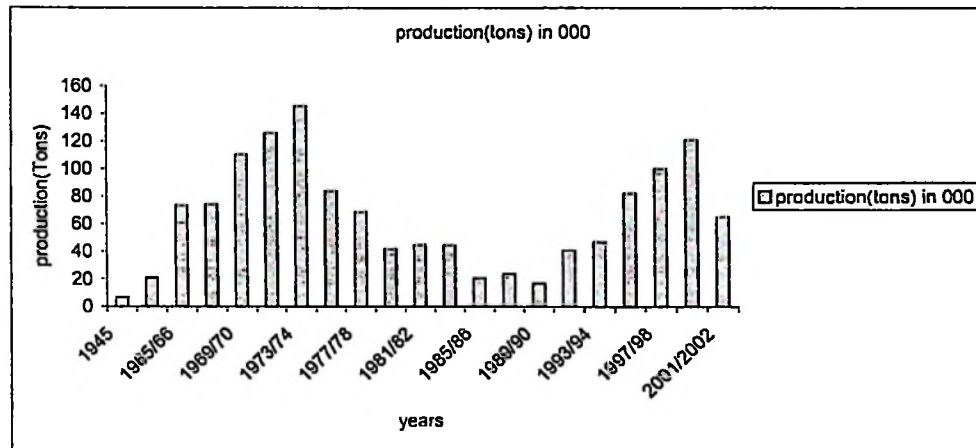


Figure 2. Map of Tanzania showing cashew-growing areas (Source: Sijaona 1997)

Figure 1.3: Cashew nut production from 1945 to 2002(000 Tons).



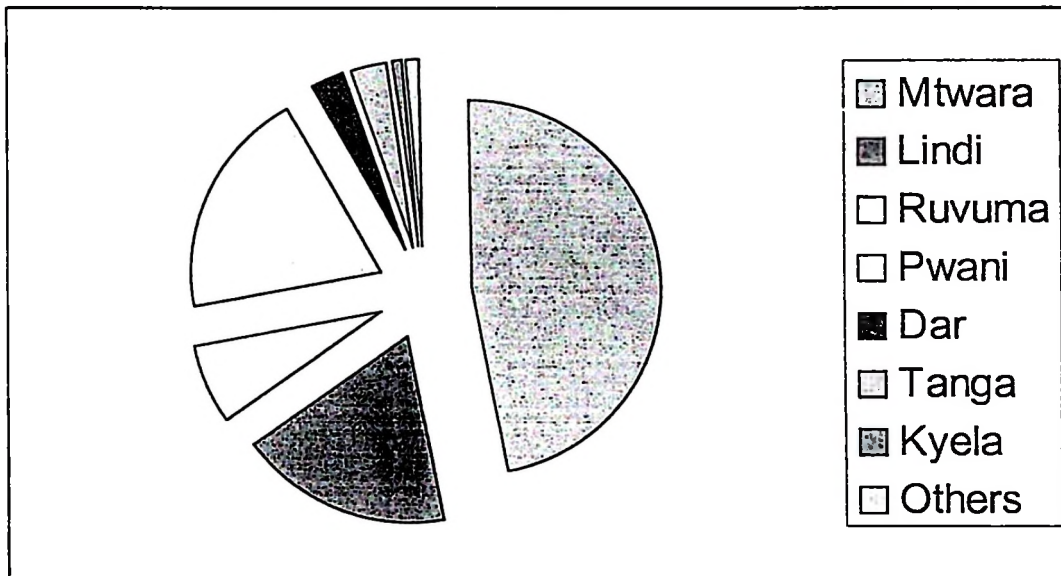
According to Annual Cashew Report, (2001/2002), the decline in cashew production was consistent in all cashew-growing areas in the country, which resulted in a large loss of revenue for both growers and the government. Several reasons were given for the decline in cashew production in the 80s and they fall into three main categories:-

- Technical factors effecting tree yields (Pests and diseases). Devastating attack by powdery mildew disease caused by *Oidium anacardiii*Noack, has been singled out as the main cause of the decline in production.
- Institutional factors affecting production support to growers
- Market-related factors affecting farmer's morale.

For more than three decades, Mtwara region has consistently marked first in Production of cashew nuts followed by Coast or Lindi and Ruvum regions (Figure 1.4). Data from 1973/74 to 1999/2000 season have shown that about 47% of national cashew production

comes from Mtwara region (Figure 1.4). For example in 1999/2000 seasons Mtwara region alone produced about 65% of the total national cashew nut production.

Figure 1.4: Mean cashewnut production by region from 1974/2000.



Source: Annual Cashew Report, (2001)

An average cashew farmer has 1-2 hectares of cashew trees, mostly inter-cropped with food crops, mainly cassava, grain staples and legumes. Yields vary considerably from tree to tree, area to area and year to year, depending on the genetic make up of the tree, the crop husbandry, environment, incidences of diseases and insects pests, (in particular occurrence of powdery mildew, Selenothrips Spp, Mealy bug, Holopeltis Spp and Coconut bugs). Recently dieback and anthracnose diseases are becoming increasingly important diseases on cashew, which requires ultimate attention. (Annual Cashew Report, 2000).

With regard to production trends, from 1987/1988 the production of cashew nuts began to increase. In 1990/1991 season the production increased to 31,000 tonnes and the following season the production increased to over 43,000 tonnes (Figure 1.1.). During the 1995/1996 season there was a significant increase when 81,729 tones were produced. In 1996/1997

season the production of cashew nut declined to 65,000 tonnes. This may have been caused by either weather conditions, late delivery of inputs and/or resting habit (biennial bearing phenomenon) of some cashew genotypes in farmers field. However, there was a drastic increase of cashew nut production to 100,000 tonnes in 1997/1998 seasons and it continued to increase until 2000 whereby total production attained 120,000 tones.

1.2.2. An overview of cashew nut marketing in Tanzania

1.2.2.1. Colonial period (Pre-independence 1964)

Marketing of the crop has passed through several stages. Until 1962, cashew nuts trade (local and export) was carried out by a chain of private traders and merchants, from retail to wholesalers as who acted as middle people between the growers and buyers abroad. A wholesale had traders/shopkeepers in the villages and towns as representatives. It was these representatives who hired truckers to transport the crop to the wholesalers who were the apex of the trading network, who in turn exported the product to India. The local merchants were in turn contracted by buyers in India to sell a specified consignment of cashew nuts at a mutually agreed upon price.

Of these interventions, it was those in the marketing, which were most decisive. Just like the colonial government, the post-colonial government intervened in agricultural production and marketing since independence. Initially it discouraged the Asian traders in agricultural marketing by introduction of government-controlled cooperatives throughout the country in the early 1960s. These were organizations, which had already been flourishing since 1950s in most of the export growing areas of the country. The number of these organizations rose from 857 in 1961 to 1533 in 1966 and 1,700 in 1969. The cooperative societies ordinance was amended in 1963, the result of which cooperatives

were established by the government even where there was no demand for them. By 1965, it was noted that these cooperatives were inefficient, corrupt and undemocratic in nature, and the farmers had lost control of them. (Tanzania United Republic of 1965). This was the time when marketing of peasant produce was being done under compulsory marketing order. (URT, 1987).

The post-colonial state had taken over the controls of the colonial government, including the establishment of boards. Boards had been established in the country before World War II, starting with the African grown coffee and tobacco in 1937 and 1940 respectively. The establishment of boards was generalized by the enactment of the of The African Products (Control and Marketing) Ordinance of 1949. These controls were basically applicable to African growers, and not over plantations and settlers. The 1949 law was repealed by the passing of 1962 Agricultural Products (Control and Marketing) Ordinance. It was under this Act that the National Agricultural and Products Board (NAPB) was established in 1963, to handle among other crops, maize, paddy, cashew nuts and oil-seeds. The Board immediately appointed cooperative societies as its agents (middlemen). The cooperatives were made monopoly-buying agents of the statutory crops through a 'single channel' marketing system. These were almost an extension of the government machinery.

These cooperatives, as agents of marketing boards, were established in an attempt to control the peasants and their produce. By 1962 the Minister for Agriculture was empowered to declare an area controlled whenever he was satisfied that the production, cultivation or marketing of any agricultural goods was likely to advance and improve the area. It was within this context that agricultural marketing boards were established by 1963 in almost every region. The boards were empowered to direct all producers to sell the products to

them through their agencies the cooperatives. They also had the discretion to determine the prices of goods (Fimbo 1974:259) cited by Chachage and Nyoni (2001).

The operations of these traders and merchants continued until 1964, when the NAPB and cooperative societies took over the procurement of the crop, with government supervised weighing clerks at the village market places, ascertaining and certifying the amounts of product bought or sold. Private traders continued purchasing cashew nuts until 1964 when the NAPB and cooperative societies were well established in handling the procurement of the crop. At the village level, government appointed and supervised weighing clerks, usually located at the market place, ascertained and certified the correct amounts of product bought or sold. Rather fierce competition is said to have existed, usually, between a number of cashew buyers at any one marketplace. (URT, 1987).

1.2.2.2. The three-tier marketing system, (1962-1976) The NAPB and the cooperative societies

As of 1962, the private trader system was gradually supplanted by a system based on cooperatives. Government ordered the cooperatives to take over shops, which were occupied by private traders and gave the cooperatives funds to perform the purchasing functions formerly performed by the traders.

1.2.2.2.1. Structure of the internal marketing system

According to (URT, 1997) during the 1962/63 seasons, the Southern Region Cashewnut Board handled the purchase of cashew nuts through its primary and secondary cooperative societies. This marketing board was soon, in 1963, replaced with the Southern Agricultural

Products Board, which in turn was replaced by the NAPB, in 1964. The NAPB appointed the cooperative unions and their affiliated primary cooperative societies as its sole purchasing agents. In addition to cashew nuts, the NAPB handled maize, paddy, castor seed, groundnuts, sesame and sunflower. These crops were marketed in a similar manner as cashew nuts.

From 1964 to 1973, the cashew nut marketing system was, thus, organized as a pyramidal three-tier system with primary cooperative at the bottom, the secondary cooperative societies (Unions) in the middle and the marketing board at the top. After the NAPB has collected enough cashew nuts, it sold the nuts at auctions in Dar es Salaam. These auctions were attended by buyers from India or by their representatives based in Dar es Salaam. Each auction attracted between 20 and 25 buyers. The buyers were required to pay 50% of their purchases direct at the auction; the remainder was to be paid up on shipment. The General Superintendents supervised shipment and performed quality control.

1.2.2.2.2. Crop Finance

Both the NAPB and the cooperative unions separately sought bank overdrafts to finance crop purchases. Farmers were paid through their primary cooperative society, and the societies were paid through their respective cooperative union.

1.2.2.2.3 Setting of producer prices

The cooperative societies made annual estimates of production and marketing and non-marketing costs. Estimated cooperative costs such as administration, handling and transport costs were added to the producer price to obtain the sale price. These estimates were submitted to the Registrar of Cooperative Societies for approval. Before each season,

the Minister for Agriculture food and Cooperatives submitted the price proposals to the Agricultural Price Policy Coordinating Committee of the Cabinet for scrutiny. After a decision was reached by the Cabinet, the producer price for the next crop season was announced. The producer price remained the same until the end of the season, and was pan-territorial.

1.2.2.2.4. Problem within the three-tier marketing system

This three-tier marketing system worked well for a short period of time. Soon funds became scarce and payments were made late; losses from illegal actions became common. This coincided with increasing scarcity of consumer articles and of credit in rural areas; goods and services, which were formerly provided by the private trader network. The villagization program with its main thrust in the cashew growing region in mid and late 1974 removed many cashew farmers from their homesteads, making nut collection physically impossible. Collective ownership of means of production including cashew nut tree also increased the problem.

1.2.2.3. Two-tier Marketing system, (1976-1985): CATA and the village Government

In 1973, the NAPB's trading activities in cashew nuts were transferred to a newly established parastatal called the Cashewnut Authority of Tanzania (CATA). The cooperative societies continued to act as primary buyers during an interim period, until 1976, when cooperative unions and societies were abolished.

1.2.2.3.1. Structure of the Internal Marketing System

After the cooperative unions ceased to exist in 1976, a two-tier system was established consisting of villages officially called Multipurpose Cooperative Societies and CATA. CATA sought overdrafts for the purchase of nuts and distributed money to the village government. At the village level, local people employed by CATA purchased the nuts. Farmers were paid on the basis of weight and grade. The raw nuts were stored in the village godown until they were collected by trucks and transported to CATA'S main stores in Dar es Salaam and Mtwara for either direct export, or to processing factories. The system of payment by weight and grade and the storage in village godowns was much as it had been done previously and as it is done actually to day. At the end of the season a levy was paid directly into each village's development fund. The levy was based on the amount of cashew nuts purchased during the season.

Unlike NAPB, CATA did not sell cashew nuts at auctions. During the early years when processing capability did not exist, CATA sold exclusively to the state Trading Corporation of India. This organization distributed the nuts according to its own formula to the 200 or more processing factories in the Cochin area of Southern India (Kerala State) (URT, 1987).

1.2.2.3.2. Problems Related to Procurement

Following annual tenders for transport invited by CATA, raw nuts were transported by trucks belonging to the Regional Transport Companies, to District Development Corporations and to private owners. CATA experienced considerable transport problems, which contributed to frequent delays in collecting nuts from the villages. These was due to problems of acquiring crops purchase funds since it already owed the bank a lot of money

due to fraud and embezzlement, this included ghost purchases, cash thefts by even village leaders, cashew nuts thefts, diversion of funds to other activities, high overhead costs etc. (Chachage and Nyoni 2001).

A fundamental difference between the purchasing by CATA as opposed to purchasing by the unions, was that CATA had no authority over the villages, beyond that which was exercised by its, paid, purchasing agents in the village. Upon insistence by the authorities, CATA was often forced to hand money over to village governments. Actual responsibility for the money was diffused and embezzlement was frequent. Finally, there have been reports of instances of arbitrary misbehavior, at a person level by CATA's village employees, exploiting a perceived position of power. Finally it ended up in deferring payments to farmers or sometimes completely failing to pay them.

1.2.2.3.3. Producer Prices

The approach taken in setting producer prices after the cooperatives were abolished in 1976, was to regard the producer price as a residual obtained after subtracting all of CATA's costs from an estimated gross export price. Producer prices were therefore set without the independent consideration of economic conditions, both internationally and domestically. The cost of living and the price of cashew nuts relative to other crops were not considered. Because this system lacked both a marketing cost constraint as well as a minimum adequate return for producers, while the future export revenue remained a guess, CATA was able to transfer the burdens of both necessary and unnecessary increases in marketing costs onto the producer in the form of lower price levels. (URT, 1987).

1.2.2.3.4. CATA's Marketing Costs

According to URT, (1987). CATA's marketing costs included primary procurement costs, secondary crop costs and administrative costs. The primary procurement costs included the branch costs, the village levy, the cost of shrinkage, bags, twine and transportation. The secondary crop costs included crop finance, crop insurance, raw nut handling, rebagging, storage, FOB charges, quality claims from overseas buyers, and raw nut export taxes. The administrative costs included head office expenses, over draft and bank charges, long term loan servicing, and deductions for capital formation. When nuts were processed locally, CATA's costs included the substantial charges incurred on running the plants.

1.2.2.4. Period between 1985-1990

According to Chachage and Nyoni (2001) the purchasing of raw nuts became again the responsibility of the cooperative unions through their respective primary societies in 1985. With this, the three-tier marketing system was re-introduced again. The TCMB, which was introduced by then, assumed the task of buying the crop from the unions, processing raw nuts, and exporting the raw and processed nuts. The TCMB by then did external marketing by requesting tenders (usually by telex) for specific consignment (given specific grades and geographical origin of the nuts) from a limited number of companies.

This system was also characterized by low prices and late payment of farmers due to the inefficient and poor financial status of the cooperatives. Consequently, there were times when only 80% of the crop was purchased in those years when production itself was still low. Another factor that depressed the producer prices were the high district cess under which the crop was subjected with the reintroduction of the local governments since early 1980s. Consequently, some farmers withdrew from harvesting cashew nuts and

concentrated more on non-controlled crops or those, which could fetch higher prices in the non-official markets.

Generally, it was a period that witnessed a fall in the production of export crops and a decrease in marketed food crops. In some cases crops (food and export) were merely withdrawn from the official markets and sold in the unofficial markets and also to markets in the neighbouring countries. The decrease in officially marketed produce was a result of undemocratic state intervention in the conditions of peasant production, as a mode of resistance. It was a withdrawal into those crops and activities, which were traditionally ignored by official support administratively and technically. This meant also a reduction in the use of inputs and hence, the decrease in the production of staples such as maize and other grains.

Within this context, the government, following recommendations from a Commission, promulgated The Co-operative Societies Act, 1982. Essentially the Act simply made sure that the new cooperatives and its apex would remain under the control of the state. In this case, the co-operative was to be one of the mass organizations of the ruling party Chama cha Mapinduzi (CCM), and only CCM members could hold leadership positions in the movement. Therefore, cooperatives remained undemocratic, and parastatals were corrupt and loss makers. Parastatals under the Ministry of Agriculture and Livestock Development collectively lost Tshs. 1.9 billion in 1983/84, of which the National Milling Corporation accounted for Tshs. 1.2 billion between 1978 and 1981, while the Cashew nut Authority of Tanzania (CATA) lost Tshs. 256.27 million by the end of 1982, according to the Tanzania Audit Corporation. The gainers from the enhanced role of marketing board in the 1970s were no longer the state exchequer, as in the 1960s. The marketing board consumed an

increasing take of the producer price itself. On the other hand, it was becoming an increasing drain on central government finances as its distribution and buying programmes consumed large magnitudes of official credit. (Chachange and Nyoni 2001).

A tradition that was set by the parastatal that was emulated even by the cooperatives after their reorganization in 1984 delayed purchases and payments and became famous known as “ghost or fictitious purchases” (i.e. disappearance of funds from the purchasing organizations under the pretext that they have been used to purchase crops). An important consequence of all these developments was to drain the country’s financial system through the huge overdrafts, which the cooperatives ran up. The cooperatives at the national level total overdraft by 1990 stood at Tshs. 25 billion, as against an annual crop input requirement of Tshs. 15 billion. The government responded to this situation by increasing money supply. This move was largely responsible for the failure of inflation to stabilize at 20 percent in 1990/91. In 1991, the unreformed cooperatives received nearly Tshs. 30 billion as loan for crop purchases.

1.2.2.5. The Existing marketing system

Measures to liberalize traditional export crops began with the government’s promulgation of Tanzania Agricultural Adjustment Programme in 1990, which aimed at removing the exclusive right of marketing boards to market their designated crops. In 1991/92 the government began to liberalize cashew nut marketing by introduction of the agency system in the export of the crop. In fact it was the first traditional export crop to be liberalized. Private traders were allowed to buy cashew nuts and to export, and they were allowed by the Bank of Tanzania to retain 10 % of the foreign currency. With processed nuts, retention

of foreign currency was set at 50% Legal formalities and proper operational procedures were formalized in 1994. Since then, agricultural exports were subject to 100% retention.

According to Chachage and Nyoni (2001). The aims of the move were to improve the efficiency of agricultural marketing and reduce costs, improve incentives to the farmers through increased reliance on the market forces of demand and supply in price determination, and reduce or eliminate the need for budgetary subsidies to the marketing board and cooperatives. The move involved drastic reduction in government involvement in output and input marketing, while at the same time encouraging alternative channels (cooperatives, private traders and farmer groups).

With liberalization, CBT was transformed into a regulatory body, with the express aims to ensure that grading regulations, buying procedures, processing guidelines, export procedures and general marketing guidelines are adhered by the various actors in the industry. The Board also set itself a task of announcing an “indicative price” every season, an aspect, which was meant to ensure that the producer did not get paid an unfair price. At the same time regional authorities improved payment of taxes and compulsory contributions in the first year of liberalization of the crop.

A new Cooperative Act was introduced in 1991, when the relations between the civil society and the state began to change slowly in anticipation of the introduction of multipartyism. Consequently, Cooperative Union of Tanzania (CUT or WASHIRIKA) was de-linked from CCM as an affiliated mass organization. The Cooperative Act allowed the existence of quasi-autonomous cooperative unions without dissolving the apex organization – CUT. However, another relatively autonomous body was established in

1993 – the Cooperative Alliance Ltd – to replace CUT. In both cases, there were outcries that these bodies were not independent, since they were established from above through parliamentary legislation. The Act transformed the cooperatives from government agents and interference in the cooperation and management of the cooperative societies was no longer exercised, since these institutions were free to determine membership, geographical coverage and activities. Effectively, societies were to gradually become agents of private traders. (URT, 1987).

Given the liberalization move since especially mid-1980s, apart from the macro reforms (the exchange rate, trade liberalization, the financial sector and parastatal reforms), major reforms in the agricultural sector were instituted in agricultural marketing. There was a gradual major reform in grain marketing by 1987, from government controlled single channel system (three-tier, primary society-regional cooperative union-National Milling Corporation) to a multi-channel system comprised of both government and private institutions. The re-entry of private traders in staple food crops in the late 1980s in place of primary societies had led to higher prices and prompt payment of farmers. In the case of the southern regions, there was a strong presence of private sector in the purchase of cassava and sesame, while cashewnuts were still controlled and fetched low prices and payments were delayed to farmers. Starting from 1990/91 marketing season producer prices were gradually decontrolled from fixed prices to indicative prices (*dira ya bei*) and free market prices. As far as export crops were concerned, deconfinement of non-traditional crops started in 1987, and in 1992/93 marketing season, producer prices were decontrolled in favour of indicative and free market prices.

Under liberalization, the producer prices began to improve markedly from around Shs 134 per kg to Shs 300-350 and Shs 400-550 per kg in 1994/95 and 1998/99 respectively. This was jumped Shs 720-820 per kg in 1999/2000, only to nose-dive in 2000/2001 to the lowest price mentioned above. Farmers' incomes stood at Shs. 25,127,668,690 in 1995/96 marketing season. These declined slightly by 22.9 percent to Tshs 16,898,872,720 in 1996/97 when there was a drop in production of the crop. In the 1997/99 farmers netted Tshs 45,303,561,535, and in 1999/2000 the figure rose to Tshs. 70,510,138,405. (Chachage and Nyoni 2001).

While it may seemingly look like the prices were determined by the market, in essence, producer prices were set by the big buyers sitting in Mtwara, who in turn had agents in the field from the commencement of the liberalization process. This is because in truth there is no world market for raw cashews as such, but only the Indian market. Unlike the kernels, which are bought by about 26 countries, raw cashew are bought by only one country, and therefore, there is no competition as such or what one would consider to be a world market price as it is the case with crops such as coffee, tobacco, tea, etc. One aspect worth mentioning is the fact that cashew nut dealers are organized under the Cashew nut Association of Tanzania (CAT) with offices in Dar es Salaam and Mtwara. While theoretically CAT is supposed to be a joint organ of CBT, the dealers and producers in practice, it is dominated by the dealers. It effectively represents the interests of the dealers to the extent of overshadowing the CBT, the producers and the primary societies.

1.3. Problem Statement and Justification

1.3.1. Problem statement

The cashew nut marketing process in Tanzania is a long and complicated one. It involves a large number of interconnected and interacting operations by different persons and organizations. It is a complex system of transactions and transformations governed by various type of institutions involving different types of organizational elements such as farmers and consumers, traders and cooperatives, parastatal bodies and Ministries. All have vested interest in marketing geared towards economic, social and political goals, many of which are contradictory and sometimes difficult to perceive (Katinila *et al.*, 1997). Despite the changes of the institution involved in cashew nut marketing since colonial period to 1991/1992 when the government liberalized the trade and introduced private buyers to relinquish its control over the price and marketing of cashew nut, the marketing of the cashew nut it yet a problem. There is problem of price fluctuation, low producer price compared to production cost, unreliable market, price variation from once place to another, generally producers are exploited.

1.3.2. Justification of the study

The present study will enrich and add a little to the available information on cashew nut marketing so as to enable the policy and decision makers to design appropriate policy and strategies in effecting marketing and improve the cashew nut industry and hence poverty alleviation to the small holders, districts and Nation. Since very few researchers ever conducted on institutional factors affecting cashew nut marketing this study will help bridge the gap. The study methodology aspect will give the real picture of the situation, because it uses empirical data from the real world thus empirical variable.

1.3.3. Significance of the study

The findings obtained from this study will be useful tool for investors (cashew nut producers), researchers, extension officers, stakeholders and policy makers/or decision makers involved in cashew nut marketing in order to formulate appropriate strategy for improvement of cashew nut industry in Mtwara Region in particular and the country as a whole.

1.4. Objectives of the study

1.4.1. General objective

The general objective of the study is to assess the institutional factors influencing production and marketing of cashew nut and to identify effective intervention strategies in order to improve the marketing of cashew nut in Mtwara Region.

1.4.2. Specific objectives

- (a) To examine the roles played by each institution involved in cashew nut marketing.
- (b) To examine the effectiveness and efficiency of each institution involved in marketing of cashew nut in the study area.
- (c) To analyze the effect of government policies such as taxation on marketing of cashew nut in Mtwara Region.
- (d) To identify the constraints and problems affecting the cashew nut marketing system.
- (e) To identify the kind of capacity building required for strengthening and promoting cashew nut marketing system in Mtwara Region.

1.4.3. Conceptual framework

Scarborough and Kydd (1992) argue that a conceptual framework should help to indicate the most areas (s) in which to focus limited research resources and ensure that data collected are relevant to the objectives of the research. Kajembe (1994) asserts that research performed without the guidance of a conceptual framework is usually sterile in the sense that, the researchers does not know quite well which data to collect, when he/she has them and he/she cannot put them to use. It is from the above argument that a conceptual framework for selecting variables and respondents is developed.

The study assumes that government interventions, such as taxation are among the most important factors affecting the performance of cashew nut marketing amongst institutions involved in marketing of cashew nut in the study area. For institutions involved in marketing of cashew nut to be able to perform their activities efficiently and effectively they need support from other institutions. With regard to this, the present study assumes that credit availability, infrastructure facilities, and advancement in information technology are the most important factors affecting the marketing of cashew nut. In particular, factors such as resource availability and management capacity are vital in determining the ability of institutions involved in marketing of cashew nut to perform their activities effectively.

Furthermore, the study assumes that government interventions such as taxation and political will be crucial factors influencing the performance of cashew nut marketing amongst institutions involved in marketing of cashew nut in the study area. On top of that, the study also assumes that producer's willingness, quantity of cashew nut offered by the producers and quality of cashew nut are among the important factors influencing the marketing of cashew nut amongst institutions under investigation in the study area.

1.4.4. Hypotheses

1.4.4.1. Null hypothesis ($H_0 = 0$)

- (i) The role of institutions involved in cashew nut marketing has influences on cashew nut marketing.
- (ii) Government policies such as taxation have effects on marketing of cashew nut.
- (iii) Institutions involved in cashew nut marketing have capacity to influence the cashew nut marketing.

1.4.4.2. Alternative hypothesis

- (i) The role of institutions involved in cashew nut marketing has no influence on cashew nut marketing.
- (ii) Government policies such as taxation have no effects on marketing of cashew nut.
- (iii) Institutions involved in cashew nut marketing have no capacity to influence the cashew nut marketing.

1.5. Limitation of the study

- Farmers in Mtwara district were scattered in such a way that it was not easy to get them and roads were in very bad condition. I had to hire a Suzuki 4 wheel drive vehicle to go around the villages, which was very expensive.
- Data collection was done during harvesting and marketing season. Thus, it was difficult to find respondents in their respective homes. The researcher was hence obliged to visit them at marketing places and in their respective homes during the evenings. This situation interfered with data collection schedule.

- The respondents involved in the study area had no records on price of cashew of some past years and they were not sure if they paid taxes on produce and those who were sure they didn't know exactly the amount they paid. So it was difficult, to know exactly the net income obtained from farming and on farming activities of each respondent. What are presented are actually estimates given by the respondents and secondary data collected from the government officials.

CHAPTER TWO

2.0. LITERATURE REVIEW

2.1. Overview

This chapter reviews the literature pertinent to this study. The sections include the agricultural sector in the economy of Tanzania, obstacles to agricultural sector development, and importance of cashew nut to Tanzania economy. Others are institutional factors affecting cashew nut marketing in Mtwara Region which include Government interventions such as taxation and policies among other factors which can influence the performance of cashew nut marketing credit availability, infrastructure facilities, efficiency and effective was of institutions involved in cashew nut marketing, availability of marketing information and producer willingness.

2.2. The Agricultural Sector in the Economy of Tausania

Tanzania is primarily an agricultural economy. The agricultural sector is one of the most important sectors in Tanzania and there are indications that it will continue to be so for many years to come. The sector is comprised of crops, livestock, forestry, fisheries, and hunting sub-sectors. The agricultural sector contributes 50% of the GDP, more than 60% of the national foreign exchange earnings and provides employment to about 70% of the labour force (MAC, 2001).

According to Amani (1992) this sector is dominated by smallholder peasants. About 85% of agricultural production is carried out on privately owned plots. They account for 90% of the marketed agricultural output which depend mainly on rainfall. To large extent weather influences agricultural supply responses. However, Tanzania has relatively arable lands,

which permit the production of a wide range of food and cash crops (O'king'ati, 1984; Minde and Mlay, 1989; MAF, 2001). Over 43 million hectares have been identified as suitable for agricultural production, where as only 7 million hectares are currently utilized for agricultural production (Table 1).

Table 1: Distribution of land cover/use type

Land Use/Cover	Area ('000 Ha)	Percent
Forestry	2,723	2.9
Woodland	37,436	39.6
Bush land	17,316	18.3
Grassland	19,360	20.5
Cultivated land	7,144	16.0
Open land	139	0.2
Water features	7,352	7.8
Urban area	65	0.1

The agricultural sector provides fiber and food for all sectors, supplies of raw materials for industries and generates a substantial market for goods and services produced by other industries in the economy (Amani, 1992). According to MAC (2001) this sector also contributes to the development of medium and large-scale manufacturing industries, provision of formal and informal employment to majority of Tanzanians. Important export crops product include coffee, cotton, cashew, tobacco, tea, sisal and pyrethrum. The food crops grown include maize, cassava, beans, millets bananas, wheat and rice. The main form of agriculture in Tanzania is crop husbandry. Food crops accounting for 55% of agricultural production, livestock accounts for further 30%, export crops 8% and forestry, hunting and fishing for some 7% (MAC, 2000).

According to Naali (1986) Tanzania views agriculture as a sector that should be improved for the development of this nation. Moreover, the importance of agriculture to Tanzania's

economy has led to government intervention in agricultural sector since the colonial period. Intervention was in four stages, at the levels of production, marketing, distribution and price setting. The government used various organizations to control producer's crops including Cooperatives, Boards and Crop Authorities. The colonial government controlled the cash crops producer, who served as raw materials for the industries in their home countries. The independent government also needed to control the cash crops in exchange for industrial commodities for the development of the state, namely using the same instrument of control of Agricultural Marketing Boards, Cooperative Unions, Extension Services and District Councils.

The Boards and Cooperatives bought farmer's crops and made deductions without explanations; prices were set by the Ministry of Agriculture and Cooperatives and gave estimation of deductions from producer prices. The cash crop producer was not involved in fixing producer price. Thus the producer was being alienated from handling his/her produce and the Authorities did not offer any explanation to the producer on the increasing deductions. This resulted in decrease in producers price, made the producer to loose confidence with such organization.

2.3. Obstacles to Agricultural Sector Deployment

The agricultural sector in Tanzania is currently facing many obstacles. As a result, its performance or development has not realized its desired production levels. Some of the most important problems facing this sector have been identified, such as low priority accorded to agriculture in public resource allocation and disbursement, poor rural infrastructure, producers' limited capital and access to financial credits, weak and

inappropriate legal framework, land tenure and taxation policy, poor quality of weak primary crop production and service organizations such as cooperative (MAF, 2001).

2.4. Importance of cashew nut to Tanzania economy

Cashew nut is one of the most important exchange cash crops in Tanzania which contribute significantly to the growth of the economy. Cashew nut ranks third after coffee and cotton in foreign earning (See table 2.0). The importance of cashew nut is not limited to being one of the main sources of foreign exchange but also it constitutes a regular source of cash earnings to producers of the crop in the six regions, namely, Dar es Salaam, Mtwara, Lindi, Coast, Ruvuma and Tanga whose farmers are smallholders.

According to Kilango, Isinika and Kilima (1999) in 1992 cashew nut accounted for 11% of all Tanzania agricultural exports, and cashew nut being third after cotton and coffee which accounted for 38% and 30% respectively. In 1998 cashew nut became the second after coffee among exports, accounting for 8.7% of all export earnings in nominal terms.

Table 2: Tanzania exports of major cash crops (5 years average), 1991-1996

Crop	Quantity (1000 tones)	Unit price (US\$/tones)	Value (US\$ millions)
Coffee	36	2477	47
Cotton	37	1861	27
Sisal	2	646	2
Tea	11	1769	6
Tobacco	9	1784	10
Raw cashew nut	24	1123	43
Total	101		135

2.5. The institutional factors affecting cashew nut marketing in Mtwara Region

Institutional factors, are factors, which are related to the factors uncounted due to the result from government, quasi government or other performance their duties or their intervention.

Such factors are taxation, efficiency and effectiveness of the institutional involved in the support of other institution to support industry, (Credit availability, infrastructure facilities and availability of information resource availability, management capacity, political will, producer, willingness, quantity and Quality of cashew nut offered by producers. Institutional factors, assume critical importance in influencing the performance of cashew nut marketing in Mtwara Region.

For the case of this study only few are discussed, these will include: government interventions such as taxation, policies (changes), credit availability, producers' willingness to sell the produce, infrastructure (accessibility to the market places, resource availability, advancement of technology, political will and quality and quantity of cashew nut offered by producers.

2.5.1 Government Interventions such as taxation and policies are among factors which can influence the performance of cashew nut marketing

An enabling environment for agricultural growth should consist of appropriate sector policies and its supporting legal framework. It should be able to provide guidance on key framework. Issues such as land tenure, investment opportunities and taxation regimes, current legal frame work, land tenure and taxation polices are weak and do not adequately enable the sector to take advantage of opportunities created by the emerging free market environment (URT, 2001). According to Chachage and Nyoni, (2001) cashew nut producers are exploited through high levies and other taxes paid by traders and passed on to producers in low farm price

URT (2001) indicated that tax policy and practice in Tanzania are such that the farmer is the most heavily taxed individual in Tanzania. The farmer/peasant is taxed by the village government, ward government, District council, cooperative society, cooperative union, cooperative union Apex body, crop Boards, and pays tax on inputs, consequently, the agriculture remains one of the most unattractive industries in Tanzania.

Current trade policies in Tanzania are a further disincentive to an individual engaging in agricultural/Livestock inputs which are not subsidized products hence have to compete with cheap imports on the domestic market (URT, 2001).

2.5.2. Credit availability

Credit availability can influence cashew nut marketing. Studies on rural financing in Tanzania have shown that the use of formal credit is rare at the peasant farm level (Kashuliza, 1994; ADIS 1992; Mlambiti *et al*, 1993). In fact, surveys observed that on average less than one percent of the total formal credit goes to peasant farmers. Malkamaki (1992) as quoted by URT and World Bank (1994) observed that some 65% of farmers' funds come from own savings; relatives and friends provide 18%; the formal system 12%, and moneylenders some 5%. Lack of awareness and fear of being in debt were identified as some of contributing factors to effective use of formal credit by smallholders

In addition to unfavourable terms and conditions of getting credit from financial institutions and unavailability of credit, other factors that limit smallholders' farmers from getting access to credit facilities include, and lack of previous experience in formal credit use. Inadequate availability of extension services, credit recipient gender, and lack of use of improved implements and machinery are also important (Kashuliza, 1994).

2.5.3. Infrastructure facilities

Good road system enhances agricultural productivity by reducing marketing margin, expanding the market and making inputs and products available at the right time and place. An efficient road system helps to improve smallholder's access to the market economy with an effect of reducing the price of consumer goods and agricultural inputs while increasing farm-gate prices. All these have overall effect on increasing farm family income, and farmer's responsiveness to market conditions. In other words, the distance from a household to the nearest road is a measure of physical integration in the national market of crops and livestock. The farther the household lies from a road, the less likely it is to participate in important markets. (Mlambiti and Mlay, 1992).

According to Faru and Von-Ogen, (1980), access to efficient markets served as an incentive for farmers to specialize in the production of certain crops, which are comparatively advantageous for the region. More efficient interregional trade within a country will accelerate aggregate production. For this reason, knowledge of the operation and contribution to development of marketing channels is required.

The district of Masasi has the potential for good and conducive agricultural marketing system. It has got seasoned roads, maintained regularly by the District Council. These roads, have penetrated even in remote rural areas. From the discussion with the village communities it appears that during the rainy season a number of villages are not accessible. However, this does not affect seriously the cashew nuts marketing as the rains come when the buying season has already elapsed, causing less harm to cashew nuts producers. (Makanila, 2000).

2.5.4. Efficiency and effectiveness of institutions involved in cashew nut marketing

According to TASA (2001), the lack of appropriate and efficient farmer organizations has left farmers without a body that can bargain for them and protect their interests while marketing the cashew nuts. Unlike Buyers, who have formed the Cashew nut Association of Tanzania (CATA), TASA (2001) mention that the farmers do not have any similar organization. However, it should be noted that there exist primary cooperative societies at the farmers level. These primary cooperatives have also formed unions, such as Newala Cooperative Union (NECU). Mtwara – Masasi Cooperative Union (MAMCU) in Mtwara Region and Ilulu Cooperative Union in Lindi Region. Due to the poor performance of these unions, farmers do not have adequate representation in the marketing of cashew nut. The Government has noted this problem and is working out programs to improve the performance of these cooperatives to make them really representative of the farmers.

The use of cooperatives would facilitate not only in bargaining, but also as a shield against misinformation and cheating of brokers and politicians as pointed out by Chachage and Nyoni (2001).

2.5.5. Availability of marketing information

Chachage and Nyoni (2001) indicated that, farmers are more being misinformed on the issues of market prices and or market conditions prevailing in the market. Politicians have at times taken advantage of the farmer's ignorance to give them false promises. The solution to this would be to provide the farmers with pertinent information on world market trends and prices.

The study by Katinila *et al.*, (2000) on agricultural marketing conducted in January 2000 has revealed the absence of an elaborate information network. Farmers are in need of marketing information but are not able to obtain precious information. This puts them at a disadvantaged position during bargaining for price with traders. Also the market information for other exchange crops is inconsistent and unreliable. The prices and demand (and supply) of the produce at a particular location is not known in advance. Therefore, from farmers' perspective, the decision-making process on where to sell and at which price is made with a lot of un-certainties and in many cases culminates in farmer getting low profits and or losses.

2.5.6. Producers' willingness

Producers' willingness to quality of cashew nut offered by the producers and quality of cashew nut are among the important factors influencing the marketing of cashew nut in the study area.

CHAPTER THREE

3.0. RESEARCH METHODOLOGY

3.1. An overview

This chapter gives the methodology used and it covers the description of the study area, research design, population, sampling procedures, data collection procedures and deals with data analysis.

3.2. Description of the study area

The study was done in Mtwara Region. Mtwara Region is one of 21 regions of Tanzania Mainland. It is the most southern region. It lies between longitudes 38° and 40° 30" east of the Greenwich. It is also situated between Latitudes 10° 05" and 11° 25" south of the Equator. It borders with Lindi Region to the north, the Indian Ocean to the east, and it is separated by the Ruvuma River from Mozambique in the south. To the west it borders Ruvuma Region. The region occupies 16,720sq. kms or 1.9% of Tanzania Mainland area of 885,987sqkms. It is the second smallest region after Kilimanjaro.

Mtwara had a population of 875,977 according to population census of 1988, at growth rate of 1.4%. It has a population density of 53.2 people per sq km. It was estimated to have 1,078,845 people by year 2000. Mtwara region is administratively subdivided into 5 districts, 21 division, 102 wards and 554 villages. Economically, about 92% of the population engage in agriculture, apart from other rural activities like fishing, beekeeping and small-scale industries. Approximately 85% of region's land total is arable land. However less than 20% of this is under cultivation. Main food crops produced include

cassava, millet and sorghum, only recently has maize gained popularity. Exchange crops are cashew nut, groundnuts and Simsim (URT, 1997).

The Region was selected because it is listed as one of the regions in Tanzania producing more than 50% of total cashew nut production in Tanzania. Reports from Cashew nut Board of Tanzania (CBT) indicates that in the early 1980s cashew was grown under 433, 000 ha of land of which Mtwara accounted for 40%. Other regions with their contribution in brackets are coastal region (24%), Lindi (18%), Ruvuma (11%), Tanga (5%) and other minor producers accounted for 4%. The same Board indicates a sharp increase in production as shown in Table 3.

Table 3: Production of Cashew nuts by region 1995/96-1999/2000

Region	1995/96	1996/97	1997/98	1998/99	1999/2000
Mtwara	49,107,223	29,626,975	65,954,614	67,210,852	79,935,264
Lindi	11,585,294	9,160,832	16,479,786	14,737,260	17,652,031
Ruvuma	7,996,898	5,092,887	9,236,592	9,414,076	13,186,819
Coast	6,858,216	499,123	654,580	4,379,958	5,910,233
Tanga	977,630	23,483	113,849	957,384	571,337
Dar es Salaam	1,590,758	7,132,872	7,341,442	9,025,735	3,951,700
Total	81,729,456	63,032,830	99,915,863	106,442,045	121,207,384

It can be seen from Table 3 that between 1995 and 2000, cashew nut production rose steadily in Mtwara region, registering an increase of 79,935, 264 kg of cashew nut in 2000 from 49,107,223 kg in 1995/96 season. Various policies and institutions which were put in place to boost cashew nut production attribute on increase in the production of cashew. Some of the policy instruments and institutions are discussed in the next section.

3.3. Research design

The study employed non-experimental design where a cross-sectional survey was used. A cross – sectional research design is used on the basis that, the design allows collection of data on different groups of respondents at one point at a time. The design has greater degree of accuracy and precision in social science studies than other design like observation (Casley and Kumar, 1988).

3.4. Sampling procedure

3.4.1. Population of the study

The target population for the study were cashew nut producers, from the following villages and wards of two division and Districts of Masasi and Mtwara Respectively. Nanganga and Nangoo from Nanganga ward and Mpowora and Chikundi from Mwena ward of Chikudi Division in Masasi and Nanyamba and Dinyecha from Nanyamba wards and Njengwa and Nyundo from Nitekela ward of Nanyamba Division in Mtwara District.

3.4.2. Sample size

The sample size of 160 cashew nut producers were interviewed. These producers were selected to represent the entire cashew nut producers in Mtwara region. A Multistage, purposive, simple random and systematic sampling techniques were employed as criteria for sample selection. In light of the above techniques, two out of five district councils of Masasi and Mtwara, namely Masasi, Mtwara Mikindani or Mtwara Urban, Mtwara Rural, Tandalimba and Newala were purposively chosen in this study. The same procedure was used to select divisions and villages from which sample of farmers were obtained. The choice of the district council was based on the following factors:- (i) availability of institutions involved in marketing of cashew nut, (ii) availability of cashew nut growers and

(iii) advice from both extension agents and regional officials. Similarly, purposive sampling technique was used to select institutions involved in marketing of cashew nut. The choice of the institutions was based on the following parameters:- (i) nature of the institution, (ii) experience of conducting business, and (iii) advice from regional officials. In every village, the register was used as the sampling frame. From the register 20 names were drawn randomly using a systematic random sampling technique with a random start.

3.4. Instrumentation

Three sets of structured questionnaires were used in primary data collection. The first one addressed farmers thus known as a “farmer’s questionnaire. The second one addressed institutions thus known as “an institutional questionnaire” and the third questionnaire addressed cashew nut buyers, thus known as buyers’ questionnaire”. The questionnaires were formulated by researchers to measure the institutional factors affecting cashew nut marketing in Mtwara Region.

3.5. Pre-testing of the questionnaires

To ensure validity of questionnaires the first drafts were pre-tested, ten cashew nut producers, five institutional officials and five cashew nut buyers participated in the pre-testing exercise. Respondents for pre-testing were drawn from the population which was in the survey (Flower 1993) with similar characteristics as the respondents included in the main survey. Pre-testing helped the researcher to ensure the validity of the instrument and enabled the researcher to make the necessary corrections to the instrument basing on the light of experience obtained during pre-testing. All the respondents who were involved in the pre-testing were excluded from the sample.

3.6. Formal survey

The formal survey involved questionnaires administration, interviews and discussion. Prior to the day of administering questionnaires the researcher visited each village to arrange for accommodation and each village chairperson, village Executive officers (VEOs) and extension officers were informed on the purpose of the study. Farmers were interviewed by means of personal interview method in their homes, at selling points or in village offices after initial appointments through the village leaders who also introduced the researcher to all respondents interviewed. Interviews and discussions with government leaders, representatives from relevant institutions and other stakeholders were conducted in order to assess factors affecting cashew nut marketing in Mtwara region.

3.7. Primary data collection

Primary data were collected from the heads of the households who were either males or females, married or single, divorced, widowed or separated. Any other adult household members who happened to be present were encouraged to participate in the interviews and supplemented the answers of the interview.

3.8. Secondary data collection

Secondary data were collected from district agricultural and cooperative officers of Mtwara and Masasi, districts, Regional agriculture and cooperative officers, from where Agriculture Researcher Institute (ARI) of Naliendele, CBT officer, MAMCU Mtwara, Sokoine National Agriculture Library. Permission from authorized personnel sought before documents could be obtained from some of these sources.

3.9. Techniques of data Analysis

Primary data collected from primary sources were verified, coded and later on analyzed by using the Statistical Package for Social Science (SPSS) Computer software and Microsoft Excel Package. In this statistical Package, univariate analyses on which case descriptive statistics namely means, frequencies, standard deviations, percentages, minimum and maximum of different variables were computed. Bivariate analysis were employed through cross tabulation, correlation determine associations and relationship between dependent and independent ones. These include estimating of frequencies means, charts, graphs, histograms, chi-squares, cross-tables, standard deviations and correlation coefficients of some critical variables

CHAPTER FOUR

4.0. RESULT AND DISCUSSION

4.1. An overview

This chapter gives farmers' background characteristics and it covers results and findings of the study, capacity building required by the respondents and general comments from the respondents.

4.1.1. Farmers' background characteristics

The characteristics of a given household have important social and economic implications to the accessibility and availability of food and economic participation within a household. The composition of a household usually influences the decision on production, consumption and even storage of food and exchange crops. Therefore, it is important to describe the characteristics of sampled household in the study area. Household size, marital status, gender or sex of household and education of the head of household were examined in this study.

4.1.2. Sex of Respondent

Table 4: Distribution of respondent's by sex

Sex	Number of respondents	%
Male	128	80
Female	32	20
Total	160	100

Table 4 shows that more than half (80%) of the respondents were male and 20% were female. Females respondents had smaller representation although they are the main agricultural producers in rural areas. The study found that the females were under

represented because the researcher interviewed household heads who are usually males. However, women who appeared for interviews were widowed, separated, not married or their husbands had traveled.

The main objective of gender section is to create equality among users on division of labour in agricultural production, roles and responsibilities, rights, access to and control over resources and decision-making process. These results show that, males had more enrolments/or participation scores than females.

This was probably due to cultural constraints prevailing in the society. Men have fewer roles to play in the society and are not bound by the cultural restrictions like females. Therefore, they have more opportunities to participate in different rural development programmes. These results are in line with the findings by Haverkort (1991), who conducted a study related to participatory technology development in Eastern Indonesia. The findings showed that the majority of rural population, mainly women, face special obstacles which prevent them from participating in rural development programmes.

Heavy labour demands, prevailing cultural restrictions like not speaking at open meetings, inferiority complex of women's work and interests, practical culture reinforced by the colonial ideologies of the peasant household, are some of the obstacles. These observations show that the social division of labour and responsibilities which could affect the level of involvement of women (who are the main producers on the farm) in development activities is ignored.

4.1.3. Age of respondents

Table 5: Distribution of respondents by age in years

Age	Number	Percentage
> Under 30	8	5
30 – 49	62	39
50 – 69	75	47
70 +	15	9
Total	160	100

The respondent's age distribution is shown in Table 5. Majority (45.5%) of the respondents had an age ranged between 50 to 69 years of age. 30 to 49 years of age group followed this, which was 39.7% of the respondents. While 9.6% of the respondents were older between 70 and above. Very few respondents 5.1% were young, at the age less than 30 years. This implies that most of the selected cashew nut producers were within the Tanzania's economically productive group, which ranges from the age of 15 to 64 year (Mandara, 1998). This study found that majority of cashew nut producers were of the age ranging between 50 to 69 years, which is 45.5% of the respondents. This implies that young people do not participate in cashew nut production. Normally young people do not like farming; they prefer doing business (Nanai, 1993). These findings agree with Mgina (2000) who observed that most of the exchange cash crop farms belong to old people.

4.1.4. Marital status

Table 6: Distribution of respondents by marital status

Marital status	Number of respondents	%
Single	8	5.0
Married	141	88.1
Separated	4	2.5
Widowed	7	4.4
Total	160	100.0

The data in table 6 show that, most of the respondents (88.1%) were married while the remaining 5.0%, 4.4% and 2.5% were not married, widowed and separated respectively.

It was noted during the study that, the majority of unmarried, widowed and separated respondents were women. This can be attributed to the fact that in most African cultures (customs and traditions), men have more say in public affairs. Shayo (1991) in her study on farmers involvement in agricultural extension observed that, major decisions in agricultural activities, like the use of resources, how much should be used, types and amount to be purchased in addition to conservation measures are mostly made by men. Among other important things, married women lack the necessary resources like land, credit and agricultural information. Whatever agricultural information that exists in the villages is passed on to husbands and not to wives or single women who are busy on the fields, households' chores and other community obligations. While Shayo (1991), observed that husbands and neighbours were the women's main source of information rather than extension agents. Koda (1994), revealed that, wives and single women remained the implementers of decisions made by husbands and or men respectively, due to their limited participation in politics, development programmes and public life. These observations are in line with the results of this study, where women, the key contributors to agricultural production, have been constantly involved more at the implementation stage.

However, the effectiveness of husbands/men as sources of information have been questioned by van den Ban and Hawlans (1996), who observed that, the trickle down of information from husbands/men to wives/single women have been shown to be impracticable. The improvement of the status and involvement of women in rural development programmes, cashew nut marketing in particular, is a key factor and the most

effective way to increase and promote agricultural production in the household and the nation at large.

4.1.5. Education level

Table 7: Distribution of respondents by the highest educational level attained

Level of education	Number of respondents	%
None	22	13.8
Primary level 1-8std	124	77.5
Secondary 0' level 1- 4 form	8	5.0
Secondary A' level 5-6	1	0.6
Tertiary	1	0.6
Adult education	4	2.5
Total	160	100.0

This refers to the level of formal education attained by the respondents in the study area. Education tends to broaden horizons beyond habit and traditions of individuals, encouraging involvement of an individual in development skills (Lugeye, 1994).

In this study, it was found that 77.5% and 6.2% of the respondents had completed primary education (standard eight) and form four and above respectively, while 2.5% had attended adult literacy classes and the remaining 13.8% had never attended school.

Results from table 7 show that, majority of the respondents can read and write. This indicates that there is a higher chance for the educated respondents to understand technical information pertaining to improved crop production and marketing easily and help those who had never attended school who are slow in understanding technical information. Nanai (1993). In her study on peasants involvement/participate in community development projects found that, the people's level of education has positive relationship with the level

of participation. Level of education exposes one in various experiences and helps him to develop confidence and ability to perform and participate in various development activities (Nanai, 1993; Levinger and Dratiman, 1980).

4.1.6. Household size

Table 8: Distribution of respondents by household size

Members	Number of respondents	%
Less than 4	23	14.4
4 – 6	62	38.8
7 – 9	49	30.6
10 – 12	16	10.0
13 – 15	7	4.4
16 and above	3	1.9
Total	160	100.0

During the study, respondents were requested to indicate the size of their households, which comprised of all family members including dependents (young and old people) who are not able to live independently. Their responses are as in a table hereunder:

Table 8 shows that 38.8% of the respondents had households with 4-6 members, 30.6% had households with 7-9 members and 10.0% and 14.4% had households with 10-12 and less than 4 members respectively. Only 4.4% and 1.9% had households with 13 to 15 and above 16 respectively.

In rural areas, household members are the main sources of labour power for different development activities. Therefore, households with few members are said to have little labour power. Probably the household in this nature will have low involvement rate in development activities like cashew nut production, which requires much labour.

4.1.6.1. Households working fulltime in farming activities

Table 9: Distribution of respondents

	Number of respondents	%
2.00	6	17.6
3.00	8	23.5
4.00	4	11.8
5.00	3	8.8
6.00	7	20.6
7.00	3	8.8
8.00	1	2.9
11.00	1	2.0
13.00	1	2.9
Total		100

Farmers were asked how many households were working fulltime in farming activities and the frequency distribution is shown in Table 9.

Results show that 23.5% of the respondents had 3 households members, 20.6% had 6 households members, 17.6% had 2 households members, 11.8% had 4 households members; 8.8% each had 6 households and 7 household members and the remaining 2.9% each had 8 to 13 household members working fulltime in farming activities respectively.

4.1.7. Source of income

Table 10: Distribution of respondents by districts and sources of income

District	Source of income								Total	
	Crop production		Crop production and livestock keeping		Crop production and business		Crop production and other activities			
	N	%	N	%	N	%	N	%	N	%
Masasi	59	36.88	10	6.25	8	5.00	3	1.87	80	50
Mtwara	69	43.12	4	2.50	7	4.38	-	-	80	50
Total	128	80.00	14	8.75	15	9.38	3	1.87	160	100

Findings from Table 10 show that more than half (80%) of respondents indicated that their main source of income was crop production. 9.38% of respondents indicated that their main sources of income were crop production and business. 8.75% of respondents indicated that their main sources of income were crop production and Livestock keeping and 1.87% of respondents indicated that their main sources of income were crop production and other activities. These findings are supported by URT (1997), which indicated that, livestock keeping is not traditional among the regional population, hence contribution of this sector to the regional economy is insignificant.

However further findings show that 73.75% of Masasi respondents indicated that they depend on crop production as their main source of income, while in Mtwara District 86.25% of respondents depend on crops production as their main source of income. 12% of respondents in Masasi District depend on crop production and livestock keeping, while only 5% in Mtwara District depend on livestock keeping and crop production. 10% of respondents in Masasi District depend on crop production and business, while in Mtwara District 8.75% of respondents depend on business and crop production.

4.1.8. Cashew nut production maintained for five years

Table 11: Distribution of respondent who maintained or grown cashew for 5 years

	Number of respondents	%
Yes	154	96.3
No	6	3.7
Total	160	100.0

Farmers were asked whether cashew nut was grown or maintained for five years and the responses are shown in table 11.

Results from table 11 show that, the majority of farmers (96.3%) reported that they were growing cashew nut for the last five years and only 3.8% of the respondents stated that they had not grown cashew nuts for the last five years.

4.1.9. Food crops maintained or grown for 5 years

Table 12: Food crops maintained for 5 years

Crop	Number of respondents		%		Total
	Yes	No	Yes	No	
Maize	138	22	86.3	13.8	100.0
Cassava	132	28	82.5	17.5	100.0
Sorghum	73	87	45.6	54.4	100.0
Bambaranuts	25	134	15.7	84.3	100.0
Peas	52	107	32.7	67.3	100.0
Rice	69	89	43.7	56.3	100.0
Simsim	23	136	14.5	85.5	100.0
Grandaunts	33	115	22.3	77.7	100.0

The results presented in table 12 show that 86.3% of the respondents reported that they maintained the following food crops for the last five years namely maize (86.3%) cassava (82.5%) sorghum 45.6%) bambaranuts (15.7%), peas (32.7%) rice (43.7%) simsim (14.5%) and groundnuts (22.3%). However, the remaining respondents said they never maintained the food crops for the last five years. These were maize (13.8%), cassava (17.5%), sorghum (54.4%), bambaranuts (84.3%), peas (67.3%) and rice (56.3%).

Results show that the majority of the farmers were growing maize and cassava followed by sorghum and rice. Probably this was due to the fact that, farmers have a priority for producing food for their families before they embarked on the production of crops for sale, cashew nuts included. Maize is the main food crop but it is also used as an exchange crop when the need for cash arises.

4.2. Background characteristics of the study area

4.2.1. Land distribution

Results from table 13 show that majority (75%) of the farmers have an area between 1, and 2 ha, while 10% of respondents have an area between 4 and 5 ha, very few (5%) respondents have farm size of between 6 and above ha and 10% of the respondents have an area less than ha. The results of this study are in agreement with Minjas (1994) who argued that, traditional farming systems in Africa are characterized by small farm size. However, land is not scarce in Mtwara Region as revealed by URT (1997) that approximately 85% of the regions total area is arable land but less than 20% of this is under cultivation as an average farm size per rural household is 4.4 and 1.5 ha.

4.2.2. Economic activities in the study area

4.2.2.1. Types of economic activities

Table 13: Distribution of respondents according to economic activities

District	Economic activities									
	Crop production		Crop production and livestock keeping		Crop production and business		Crop production and other activities		Total	
	N	%	N	%	N	%	N	%	N	%
Masasi	59	36.88	10	6.25	8	5.00	3	1.87	80	50
Mtwara	69	43.12	4	2.50	7	4.38	-	-	80	50
Total	128	80.00	14	8.75	15	9.38	3	1.87	160	100

The main economic activities undertaken in the study area include crop production, business and livestock keeping. However, 80% of the respondents are engaged in crop production. About 9.38% of the respondents depend on crop production and business as sources of their food and income. 8.75% of respondents depend on crop production and livestock keeping while 1.87% of respondents are engaged in crop production and other

activities. This distribution of activities indicates typical characteristics of the majority of rural people who depend on agriculture for their subsistence. Moreover, rural people have more experience in farming than any other activities which could be another reason for the majority to participate in agriculture.

4.2.3. Source of labour

Table 14: Distribution of respondents by districts and sources of labour

District	Source of labour					
	Family		Both		Total	
	Number	%	Number	%	Number	%
Masasi	52	32.50	28	17.50	80	50
Mtwara	72	45.00	8	5.00	80	50
Total	124	77.50	36	22.50	160	100

Availability of smallholder family labour assumes great significance in the context of Tanzania agriculture. It is the smallholder farmers who make up the largest proportion of the population which engage in agricultural production. Production operations include land preparation, planting, weeding and harvesting. These operations, mostly make use of family labour. However, labour hiring out of the family was found to exist, especially during peak labour demand.

Findings from table 14 show that 77.5% of respondents depend on the family as source of labour and 22.5% of respondents depend on family and hired labour as source of labour. However, the findings show that 65% of respondents in Masasi district depend on family labour and 35% of respondents depend on both family and hired labour, whereas in Mtwara District council majority (90%) of respondents depend on family labour and 10% of respondents depend on both family and hired labour

4.2.4. Exchange crop

Cashew nut is the most important exchange crop in Mtwara region. Sesame and groundnuts also contribute to the cash income of the peasant farmers. Coconut is also important along the coast.

4.2.5. Food crops

Main food crops grown include cassava, millet and sorghum major food crops produced in the region include cassava, sorghum, millet, paddy and maize. Leguminous crops which are extensively grown as protein sources include pigeon peas, cowpeas, bambaranuts and groundnuts. However, maize and paddy are grown in limited area and quantity. Although a large number of the population prefer rice and maize as their main food crops, the regional authorities emphasise production of cassava and sorghum due to their tolerance to drought condition, which sometimes prevails in the region.

Mtwara Region is very potential in agricultural production, about 92% the population is engaged in agriculture, apart from other rural activities like fishing, beekeeping and small scale industries. Only recently has maize gained popularity. Cashew nut is the predominant exchange crop in the region. Others are groundnuts and simsim. Livestock keeping is not traditional among the region population; hence contribution of this sector to the region's economy is insignificant (URT, 1997).

The suitable land for agriculture is plenty, it is about 599,500 ha and only 270,300 ha, which is less than 20% of the total land, is cultivated (URT, 1997) average rainfall tends to vary with altitudes. In Mtwara district rains vary from 116 to 935 mm on the hills and on the plateau. It is 9893 mm at Masasi mission and 1001 mm at Newala. It also varies from

1133 mm at Mtopwa to 832 mm at Lukwika mission. Likewise the temperatures vary from 27°C as the highest monthly mean at Mtwara along the coast in December to 23°C in July. Relative humidity goes from 87% in March to 79% in October in Mtwara District. Temperature and humidity are lower inland (URT, 1997).

Transportwise, the region's communication links with the outside are rudimentary and tend to be seasonal. Within the region, poor maintenance of roads make road transportation between one corner of the region to another to be both uncertain and hazardous.

Roads: The region is connected with the outside by the following roads outlets:

- (i) Mtwara, Lindi, Kilwa, Dar es Salaam, coastal trunk road.
- (ii) Mtwara, Songea, Makambako road about the link to the Tanzania highway. All these links are subject to vagaries of the weather. They are impassable during heavy rain season.

(iii) **Air services**

Air transport for some months in the year is the only reliable link with the outside world which Mtwara Region possesses. The only other alternative is marine transport. The rainy season makes most of road transport impassable. The air transport can only cater for urgent or high value cargo and VIP passengers. It is too expensive for ordinary passengers. Competition from space on marine boats is restrictive (URT, 1997).

According to URT (1997) the region has the benefit of three aerodromes; one major airport, one minor airport and one airstrip. Mtwara airport is the major airport capable of handling Boeing 737 aircraft and regular commercial traffic. Masasi is a minor airport while Newala is a mere airport for use by light, non-commercial aircrafts at irregular intervals.

Despite the potentiality in agricultural production, farmers in Mtwara region face marketing problems and expensive inputs. Inputs like fertilizers and fungicides, such as sulphur available are very expensive in such away that most of the farmers cannot afford to buy them. Other farmers have decided not to use industrial fertilizers because, even if they get higher production, they will sell at low prices, which will not cover the production costs. Farmers are forced to sell their produce at any price, even at very low prices, so that they get money for solving their daily problems, like buying medicines, paying school fees for their children, milling machine services etc. This situation scares farmers away from engaging in exchange crop production, which needs heavy industrial inputs.

4.3. Institutional factors affecting cashew nuts marketing in Mtwara Region

Table 15: Institutions involved in cashew nut marketing

Institutions	Number of Institutions	%
MAMCU	1	5.9
CBT	5	29.4
District Councils	8	47.1
Primary Society	2	11.8
Banks	1	5.9
Total	17	100.0

Institutional factors are factors which are related to the following factors:-

According to Douglas North (1990), Institutions are the rule of the game in a society or more formally are the human devised constraints that shape human interaction, they

determine the transaction and transformation (production) costs. The major role of institutions in society is to reduce uncertainty by establishing a stable (not necessarily efficient) structure to human interaction. Institutional framework is comprised of both formal rules and informal constraints. Formal rule i.e. political and judicial rules, economic rules and contracts. Informal rules are of three types/ categories

1. Constitutional order
2. Institutional arrangements e.g. laws, regulation, rules, association and contracts.
3. Normative behaviour e.g. cultural values, customs and norms

Institutions assume critical importance in influencing the performance of cashew nut marketing in Mtwara Region (Chachage and Nyoni, (2001). Chachage and Nyoni (2001) identified the Cashew nut Board of Tanzania, Mtwara Masasi Cooperative Union (MAMCU), Mtwara Region inputs trust funds (MRATIF), District Authority, Primary Authority as the institutions involved in cashew nut marketing. These institutions are supposed to support the cashew nut marketing by providing credits to the cashew nut buyers and marketing institutions to provide all necessary marketing information to all stakeholders. Also these institution are the ones which should provide policy to regulate the performance of cashew nut marketing, including guidelines of taxation intervention and to make sure that all necessary resources for marketing are adequately available. The present study has revealed that there are 5 institutions involved in cashew nut marketing. Table 15 shows that 47.1% and 29.4% of the respondents indicated that District councils and CBT were the institutions involved in cashew marketing respectively. Others were primary societies (11.8%), MAMCU (5.9%) and Banks (5.9%).

4.4. Roles played by each institution involved in cashew nut marketing

The study found various roles played by different institution, which differed from one institution to another. However, the following roles were grouped according to their institution.

4.3.1. Rural Primary Cooperative Societies (RPCs)

With regard to the roles played by the institution, the study findings show that rural primary cooperative society play the following roles.

- Coordination between farmers and buyers.
- To ensure that credits are obtained by farmers in time and are paid back to the lending institutions.
- Building of markets and storage facilities.
- Distributing inputs to the farmers.
- To collect and or buy cashew nuts.

4.3.2. District Council

The research result show that District Council played the following roles.

- Provision of credit to the rural primary society and farmers (this role played by Masasi District Council and not Mtwara District Council).
- To mobilize farmers to grow crops of high quality. This role is also played by Naliendele Agricultural Research Institute.
- To distribute inputs. This role is also played by Mtwara – Masasi cooperative union and Mtwara Region Inputs Trust Funds.
- Supervision and facilitation of primary cooperative society.

- Stabilization of the prices, the research results show that Masasi District Council buys cashew nut and provides credits to the rural primary society to buy cashew nut with an intension of creating competition and price stabilization.

The (CBT) Cashew nut Board of Tanzania played a role of providing all necessary information to cashew nut farmers.

The study conducted by Katinila *et al* (2000) found that Masasi District Council is keen on supporting its farmers, most of its support is given indirectly to the marketing industry. Ideally, the district's main support lies an the market promotion. This includes the following:-

- i. Looking for potential buyers' and directing them to go and buy cashew nuts from different places.
- ii. Making sure that the price used is not below the standard price set by CBT.
- iii. To ensure that there is improved infrastructure to/fro the buying rural remote centres e.g. rehabilitation and maintenance of feeder roads, culverts etc.
- iv. To facilitate quality control of products; Cooperative and Agricultural Officers control the whole buying process and the products so that they remain in a good condition.
- v. To prepare conducive conditions for the marketing transactions.
- vi. Intervene in a place where buyers are not willing to go and even if they go they should not buy the products for very low prices. In 1999 the District Council went to buy cashew nuts from remote areas like Masuguru, and Rivango.

- vii. To facilitate farmers to reckon with favourable weather condition. This is being done by making sure that all cashew nut are being sold before rain season when the moisture content is low.

4.3.3. Cashew nut Board of Tanzania (CBT)

The study found that the CBT plays the following roles

- (a) To regulate and promote the quality, marketing and export of raw and processed cashew nut.
- (b) To advice the government on all matters affecting cashew nut production and marketing.

In order to play the aforementioned roles the Board has been conferred with the following powers:-

- To regulate and promote the quality, marketing and export of raw and processed cashew nuts.
- To advice the Government on all matters affecting cashew nut production and marketing.
- To carry out such other functions in relation to the cashew nut industry as the minister may from time to time direct.
- Subject to the prior approval in writing by the Minister, the Board may perform any commercial functions for a specified period as the Minister may consider expedient.

- To licence buyers and exporters of raw and processed cashew nut, operators of cashew nut processing factories and to determine the qualifications and conditions for the granting of such licenses.
- To issue export permits for raw and processed cashew nuts exporters and to determine the conditions for granting of such permits.
- To establish quality standards for cashew nuts and to ensure the compliance of persons licensed under this sub-section with such standards.
- To represent the cashew nut producers and the government in appropriate international fora.

4.3.4. Banks

The study found that the role played by Banks is

- To provide credits to the cashew nut buyers for buying cashew nut during the peak seasons.
- To provide credits to cashew nut producers for buying inputs which help them to increase quantities and to improve quality of produce.

4.4. Effectiveness and efficiency of each institution involved in marketing of cashew nut in the study area

(b) Buyers

Table 16: Arc Institutions involved in marketing of cashew nuts efficient

Reasons	Number of respondents	%
Yes	14	70.0
No	6	30.0
Total	20	100.0

Respondents were asked to indicate whether the institutions involved in marketing of cashew nut were efficient. The results in table 16 show that 70. % of the respondents indicated that the institutions involved in marketing cashew nut were efficient. However 30.0% of respondents stated that the institutions were not efficient.

Table 17: Reasons why institutions are not efficient

Reasons	Number of respondents	%
CBT is putting more levy without reason of importance	1	20.0
Some primary cooperative society are corrupt	1	20.0
CBT is not strong to control trick of Indian traders	1	20.0
Indian traders have final say on quality and price	1	20.0
Total	5	100.0

When the respondents were required to state the reasons as to why the institutions were not efficient, they gave the following reasons (table 17):- CBT is putting more levy without important reasons (20.0%), some primary cooperative societies are corrupt (20.0%), CBT is not strong to control tricks of Indian traders (20.0%), CBT always favours Indian traders (20.0%) and that Indian traders have final say on quality and price of cashew nut (20.0%).

4.4.1. Credit availability

Fortunately, it has been shown that credit has a positive impact on the growth of a farmer's initial endowments through time (Gonzales – Vega, 1984a) and Kashuliza (1986) observed that the impact of different access to credit on the growth of wealth can lead to dramatic differences in future endowments and in the level of incomes through time of different producers. Credit availability is potentially of value in augmenting the flow of returns to

the farm enterprises. But benefits from credit also depend on the ability of the farmers/producers to use resources productively. Thus, as Kashuliza (1986, p. 41) pointed out, credit access has to be augmented with sufficient farmers management capacity to optimise the credit benefits. Readily available credit will enable the farmers to use their own cash revenues for production and rely upon credit to meet their unforeseen needs and adjustments to seasonal patterns of income and expenditure.

4.4.2. Importance of credits

Credits are of vital to almost all stakeholders involved in cashew nut industry. Buyer needs credit for expanding his capital for buying cashew nut, institutions involved in cashew nut marketing need credits for smooth running of the institutions and marketing of cashew nut. The cashew nut producers need credit as capital for buying inputs and for increasing production.

4.4.3. Situation of credit availability in Mtwara Region

4.4.3.1. Credit sources

The Study found that the main sources of credit for cashew buyers, institutions and farmers to be Exim Bank Mtwara branch, Masasi District Council and Tanzania Fertilizer Company. Others are MAMCU, MRATIFU and rich farmers.

4.4.3.2. Credit application and credit availability

(a) Farmers

Table 18: Credit applied and obtained by farmers

Accessibility	No	%	Credit application	No	%	Credit obtained	No	%
Credit facilities								
Respondents with accessibility to credit	25	15.6	Respondent applied for credits	15	9.4	Obtained credits	6	4%
Respondents with no access to credit	135	84.4	Not applied for credit	145	90.6	Not obtained		
Total	160	100		160	100		160	100

The research findings in table 18 show that only 15.6% of respondents (farmers) indicated that they have access to credit facilities. Out of 15.6%, 60% of respondents who have access to the credit facilities were equivalent to only 9.3% of all respondents who applied for credits. However, the study found that only 24% of the respondents who applied for credits succeeded in obtaining credits while the remaining 76% did not obtain credits.

(b) Buyers**Table 19: Distribution of buyers (respondents) who applied for credit and obtained credits based on types of businesses.**

Types of business	Credit application	No	%	Credit obtained	No	%
Whole sale	Respondent applied for credits	1	50%	Respondents obtained credits	1	50
	Respondents who didn't apply	1	5	Respondents obtained credits	5	
Commissioned agent	Respondents who applied for credits	7	63.6 (35.0)	Respondents obtained credits	4	(36.4) (20)
	Respondents who didn't apply for credits	4	36.4 (20)	Respondents who didnt obtain credits	7	(20) 63.6 (35)
Exporter	Respondents who applied for credits	0	%	Respondents obtained credits	0	%
	Respondents who didn't apply for credits	7	100 (35)	Who didn't obtain credits	7	100 35
Total		20				

Respondents were asked to state if they or their company had applied for a credit from any agent in recent years. The responses to this question are summarized as follows: From table 19 we learn that only 40% of buyers applied for credits and 60% of them didn't apply for credits. 35% is from the commissioned agent and 25% wholesale and 100% exporter didn't applied for credits.

The study results show that, only 25% of respondents obtained credits which are equivalent to 62% of the respondents who applied for the credits.

(c) Institutions**Table 20: Distribution of respondents who applied for and obtained credit**

Credit application	Number	%	Credit obtained	Number	%
Respondents who applied for credits	24	54.5	Respondents obtained credits	7	29
Respondents who did not apply for credits	20	45.5	Respondents who did not obtain credits	17	71
Total	44	100		24	100

Findings from table 20 show that more than half (54.5%) of the institutions applied for credit and 45.5% did not apply for credits. However, findings indicate that those who applied for credits only 29% obtained credits and the rest 71% didn't succeed to get credits.

4.4.3.3. Credit repayment procedure**Table 21: Repayment schedule for the credit**

Repayment time	Number of respondents	%
To pay all at the end of buying season	20	100.0
Total	20	100.0

Results from table 21 indicate that all sampled respondents (100%) reported that they had to repay all their credits at the end of selling/buying season. The results conform to similar findings on financing small farmers in Tanzania by Kashuliza (1986).

4.4.3.4. Reasons for not applying for credits

(a) Farmers' reasons

Table 22: Distribution of respondents by reason of not applying or credit

Reason for not applying credit	Number of respondents	%
Strong conditions making difficult to obtain credit	18	13
Don't know where and how to apply for credit	19	14
Credit institutions are biased to urban centres	7	5
Lack of credit facilities	70	50
High interest rates	21	15
High risks	3	2
Income obtained from sale is sufficient	2	1
Total	140	100

Findings from table 22 show that majority of respondents (50%) didn't apply for credits due to lack of credit facilities. 15% of the respondents indicated that high interest rate is the reason which makes them not to apply for credit. 14% of respondents said that they didn't apply for credit because they didn't know where and how to apply for credits, 13% of them indicated that strong regulations and conditions make it very difficult to obtain credit and hence discourage the respondents from applying for credits. 5% of the respondents indicated that credit institutions are biased to urban centers hence making difficulties to obtain for credit and 1% of the respondents indicated that income obtained from sales is sufficient for farming activities hence not interested to apply for the credit.

(b) Buyers' reasons

Table 23: Distribution of respondents by reasons for not applying for credits (buyers')

Types of businesses	Reason for not applying for credit						Total	
	Company is self sufficient of fund requirement		Lack of credit facilities		High interest rate			
	No	%	No	%	No	%	No	%
Wholesalers	1	50%	0	0	0		1	8.3
Commissioned agents	-	25	2	25	6	75	8	66.7
Exporters	1	50	0		2	25	3	25
Total	2	16.7	2	16.6	8	66.7	12	100

Findings from table 23 show that more than half (66.7%) of buyers indicated that they didn't applied for credit due to high interest rate. 16.6% of the respondents indicated that they did not apply for credit due to lack of credit facilities and the rest 16.7% who are wholesalers and exporters indicated that their companies are self sufficient in funds required for cashew nut marketing; These findings are in line with Banda's (1995) who observed that "Big traders do not seem to depend on domestic bank borrowing for the purposes of cashew purchasing". He argued that their access to external capital gave them a significant competitive advantage over local traders, who not only were limited in the amount of capital which they could obtain from domestic banks, but also they had to take the money on stiff conditions.

(c) Institutions reasons

Table 24: Distribution of respondents by reasons for not applying for credits

(Institutions)

Reason for not applying for credit	Number of respondents	%
Lack of credit facilities	48	22
High interest rates	11	50
Strong condition for getting credit	36	14
Bureaucracy and long process to get credit	3	14
Total	22	100

From table 24 are observe that majority of the institutions (50%) indicate high interest rate to be the reason for not applying for credits 22% indicated that lack of credit facilities is the main reason for not applying for credit. 14% indicated that strong condition on getting credit as the main reason for not applying for credit and other 14% indicated that bureaucracy and long process to obtain credit to be the main reason for not applying for credit.

4.4.3.5. Problem related to lack of credit

(a) Farmers

Table 25: Reactions of respondents due to lack of credits

Problem	Number respondents	%
Use less inputs than are recommended	51	34
Reduced crop area cultivated	43	28.6
Reduced investment in agriculture	10	6.7
Abandoned exchange crops	12	8
Total	150	100

From table 25 we learn that 34% of respondents indicated that lack of credit caused them to use fewer inputs than recommended. 28% of them said that they reduced the crop area cultivated due to lack of credit. 22.7% switched from growing crops which need credit inputs and 8% of respondents abandoned exchange crop due to lack of credit facilities.

(b) Buyers

Table 26: Distribution of respondents by problems related to lack of credit

Problem	Number of respondents	%
Reduced investment in buying cashew	4	33.3
Forced commissioned agents to depend on big cashew buyers	3	25
Reduced competition on the market	5	41.7
Total	12	100

From table 26 we observe that 41.7% respondents said that lack of credit has reduced competition on cashew nut marketing, 33.3% indicated that lack of credit has reduced investment in buying cashew nut and 25% indicated that lack of credit has forced commissioned agents to depend on big cashew buyers. These findings imply that only few buyers have enough funds to buy cashew hence controlled the market, which is in line with what was observed by Banda (1995).

4.4.4. Availability of marketing information

Farmers are in need of marketing information but are not able to obtain them. This puts them at a disadvantaged position during bargaining for price with traders (Katinila *et al*; 2000). Information is POWER! During the marketing season there is a need to inform farmers on the marketing progress of the local and international (to a limited extent) market. Study has to be done to identify the most suitable way to implement this information sharing process. Paying for airtime in the southern Zone radio (Radio Kanda ya Kusini), commissioning professionals to take care of that, collaborating with CBT (for cashew nut marketing) for market information on cashew nut. Newsletter for farmers can also be considered for implementation.

4.4.4.1. Importance of marketing information

In theory market, information enable farmers to negotiate with traders, plan their production more in line with market demand and schedule deliveries to the market at times when returns are higher (James and Lazaro, 2000).

4.4.4.2. Collection of marketing information

(a) Farmers

Table 27: Distribution of respondents by way of collecting marketing information

Ways of collecting marketing information	Number of respondents	%
Direct visit to the market place	85	53.12
Cross check with many middlemen	5	3.13
Hear from friends	28	17.5
From Radio	42	26.25
Total	160	100

The present study has revealed that farmers in the study area have collected or acquired their information on cashew nut marketing prices through four different sources. From table 27 we observe that majority (53.12%) of respondents get or obtain information on cashew nut marketing prices through their direct visits to the market place. 26.25% of respondents get their information through radio. 17.5% of them obtain market information on cashew nut marketing prices through hearing from friends and only a few (3.13%) of respondents collect or obtained their information on cashew nut marketing prices through cross check with many middle men. The implication of these findings suggests that the cashew nuts prices and demand/supply of the produce at a particular location is not known in advance. In fact the results are similar to other results reported by Chachage and Nyoni (2001) and Katinila *et al*, (2000), on lack or absence of consistent and reliable marketing prices information on cashew crops in the country.

It must be emphasized that given the geographical heterogeneity of the country's rural villages and that not all households have adequate income to purchase a radio, it is imperative that the government should endeavour to provide the far with pamphlets and leaf lets covering national and world market trends and prices.

(b) Buyers

Table 28: Distribution of respondents' methods of collecting information on marketing prices

Reasons	Number of respondents	%
Crosscheck with other buyers	15	75
Through media	5	25
Total	20	100.0

Table 28 shows that more than half (75%) of respondents (buyers) collect information about market prices through crosscheck with other buyers and 25% collect information on price of cashew nut through the media. This implies that more of the cashew nut buyers do not have a well established means of collecting marketing information rather than depending on other buyers who are mostly likely to be big buyers, exporters and wholesalers.

4.4.4.3. Availability of marketing information

(a) Farmers

Table 29: How well cashew nut price prevailing at the market are known

Who know	Number of respondents	%
Very well	10	6
Not very well	78	49
No idea except middlemen's offers	72	45
Total	160	100

Table 29 shows that 49% of the respondents indicated that cashew price prevailing at the market was not very well known. 45% of them had no idea of the prevailing of cashew nut price at the market except that they were offered by middlemen and 6% respondents indicated that cashew price prevailing at the market was very well known.

(b) Buyers

Table 30: Distribution of respondents (buyers) by knowledge of price prevalence at the market.

How well is price known	Number of respondents	%
Very well	6	30
Not very well	11	55
No idea except announced by CBT	3	15
Total	20	100

Table 30 shows that more than half (55%) of the respondents interviewed did not know well very the preventing cashew nut price in the market and only 30% of the respondent indicated to have good knowledge of the cashew nut price prevailing in the market. The other 15% of the respondents had no idea of the cashew nut price prevailing in the market except that announced by CBT.

The study found that majority of the stakeholders' producers and buyers do not know very well the price prevailing at the market and this can influence the whole cashew nut marketing system in the region.

4.4.4.4. Problems related to lack of marketing information

4.4.4.4.1. Factors considered by respondents, when deciding to sell their cashew nuts

Table 31: First factors considered when deciding to sell cashew nuts

Factor	Number of respondents	%
Price offered	43	27.2
Household cash needs	114	72.2
Personal tie with	1	6
Total	158	100.0

Respondents were asked to state the first factors which they usually consider before deciding to sell their cashew nuts. Results are presented in table 31 that 72.2% of respondents indicated that household cash needs were vital factors to be considered when deciding to sell cashew nuts. Other factors which were considered by the respondents include price offered (27.2%) and at least personal ties with middlemen (0.6%).

Table 32: Second factor considered when deciding to sell cashew nuts (N = 28)

	Number of respondents	%
Household cash needs	26	92.9
Personal ties with middlemen	2	7.1
Total	28	100.0

Results from table 32 indicated that the majority of the households (92.9%) reported that the second important factor considered was household cash needs.

Table 32 further shows that only 7.1% of the respondents pointed out personal tie with middlemen as a second factor when deciding to sell their cashew nuts. Through interviews with cashew nut buyers they also mentioned other factors such as quality of cashew nut, accessibility to marketing places, security of money and price announced by CBT.

4.4.5. Infrastructure

4.4.5.1. Importance of infrastructure

Rutebinga (1992) identified infrastructure, especially transportation as the economic catalyst and accelerating prime mover of development and process of growth. Mlambilti (1997) emphasized that good road systems enhance agricultural productivity by reducing marketing margin, expanding the market and making inputs and product available at the right time and place. An efficient road system helps to improve smallholder's access to the market economy with an reducing the price of consumer goods and agricultural inputs, while increasing farm gate prices. All these have overall effect on increasing farm family income and farmers responsiveness to the market condition. In other words, the distance from a household to the nearest road is a measure of physical integration in the national market of crops and livestock. The farther the householder lies from a road, the less likely it is to participate in important markets.

4.4.5.2. Situation of infrastructure and transport facilities

The findings from this study show that 52% of the cashew nut respondents who are buyers indicated that the main problem and constraint affecting cashew nut marketing is poor infrastructure. 62.5% of respondents who are producers in Mtwara District Council indicated the problem of transport facilities whereas 37.5% of the respondents in Masasi District also indicated the problem of transport facilities.

4.4.6. Quality of cashew nuts

Table 33: Are you happy with quality of cashew nut

Reasons	Number of respondents	%
Yes	15	75.0
No	5	25.0
Total	20	100.0

Farmers' willingness, quantity of cashew nut produced by farmers and quality of cashew nut are among the important factors influencing the marketing of cashew nut in the study area. Respondents were asked if they were happy with the quality of cashew nut in the study area. The results are shown in table 33 as follows.

75.0% of the respondents reported that they were happy with the quality of cashew nuts while 25.0% of them indicated that they were not happy with the quality of cashew nuts required.

Table 34: Distribution of respondents by reasons of not being satisfied

Reasons	Number of respondents	%
Quality of cashew varies seasonally	1	20.0
Quality is poor hence price drops	1	20.0
Farmers soak cashew nut hence render crop to a poor market	1	20.0
Farmers mix cashew of two different season	1	20.0
Poor grading	1	20.0
Total	5	100.0

Respondents were asked to explain why they were not happy with the quality of cashew nuts. The results are shown in Table 34. The reasons given were as follows: quantities of cashew nut vary in every season (20.0%), quality is not good, hence prices drop (20.0%), farmers soak cashew nuts and hence render the crop a poor market (20.0%), farmers mix cashew of two different seasons (20.0%) and poor grading (20.0%).

4.4.7. The influence of government intervention: Policy and Taxation

A number of government policy reforms instituted in the 1990s (or carried over from the late 1980s) have been implemented. These include trade liberalization, financial sector reforms, privatization, civil service reforms, decentralization and measures against corruption and tax reforms. Though by 1999 the outcome of these reforms have been yield (economic growth, exports etc) or not achieved (poverty reduction) signs of a better future are emerging (URT, 2001).

In 1991/92 the government began to liberalize cashew nut marketing by introduction of the agency system in the export of the crop. In fact, it was the first traditional export crop to be liberalized (Chachage and Nyoni, 2001). Private traders were allowed to buy cashew nuts and to export, and they were allowed by the Bank of Tanzania to retain 10% of the foreign currency. The aims of the move were to improve the efficiency of agricultural marketing

and to reduce costs, to improve incentives to the farmers through increased reliance on the market forces of demand and supply in price determination and to reduce or eliminate the need for budgetary subsidies to the Marketing Boards and Cooperatives.

4.4.7.1. The Effects of Government policy reforms on cashew nuts marketing

4.4.7.1.1 Easiness of selling cashew nuts and awareness of price prevailing after the implementation of marketing reforms since 1990s

Table 35: Easiness to sell cashew nuts after the implementation of marketing reforms since early 1990s

Reasons	Number of respondents	%
Yes	70	44.0
No	65	40.9
Didn't know	24	15.1
Total	159	100.0

In this study, respondents were asked to give their opinions if it was easy to sell their cashew nuts after the implementation of market reforms since early 1990s and increasing private buyers/traders in 1991/1992. Table 35 we observe show that 44.0% of the respondents indicated that the implementation of the marketing reforms has made it easy for them to sell their cashew nuts in Mtwara region. Table 35 further shows that 40.9% of the households reported that the implementation of the marketing reforms has not made it easy for them to sell cashew nuts in the region. However, the results revealed that 15.1% of the respondents stated that they did not know as to whether it was easy to sell cashew nuts after the implementation of the marketing reforms since early 1990s; suggesting that there is great need for more rigorous educational marketing information programmes to the farmers on cashew nuts marketing by the media and extension offices in the area.

4.4.7.1.2 The effect of taxes on marketing of cashew nuts

Respondents were asked if they pay taxes on buying the crops. The results are presented in table 36 below.

Table 36: Payment of Taxes on buying the crops

Reasons	Number of respondents	%
Yes	18	94.7
No	1	5.3
Total	19	100.0

Results from table 36 show that 94.7% of the respondents reported that they pay taxes when buying the crops (cashew nuts included). Only a small percentage of respondents (5.3%) never paid taxes when buying the crops. The implication of the findings underline the thesis that cashew nut producers are exploited through high levies and other taxes paid by traders and invariable passed on to producers in low farm prices. This observation/argument is supported by Chachage and Nyoni (2001) and URT (2001) who postulate that tax policy and practice in Tanzania are such that the farmer is the most heavily taxed individual in Tanzania. The farmer/peasant is taxed by the village government, ward government, district council, cooperative society cooperative union, crop boards, and pay tax on inputs. Consequently, the agricultural sector remains one of the most unattractive industries in Tanzania.

With regards to the taxation the result shows that 55% of the cashew nut buyer respondents who said the institution involved in cashew nut marketing are not efficient, indicated that CBT and District authority are putting more levy and taxation without reason of importance. 30% of farmers' respondents show that taxes are so high.

With regards to policies for this case, liberalization policies of cashew nut markets show that 85% of cashew nuts buyer respondents indicated that it was easy for them to buy cashew nut since the implementation of cashew nut liberalized marketing.

4.4.7.1.3. Marketing reform of cashew nut

Findings show that 60% of respondents indicated that it was not easy to sell cashew nuts after the implementation of marketing reform since early 1990s and licensing private buyers in 1991/92. While 7% of respondents (institutions) indicated that market liberalization is a big problem, affecting cashew nut marketing. For this case it implies that for the case of Government intervention policy and taxation affect the performance of cashew nut marketing in Tanzania.

Table 37: Amount of Taxes on buying the crops

Amount	Number respondents	%
50,000 to 80,000 per tone	2	22.2
60,000 to 80,000 per tone	4	44.4
60,000 to 70,000 per tone	3	33.3
Total	9	100.0

According to the results in table 37, about 44.4% and 33.3% of the respondents indicated that they pay taxes ranging from Tshs. 60,000 to 80,000 per tone of crop produced and Tshs. 60,000 to 70,000 per tone respectively. About 22.2% of the respondents reported that the amount of taxes paid was in the range of Tshs. 50,000 to 80,000 per tone.

4.5. Constraints and problems affecting cashew nut production and marketing in Mtwara region

This study found various constraints and problems affecting cashew nut production and marketing in Mtwara Region. The constraints and problems were divided into 3 categories, namely those affecting farmers of cashew nut, buyers and the last category are constraints and problems affecting institutions involved in production and marketing of cashew nut. These findings are as follows:

4.5.1. Farmers' constraints and problems

Table 38: Distribution of respondents by types of constraints

Constraints	Number of respondents	%
Price fluctuation and low producer price due to lack of real competition	30	18.75
Lack of credit access and high production cost compared to price of output	50	31.25
Price variations from one place to another within the same season	10	6.26
Traders decide price, dictation of dropping prior to notice	40	25
Some Councilors and MPs are trading cashew hence they can't help farmers	5	3.12
Lack of political will to support cashew markets	11	6.87
Total	160	100

With regards to farmers' constraints, findings in table 38 shows that 31.25% respondents indicated that lack of access to credit facilities and high production costs compared to price of output to be the main constraints and problems affecting cashew nut production and marketing in Mtwara region. 25% of respondents indicated that the main constraints and problems affecting cashew nut marketing in Mtwara region is the traders' union which sets low price. Traders are the ones who dictate the price and they can drop it without prior notice. 18.75% of respondents indicated that low producer price is due to lack of real

competition on cashew nuts marketing. According to the respondents, this is the main constraint affecting cashew nut marketing and the remaining 19.37% indicated that the main constraints and problems affecting cashew nut production and marketing in Mtwara region are lack of political will to support cashew nut marketing, price fluctuations and variations from one place to another within the same season, and that some of Councilors and MPs trading in cashew fail to help farmers and 5.63% of respondents indicated that their main constraint affecting cashew nut marketing is due to lack of involvement of farmers in price setting.

4.5.2. Buyers' constraint and problems

Table 39: Constraints/problems affecting cashew nuts marketing in Mtwara Region

Problems/constraints	Number of respondents	%
Council implement levy which is very high	1	5.3
Poor Quality of cashewnut	1	5.3
Poor infrastructure	12	63.2
Lack of reliable credit facilities	3	15.8
No security of the buyers and primary societies	1	5.3
Fuel problem	1	5.3
Total	19	100.0

Respondents highlighted various factors which are affecting cashew nuts marketing in Mtwara region. The responses to this question are presented in Table 39. Table 39 shows that many buyers are faced with more than one constraint/problem. Majority (63.2%) of respondents indicated that their main problem or constraint in cashew nut marketing is poor infrastructures, 15.8% of the respondents indicated that their main constraint is lack of reliable credit facilities while 5.3% indicated that their main constraints/problems include high levy, poor quality of cashew, no security of the buyers and primary societies and fuel problem.

4.5.3. Institutions' constraints and problems

Table 40: Distribution of respondents by constraints

Constraints	Number of respondents	%
Unreliable market and low price	20	45.45
Price fluctuation and cheating of some business men	13	29.55
Inadequate inputs and delay of credit to cashew buyers and producers	6	13.64
Market liberalization	3	6.82
Lack of communication and marketing information	2	4.54
Total	44	100

With regards to the constraints and problems affecting cashew nut marketing system, the results in table 40 show that majority of the institutions (45.45%) of the respondents indicated that unreliable market and low price of cashew nuts as their main constraints, 29.55% of respondents indicated that price fluctuations and cheating of some business men are the main problems of cashew nuts marketing system. 13.64% of the respondents indicated that inadequate inputs and delay of credits to cashew nut buyers and producers are the constraints and problems affecting cashew nut marketing system. 6.82% of the respondents indicated that market liberalization is a big problem affecting cashew nut marketing system and 4.54% of the respondents indicated that lack of communication and marketing information is a problem affecting cashew nut marketing system in Mtwara region.

Basing on the number respondents as a vital indicator, poor infrastructure (63.2%); lack of access to reliable credit facilities and high production cost compared to price of output (31.25%); price fluctuations and cheating of business men (29.55) were the major constraints and problems affecting cashew nut marketing in Mtwara Region. Other constraints were low producer price due to lack of real competition (18.75); inadequate inputs and delay of credits to cashew producers and buyers (13.64); liberalization policy

(6.82%), council imposition's of heavy levy, which is very high (5.3%), poor quality of cashew nuts (5.3%), no security of the buyers and primary societies (5.3%) and fund problem (5.3%).

4.6. Capacity building intervention required for strengthening and promoting cashew nut production and marketing system in Mtwara region

4.6.1. Farmers

Table 41: Distribution of respondents by capacity building required

Type of capacity building required	Number of respondents	%
Training on how and where to apply for credit	90	56.25
Training on how to find for markets outside the country	40	25
Training of cooperative personnel on grading cashew nut so as to have last say on quality	17	10.63
Training of cooperative, to find market out side the country	13	8.12
Total	160	100

Findings in table 41 show that majority (56.25%) of respondents indicated that they need training on where and how to apply for credit. 25% of the respondents indicated that they need training on cashew processing through simple technology but modern one. 10.63% of the respondents need training of cooperative personnel on grading of cashew nut so as to avoid that the buyers have the last say on quality, and the last 8.12% of the respondents requested the government to provide training to cooperative societies to find the markets outside the country.

4.6.2. Capacity building intervention required by institutions involved in cashew nut marketing

Table 42: Distribution of respondents by capacity building required

Type of capacity building intervention required	Number respondents	%
Training on how and where to apply for credit	23	52.27
Training on how to find for market outside the country	10	22.73
Training on cashew processing through simple technology but modern ones	5	11.36
Training on cashew grading to avoid buyer to have the last say on the quality of cashew nut	4	9.09
Training of farmers on cooperatives	2	4.55
Total	44	100

The findings in table 42 show that more than half (52.27%) of the institutional responses indicated that they need training on where and how to apply for credit, 22.73% of respondents indicated that they need training on how to find for the markets outside the countries, 11.36% they need training on cashew processing through simple technology but modern ones. While 9.09% needed training on cashewnut grading to avoid buyers to have the last say on the quality of cashew nut and the last 4.55% of the respondent indicated that they needed training of farmers on cooperative.

4.7. Comments from the respondents on action to be taken to improve cashew nut marketing

Cashew nut marketing involves different stakeholders and different groups. For the purpose of this study, they were categorized into three groups, which are cashew nut producers' comments, cashew nut buyers, and institutions involved in cashew nut marketing.

4.7.1. Cashew nut producers' comments

Table 43: Cashew nut producers' comments by district

Comment	District of respondent				Total	
	Masasi		Mtwara		No	%
	No	%	No	%		
Private traders should be controlled by CBT to stabilize price	10	12	8	10	18	11.25
Cashew nut marketing should be in the hands of cooperative union	13	16.25	22	27.5	35	21.88
Price should be constant through the country in each season	15	18.75	7	8.75	22	13.75
Rural cooperative societies should be given soft loans to buy crops	7	8.75	11	13.75	18	11.25
Credit should be given to cashew nut producers	1	13.75	8	109	19	11.88
Government should coordinate farmers and buyers for the benefit of all	4	5	8	10	12	7.5
Government should reduce the price of inputs	7	8.75	5	6.25	12	7.5
Government to analyze price of inputs and taxes to set cashew price	7	8.75	2	2.5	9	5.62
Cashew should be bought in time	1	1.25	3	3.75	4	2.5
Government to control market under ministry of agriculture and food under strong institutions	5	6.25	6	7.5	11	6.87
Total	80	50	80	50	160	100

Findings in table 43 show that 21.88% of the respondents recommended cashew nut market to be in the hands of cooperative union. 13.75% of the respondents recommended the price to be constant throughout the country in each season. 11.88% of the respondents recommended that the credits to be given to cashew nut producers. 11.25% of respondents' recommended private traders to be controlled by CBT to stabilize price and 11.25% of respondents recommended that rural cooperative societies to be given soft loans to buy crops. Other comments are that the government should coordinate farmers and buyers for the benefit of all (7.5%), government to reduce price of inputs (7.5%), government to control the market under ministry of agriculture and food under strong institutions (6.87%),

government to analyze price of inputs and taxes and it should set cashew price (5.62%) and that cashew to be bought in time (2.5%).

4.7.2. Cashew nut buyers' comments

Table 44: Cashew nut buyers' comments

Comments	Number of respondents	%
Levies to be reduced	2	10
To improve infrastructure	11	55
To have trained personnel of rural primary societies	1	5
More credit to be given on time with minimum interest rate	3	15
Government to guarantee PRC on credit	2	10
Government to look for markets outside the country	1	5
Total	20	100

Finding in table 44 show that majority (55%) of the respondents recommended the infrastructure to be improved. 15% of the respondents recommended more credit with minimum interest rate to be lent to the cashew nut buyers on time. 10% of respondents recommended the government to guarantee rural primary societies on credit institutions, other 10% of respondents recommended that levies including export levies to be reduced, 5% of respondents recommended to have trained personnel in societies and 5% recommended the government to look for more cashew nut markets outside the country.

4.7.3. Comments from institutions involved in cashew nut marketing

Table 45: Distribution of respondents by comments

Comments	Number respondents	%
Strengthen rural primary societies	12	27.27
Government to find reliable markets	9	20.45
Price should be stabilized	6	13.64
Credit to be given to the RPCs	3	6.82
To revise and encourage processing of cashew nuts so as to have wider markets	5	11.36
Improve infrastructure	5	11.36
Total	44	100

Findings in table 45 show that 27.27% of respondents recommended rural primary societies to be strengthened. 20.45% of respondents recommended the government to find reliable markets 13.64% of respondents recommended price to be stabilized. 11.36% of respondents recommended the improvement of infrastructure. 11.36% of respondents recommended the government to revise and encourage processing of cashew nut so as to have wider markets. 9.10% of the respondents recommended the government to revise free market policy and 6.82% of the respondents recommended credit to be given to the RPCs. The study found that all categories of respondents recommended highly for credits to all cashew nuts stakeholders, price to be stabilized, and improvement of infrastructure.

CHAPTER FIVE

5.0. CONCLUSIONS AND RECOMMENDATION

5.1. Conclusion

The findings of the study are as follows

- (a) Cashew nut is one of the most important exchange crops in Tanzania, which has contributed significantly to the growth of the economy. Cashew nut ranks third after coffee and cotton in foreign earning, it also constitutes a regular source of cash earning to producers of the crops in the six regions, namely Dar es Salaam, Mtwara Lindi, Coast, Ruvuma and Tanga, whose farmers are smallholders. However the study found the following institutional/factors affecting cashew nut marketing.
- (b) Poor rural infrastructure was indicated by cashew nut buyers as the main constraints affecting cashew-marketing system in the study area.
- (c) Lack of a reliable market and low producers price were indicated by institutions involved in cashew nut marketing as the main problems and constraints affecting cashew nut marketing system in the study area.
- (d) Lack of access to reliable credit facilities was the main problem and constraints affecting all stakeholders involved in cashew nut industry, namely, cashew nut producers, buyers and institutions involved in cashew nut industry.

- (e) Traders decision on price dictation, (dropping) prior to notice affect the cashew nut producers since they find themselves as the victims as they get low price compared to production costs.

- (f) Lack of real competition, which leads to low producer price. Other constraints or problems affecting cashew nut production in Mtwara region are poor political will to support cashew nut marketing, price variation from one place to another within the same season, fuel problem, council's very high levy, poor quality of cashew, no security for the buyers and primary societies, some councilors, and MPs who are trading cashew can't help farmers and communication and marketing information. Basing on the numbers of respondents as vital indicators, the respondents proposed the following actions to be taken:
 - (g) In order to improve the cashew nut marketing, it was proposed that rural infrastructure should be improved.

 - (h) Strengthening of rural primary societies by providing them with soft loans to buy crops and enable them to sell the cashew nut outside the country.

 - (i) Government should make sure that the cashew nut marketing is be in the hands of cooperative union.

 - (j) Government to find reliable markets for cashew nuts outside the country

(k) To bring more credit to the cashew nut producers, buyers and institutions on time with minimum interest rate.

(l) Price should be constant stabilized throughout the country in each season.

(m) Private traders should be controlled, levies be reduced, Government to guarantee rural primary cooperative societies on financial institutions, to have trained personnel of primary cooperative societies, to revise and encourage processing of cashew nuts so as to have wider markets and government should find markets outside the country.

(n) The majority of respondents indicated that they need training on where and how to apply for credit, how to find cashew nut markets outside the country, training on cashew nut processing, using simple technology but modern ones, grading of cashew nuts and cooperatives were also requested to improve cashew nut marketing in the study area.

5.2. Recommendations

The following recommendation were made:-

- (a) Rural infrastructure should be improved in order to have an effective and efficient the cashew nut marketing system.
- (b) The government should find the reliable cashew nut markets outside the county.
- (c) The government should establish accessible and reliable credit facilities.
- (d) The government should reconsider the free market policy to avoid the private traders to collude to lower producers price of the expense of cashew nut producers.
- (e) To improve communication system so as to enable marketing information to be available adequately and timely.
- (f) In order to establish competition on cashew nut marketing, the rural primary societies should be strengthened by being given soft loans to buy crops and to allow them to sell crops outside the country, and to make sure that the cashew nut marketing is in the hands of the unions.
- (g) Government should establish reliable markets outside the country.
- (h) More credit should be distributed to the farmers, buyers and institutions involved in cashew nuts.
- (i) Price should be stabilized throughout the country in each season.
- (j) The training on how and where to apply for credit, how to find cashew nut markets outside the country, training on cashew nut processing using simple technology but modern ones, grading of cashew nut and cooperative skills.

If the above recommendations are implemented, there is a bright future for cashewnut marketing in Mtwara region.

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APPENDICES

Appendix 1: Farmers Questionnaire

**TITLE: AN ASSESSMENT OF INSTITUTIONAL FACTORS
AFFECTING CASHEW NUT MARKETING IN MTWARA
REGION**

BY GHASIA, H.A

A: Cashew nut producer's characteristics

1. District.....
2. Division
3. Ward
4. Village
5. Date of interview
6. Age of respondent
7. Gender/Sex
(1) = Male (2) = Female
8. Highest level education attained by the respondent
 1. NONE
 2. = Primary level 1 - 8
 3. = Secondary level O' level 1-4
 4. = Secondary A' level 5 - 6
 5. = Diploma level
 6. = Degree level
 7. = Others (specify)
9. Marital status
 1. = Single
 2. = Married
 3. = Separated
 4. = Widowed
10. House hold size
(1) Number of males (ii) Number of female
11. Household number working full time in farming activities
(i) Number of males (ii) Number of females.....

B: Crop production

12. What are your source of income and means of livelihood?
1. = Crop production
 2. = Livestock production
 3. = Mixed farming
 4. = Others (Specify)
13. What crops have you maintained or grow for the last 5 years
- | | |
|-----------|-----------|
| (a) | (b) |
| (c) | (d) |
| (e) | (f) |
| (h) | (h) |
14. What is you main source of labour?
1. = Family labour
 2. = Hired labour
 3. = Both
15. Where do you get capital for your farming?
1. = Crop sales
 2. = Loans
 3. = Given by relatives
 4. = Others (specify)
16. Do you use any input in your farm?
(1) = Yes (2) = No
17. If yes mention input in your farm?
- | | |
|-------------|------------|
| (i) | (ii) |
| (iii) | (iv) |
18. If yes, where do you get the inputs?
1. = Government agency
 2. = Cooperatives
 3. = Private traders
 4. = Inputs stockiest
19. Is there any change in input distribution in your area?
(1) = Yes (2) = No
20. If yes what are changes

21. What are the most important factors (reasons), which affect or influence your crop production decision and plans, basing on the type of crops grown and/or farm size cultivated and planted. Rank the reasons in order of importance.
1. Availability of credit inputs
 2. Increased farm gate prices
 3. Increased marketing opportunities
 4. Availability of cash inputs
 5. Others specify

Economic status

22. For the last five years/seasons could you please mention the area and total output obtained from each crop. Also state the major purpose of growing the crop

Season	Crop	Area (acres)	Output kg or bags units	Main reason for growing the crop
1997/98				
1998/99				
1999/2000				
2000/2001				
2001/2002				

23. Which crops have you stopped growing or the area planted was reduced in the last 5-10 years? And what were the reasons for that?

(Mention all however un important it was)

No	Crop	Reason for stopping/reducing acre age

- Reason for stopping/reducing

(1) = Impact of pests	(2) = Impact of inputs price increase
(3) = Lack of credit	(4) = Shortage of land
(5) = Marketing problems	(6) = Availability of seeds
(7) = Increased price of seed	(8) = Weather condition
(9) = Others specify	

(C) Crop marketing

24. Was it easy to sell crop (s) cashew nut since implementation of marketing reform (199)
 (1) Yes (2) No (3) I didn't know
25. How well do you know about cashew prices prevailing in the market:
 (1) Very well (2) Not very well
 (3) No idea except middlemen's offers.
26. What factors did you consider when you decide to sell cashew
 (1) Price offered (2) Honesty of middlemen
 (3) Household cash needs (4) Personal tie with middlemen
27. How do you collect information on marketing prices
 1. = Direct visit to the market place
 2. = Crosscheck with many middlemen
 3. = Hear from friends
 4. = Radio
 5. = Others (Specify)

E: Market information

28. Who are the major customers of your produce?
 (1) = Government Agencies
 (2) = Cooperatives
 (3) = Private Companies
 (4) = Individual
 (5) = Others (specify)
29. Where do you sell your raw cashew nuts?
 1. = Cashew society Unions
 2. = Cashew Marketing Board
 3. = Private traders
 4. = Community Based Organization (CBOs)
 5. = Non Government Organization (NGOs)
 6. = Others (specify)
30. What were market prices of cashew for the last five seasons

Season	Prices per kilogram	
	Standard grade	Under grade
1997/98		
1998/99		
1999/2000		
2000/2001		
2001/2002		

- 31. What is the price trend of your produce for the last five years?
 - 1. = Increasing
 - 2. = Decreasing

- 32. From (31) above, if it is increasing, why?
 - 1. = Many Customers
 - 2. = Low supply
 - 3. = Highly demanded
 - 4. = Others (specify)
 -
 -

- 33. From (31) above, if it decreasing, why?
 - 1. = Few Customers in the market
 - 2. = High production
 - 3. = Low demand
 - 4. = Other (specify))
 -
 -

- 34. Is the number of Customers of your produce increased over the last five years?
 - 1. = Yes 2. = No

- 35. If yes, why?)
-
-

- 36. Do you find it difficult to sell your produce?
 - 1. = Yes 2. = No

- 37. If yes, why?
 - 1. = It is far from the market
 - 2. = Few customers
 - 3. = Low farm gate price
 - 4. = Lack of transport facilities
 - 5. = Low demand
 - 6. = Others (specify))
 -
 -

- 38. Is the marketing of crops improved in your areas?
 - 1. = Yes 2. = No

- 39. If yes, why?
 - 1. = Increased number of customers
 - 2. = Improved transport facilities
 - 3. = Increased farm gate price
 - 4. = Availability of consumer goods
 - 5. = Others (specify))
 -
 -

40. If no, why?
 1. Decreased number of customers
 2. Poor transport facilities
 3. Decreased farm gate price
 4. Lack of consumer goods
 5. Others (specify))

41. Does you location makes it casier for customers get you produce?
 1. Yes 2. No

42. If yes, why
 1. = Many feeder roads for entry in the area
 2. = Near to the road and market place
 3. = Others (specify))

43. If no, why?
 1. = No roads for entry in the area
 2. = It is in remote area (far from the road and market place)
 3. = Other (specify))

44. What are you other sources of income apart from agricultural production?

	Source	Amount	Year/Month
(i)			
(ii)			
(iii)			
(iv)			

45. How far is the selling point from your homestead?
km

46. Are you a member of cashew cooperatives?
 1. = Yes 2. = No

47. Do you experience problem on marketing/selling your cashew?
 1. = Yes 2. = No

48. If yes, indicate the marketing problems you experience that are associated with institutions

- (i)
 (ii)
 (iii)
 (iv)

49. Indicate the marketing problem that associated with political issues

- (i)
 (ii)
 (iii)
 (iv)

50. Indicate the marketing problems you experience that are associated with the market liberalization policies
- (i)
 - (ii)
 - (iii)
 - (iv)

F: Information on credit

51. Do you have access to the credit facilities?
1. = Yes 2. = No
52. If yes what are the sources of credit?
1. = Bank
2. = Traders
3. = Other farmers
4. = Others (specify)
.....
.....
53. Have you applied for a credit from any agency in recent years?
1. = Yes 2. = No
54. If yes, what was the amount obtained?
.....
.....
55. If cash, what was the interest rate to the credit?
.....
56. What was the repayment procedure for the credit?
1. = Cash 2. = In kind
57. If in cash what is the amount per year and/or month and repayment period?
58. If in kind, what is the amount (in kg)
.....
59. From question (53) above, if no why?
1. = Not available (lack of credit facilities)
2. = High interest rates
3. = Not interested
4. = The income obtained from crops sales in sufficiency for my requirements
5. = High risk
6. = Others (specify)
.....
.....

60. Has credit restriction and increased interest rates effected your farming activities in any way?

- 1. = Yes 2. = No

61. If yes, how?

- 1. = Use less amount of input in your farms than the recommended
- 2. = Reduce crop area cultivated
- 3. = Switched from growing crops which need credit inputs
- 4. = Reduced investment in agriculture
- 5. = Abandoned growing cash crops
- 6. = Abandoned growing food crops
- 7. = Reduced availability of capital for inputs purchases
- 8. = Others (specify)
-
-

62. From question (59) above if yes, state the amount rendered/received Tshs.

G: Information on Iustitution:

63. Do you have adequate transport and storage facilities?

- 1. = Yes 2. = No

64. Do you pay taxes on your crop?

- 1. = Yes 2. = No

65. If yes state the amount in TshsPer kg.....

66. Are you always willing to sell your cashew nut to buyers?

- 1. = Yes 2. = No

67. If No, state the reasons:

.....
.....

68. Does the government policies effect the marketing of your cashew nuts?

- 1. = Yes 2. = No

69. Are the institutions involved in marketing of cashew nut efficient?

- 1. = Yes 2. = No

.....
.....

70. If No, state the reason.....

.....
.....

71. Are the resource for marketing your crop available adequately?
1. = Yes 2. = No
72. If yes state them:
1. = Yes 2. = No
73. If yes state them:
1. = Financial resources
2. = Personnel resources
3. = Handling equipments
4. = Others (specify)
74. What are the constraints and problems effecting the cashew nut marketing system in your area?
1. = Limited financial resources
2. = Inadequate capital
3. = Low producer price
4. = Lack of transport
5. = Poor storage facilities
6. = Poor crop quality
7. = government Policies
8. = Others (specify)
- H: Other information:**
75. Do your have access to the village extension office
1. = Yes 2. = No
76. If yes, how many times?
1. = Once per season
2. = 2-3 times per season
3. = 4-5 times per season
4. = More than 5 times per season
77. Where do you receive extension services from the extension officers?
1. = Training centre

Appendix 2: Buyers Questionnaire

**TITLE: AN ASSESSMENT OF INSTITUTIONAL FACTORS
AFFECTING CASHEW NUT MARKETING IN MTHARA
REGION**

By: GHASIA, H.A

1. Respondent name/Company name.....
2. What type of trade are doing?
 1. = Whole sale
 2. = Commissioned Agent
 3. = Retailer
 4. = Exporter
3. Years in business years
4. Business nature
 1. = Fulltime 2. = Part-time
5. Was it easy to buy cashew nut since implementation of marketing reform early 1990s
 1. = Yes 2. = No 3. = I didn't know
6. What factor did you consider when you decide to buy cashew
 1. = Price announced by CBT
 2. = Quality of Cashew nut
 3. = Accessibility of Marketing Places
 4. = Others (specify)
7. How well do you know about cashew prices prevailing in the market:
 1. = Very well 2. = Not very well 3. = No idea except enounced by CBT
 4. = Others (specify)
8. How do you collect information on marketing prices
 1. = Direct visit, to the market place
 2. = Crosscheck with other buyers
 3. = Through media
 4. = Others (specify).....

9. Do you pay taxes on buying the crops 1. = Yes 2. = No
10. If yes, state amount Tshs. (a) per kg
 - (i) Tshs. per Kg
 - (ii) Tshs. per tonne
11. Are the institution involved in marketing of cashew nut efficient?
 1. = Yes 2. = No
12. If no why.....
13. What are the institution involved in cashew nut marketing
 1.
 2.
 3.
 4.
 5.
14. Are you happy with quality of cashew nut
 1. = Yes 2. = No
15. If not, why?
16. Have you/your company applied for a credit from any agency in recent years?
 1. = Yes 2. = No
17. If yes, what was the amount obtainedTshs.
18. What was the repayment procedure for the credit
19. From question () above, if no why?
 1. = Not available (lack of credit facilities)
 2. = High interest rates
 3. = Not interest
 4. = My company/business is self sufficient for is requirement
 5. = High risk
 6. = Other (specify)
20. (a) Is the cashew nut marketing system efficient?
 1. = Yes 2. = No
21. (b) If No state the reasons.....
22. (a) Are you happy with the government policies on cashew nut marketing system?
 1. = Yes 2. = No
23. (b) If No why?

- 24. Have you ever attended any commercial course?
1. = Yes 2. = No

- 25. What are the constraint/problems affecting cashew nut marketing in
Mtwara Region.....

- 26. What are the measurers you think can improve the cashew nut marketing system?
.....

Appendix 3: Institutional Questionnaire

**TITLE: AN ASSESSMENT OF INSTITUTIONAL FACTORS
AFFECTING CASHEW NUT MARKETING IN MTWARA
REGION**

By: GHASIA, H.A

- 1. What is the name of your institution?
- 2. Respondents Name
- 3. Position of the respondent.....
- 4. Organization/Department
- 5. Date of interview

A: General Information:

- 6. Age of the respondent
- 7. Gender/sex of the respondent
 - 1. = Male
 - 2. = Female
- 8. Marital status
 - 1. = Single
 - 2. = Married
 - 3. = Divorced
 - 4. = Widow
- 9. Highest professional Qualification
- 10. When did you join the institution?
 - 1. = Since its establishment in Tanzania
 - 2. = Less than a year ago
 - 3. = A year ago
 - 4. = More than two years ago.
- 11. What strategies did you organization adopt in order to realize the institutional objectives
- 12. What are the major objectives of the institution?
.....
.....

- 13. When did the institution start engaging on facilitating cashew nut marketing?
.....
.....

- 14. What are the role played by your institution in cashew nut marketing
.....
.....

- 15. What kind of support do you offer (cash kind, sulphur)
.....
.....

- 16. How many people have received support so far
.....
.....

- 17. What is the total amount of loan disbursed/so far.....
.....
.....

- 18. What is your loan/support ceiling?.....
.....
.....

- 19. What are the loan/support requirements

- 20. Does your institution collect 1. = Yes 2. = No

- 21. If yes state amount Tshs.per kgTshs. per tone

- 22. Does your institution have adequate resources?
1. = Yes 2. = No

- 23. Does the institution have adequate transport and storage facilities?
1. = Yes 2. = No

- 24. Have your institutions applied for a credit from any agency in recent years?
1. = Yes 2. = No

- 25. If yes, what was the amount obtainedTshs. And what sources
.....
.....

- 26. What was the repayment procedure for the credit
.....

- 27. From question (15) above, if no why?
 - 1. = Not available (lack of credit facilities)
 - 2. = High interest rates
 - 3. = Not interested
 - 4. = The institution is self sufficient for its requirement
 - 5. = High risk
 - 6. = Other (specify)

- 28. What strategies did your organization adopt in order to realise your objective
.....

- 29. What are the constraints and problems affecting the cashew nut marketing system in your area.....

- 30. What should be done to improve cashew nut marketing.....
.....

- 31. What type of capacity building does your institution need in order to improve cashew nut marketing.
.....