

TANZANIA CASHEW NUT VALUE CHAIN FACT SHEET

Introduction & Strategic Overview

- Cashew is a vital pillar of Tanzania's agricultural economy, supporting over 400,000 households. Tanzania is the 3rd largest producer globally and second in Africa, producing 528,260 Metric Tons (MT) in the 2024/25 season.
- The sector is a massive foreign exchange source, generating USD 583.7 million in 2024/25 from exporting 410,000 MT. However, 77.6% of this production is exported as Raw Cashew Nuts (RCN), largely to India and Vietnam.
- The Strategic Goal:** The Government targets reaching 1 million MT of RCN production and 100% domestic processing by 2030. Achieving this will require heavy investment across production, collateral management, and processing infrastructure.

Value Chain Map & Key Players

The cashew value chain is transitioning from a raw-export model to a domestic processing orientation, supported by an evolving institutional framework.

Table 1: Key Players in Cashew nut Value Chain

Category	Key Players / Institutions	Functions / Roles
Input Supply & R&D	TARI-Naliendele, Korosho Cooperative Joint Enterprise Limited (KCJE),	Seed development, pest management research, and distribution of subsidized inputs (Sulphur/pesticides).
Production	Smallholders (<2 ha), Commercial Block Farms (10-100+ ha)	Cultivation, pruning, pest control, harvesting, and primary drying.
Aggregation & Storage	AMCOS, Cooperative Unions (e.g., TANECU, RUNALI, MAMCU)	Primary aggregation, quality sorting, and storage through the Warehouse Receipt System (WRS).
Processing	Cottage Processors, Aggregators, Standard Factories (e.g., Coastal Cashew, Yalin)	De-shelling, peeling, drying, grading, and packaging.
Regulation & Trade	Cashewnut Board of Tanzania (CBT), Warehouse Receipt Regulatory Board (WRRB), Tanzania Merchantile Exchange (TMX), Tanzania Cooperative Development Commission (TCDC)	Sector oversight, warehouse licensing, cooperative management, and electronic auction (TMX) operation.

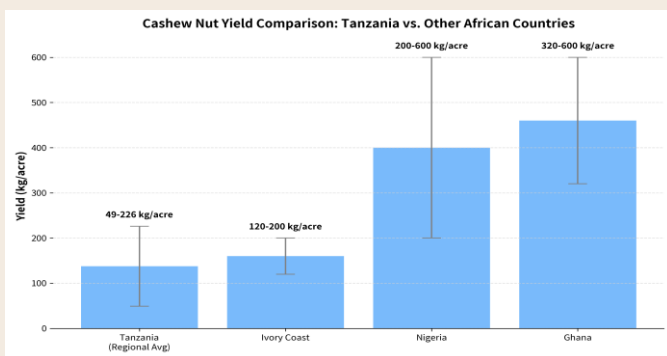
Production and Productivity

Production

- Mtwara Region:** The core base, contributing to 62% of national production. Average yield is currently 226 kg/acre.
- Lindi Region:** Contributes 24% of production. Average yield is 108 kg/acre.
- Farm Level Costs:** Farm management costs average TZS 433,800/acre/season. Government subsidies only cover the purchase of inputs (almost 23% of total cost), leaving a critical 77% financing gap for farmers to cover labor, water, and application costs.

Productivity

Farm-level cashew productivity in Tanzania remains critically low, averaging between 49–226 kg/acre across key regions like Ruvuma, Lindi, and Mtwara. This falls far below the demonstrated local potential of 500 kg/acre and trails African competitors like Ghana and Nigeria (up to 600 kg/acre), highlighting an urgent need for yield-enhancing investments such as motorized blowers, borehole water infrastructure for chemical mixing, improved hybrid seedlings, tarpaulins, digital moisture meters, and well-ventilated AMCOS warehouses among others.



Source: TADB report 2025.

Table 2: Breakdown of Farm Management Costs

Activity / Expense	Cost per Unit	Total Cost (TZS/acre)	% of Total Cost
Input Purchase (Subsidized)	-	101,800	23%
Spraying Labor (Pesticides & Sulphur)	TZS 9,000/spray	117,000	27%
Weeding (Tilling, Slashing, Roundup)	Various	100,000	24%
Farm Management / Supervision	TZS 60,000	60,000	14%
Water Purchase (for spraying)	TZS 2,000	40,000	9%
Field Cleaning (for harvesting)	TZS 15,000	15,000	3%
Total Cost Per Season		TZS 433,800	100%

Source: CBT and TADB report 2025.

Aggregation Overview

Primary Aggregation: Farmers deliver raw cashew nuts (RCN) to AMCOS for initial sorting and weighing before transfer to Cooperative Unions for quality assessment and WRS trading.

Value Upgrading: Specialized aggregators buy semi-processed kernels from cottage processors (who handle 88% of local volume) and upgrade them through professional drying, peeling, grading, and vacuum packaging

Processing Capacity & Utilization

- Current status:** Only 23% of raw cashew nuts (RCN) are currently processed within Tanzania, leaving a significant, high-value investment window to capture the remaining 77.6% exported raw.
- Market structure:** Processing is highly fragmented. Small scale processors handle 88% of the locally processed volume, while standard/ large factories handle just 12%.
- Key bottleneck:** Cashew processing is a highly stock intensive business. The harvest window is only 3-4 months (October November, December, January), requiring factories to have massive working capital to purchase and store a year's worth of raw materials upfront.

Table 3: Cost Estimation For Automatic Cashew Processing Factories (USD)

Items	Small factory (<1000MT/Year)	Medium factory (1000-5000MT/Year)	Large Factory (>5000MT/Year)
Equipment cost	37,081	58,218	247,798
Land cost	12,500	60,000	300,000
Construction cost	75,000	200,000	650,000
Utilities (electricity, water)	1,850	3,500	5,500
Labor and training	75,000	175,000	375,000
Storage facility	5,000	15,000	50,000
Licenses permit and certification	3,500	8,000	17,000
Transportation and logistics	15,000	35,000	75,000
Marketing and distribution	15,000	35,000	75,000
Total cost	239,932	589,718	1,795,299

Source: TADB report 2025.

Value Distribution Across the Value Chain

While secondary market raw exports limit value capture, transitioning to 100% domestic processing distributes high-margin export value across the chain. The table number 4 illustrates the estimated share of the final processed export value derived from one metric tonne of RCN whose total export value is \$2,228/MT.

Table 4: Value distribution across the Cashew Valuechain

Actor / Service	Function	Estimated % of Export Value	Absolute Value Capture per Metric Tone of RCN
Farmers / Producers	Cultivation, harvesting, and primary drying of RCN.	~44.8%	USD 1,000 (TZS 2.5 Million at primary market)
Processors & Exporters (Kernels)	De-shelling, peeling, grading, and packaging premium kernels (e.g., WW320).	~50.6%	USD 1,126 (Gross value added from processing premium kernels)
By-Product Processors	Waste valorization (extracting Cashewnut Shell Liquid (CNSL) & animal feed from shells).	~4.6%	USD 102 (Gross value added from waste extraction)

Source: TADB Report 2025.

Market Dynamics & Trade Outlook

- ❖ **Raw Cashewnuts (RCN) Export Risk:** Over 80% of raw nuts are exported to just two countries (Vietnam and India), creating severe exposure to demand shocks and price volatility
- ❖ **Processed Kernel Premium Markets:** Global demand for processed kernels is growing at 4.5% annually. Top-tier grades (White Whole 320 & 240) command Free On Board (FOB) prices of USD 7,000 – 8,800 per MT
- ❖ **Market Entry:** Penetrating high-value markets (EU, USA, Middle East) requires processors to invest in ISO 22000, HACCP, and traceability certifications.



Cashew nuts image, source: istock.com

Table 5: Risks and Constraints Matrix

Risk Category	Key Constraints	Implications
Financial Risks	Working Capital Crunch: Harvest lasts 3-4 months, but processing is year-round. Processors lack upfront capital to bulk-buy RCN.	Severe underutilization of factory capacity; delayed payments to farmers.
Infrastructure Risks	Most AMCOS primary warehouses are aging, poorly ventilated, and built with iron sheets.	Accelerated nut deterioration, moisture degradation, and lowered Kernel Outturn Ratio (KOR).
Market Risks	Export Concentration: Over 80% of raw cashew exports go to just two countries: Vietnam and India.	Leaves Tanzania highly exposed to foreign demand shocks, policy shifts, and price volatility in Asia.
Production Risks	Irregular rainfall disrupts flowering and pest control. High application costs limit the effectiveness of free government subsidies.	Yields remain well below potential; high pest vulnerability.

Value Chain De-risking: Finance and Storage Infrastructure

To successfully transition from seasonal raw exports to year-round domestic processing, the sector must overcome critical structural bottlenecks related to working capital risk and physical storage.

- ❖ **The Collateral Risk Factor:** Financial institutions historically extend working capital to local processors because Raw Cashew Nuts (RCN) are highly fungible, easily movable, and difficult to trace. The primary barrier to sector growth is not a lack of available credit, but rather a deficit in lender confidence regarding inventory security.
- ❖ **Institutionalizing Inventory Finance :** To unlock processing capital at scale, commercial lenders must champion a National Collateral Management System (NCMS). By utilizing certified financial warehouses, independent collateral managers, and digital inventory tracking, lenders can safely transform stored RCN into secure, bankable assets.
- ❖ **The Storage Infrastructure Deficit:** Current secondary market warehouses were built for rapid export clearing, not long-term domestic processing. To support local factories and hit the 2030 target of 1 million MT, there is an immediate, highly bankable investment gap of 116,204 tonnes of new, modern warehouse capacity required across Mtwara and Lindi.

Investment Opportunities and proposed financing models

To achieve the 2030 industrialization targets, strategic capital deployment is required across these high-return segments:

1. Structured Inventory & Procurement Finance

- ❖ **The Opportunity:** Processors need massive upfront capital to buy a year's worth of RCN during the short 3-month harvest.
- ❖ **The Financing Model:** Finance licensed, independent Collateral Managers in certified warehouses to provide working capital to processors. This safely transforms stored RCN inventory into secure, bankable assets.

2. Factory CAPEX & SME Upgrading

- ❖ **The Opportunity:** Only 23% of RCN is processed locally, and small-scale processors handle 88% of that using inefficient technology.
- ❖ **The Financing Model:** Provide term lending for setting up automatic processing factories (Estimated CAPEX: Small \$240k, Medium \$590k, Large \$1.8M). Additionally, offer equipment leasing for SMEs to acquire electric cutters, solar driers, and vacuum sealers.

3. Warehouse Infrastructure Development

- ❖ **The Opportunity:** Shifting to 100% domestic processing requires RCN to be stored much longer locally.
- ❖ **The Financing Model:** Finance the construction and rehabilitation of modern storage facilities to bridge the immediate 116,204 MT capacity deficit in Mtwara and Lindi.

4. Pre-Season Production Finance

- ❖ **The Opportunity:** Government subsidies cover inputs, but farmers lack the cash for labor and application, keeping yields low.
- ❖ **The Financing Model:** Deploy blended finance and credit guarantees to help farmers and AMCOS cover the remaining 77% of seasonal production costs (labor, water, motorized sprayers) to boost overall yields.

5. Circular Economy (By-Products)

- ❖ **The Opportunity:** Processing waste into sellable goods dramatically improves factory profit margins.
- ❖ **The Financing Model:** Extend specialized credit lines to establish Cashew Nut Shell Liquid (CNSL) extraction plants, cashew apple ethanol distilleries, and animal feed formulation mills integrated into existing factory clusters.

Strategic 2030 Milestones & Outlook

- ❖ **Yield & Production Doubling:** Increasing national Raw Cashew Nut (RCN) volumes from ~500,000 MT to the 1,000,000 MT target necessitates widespread seasonal credit to fund farm-level mechanization and proper input application.
- ❖ **The 100% Processing Mandate:** Shifting from the current 23% to 100% domestic processing requires a massive scale-up in automated factory CAPEX across the southern corridor.
- ❖ **Closing the Infrastructure Gap:** Achieving year-round domestic processing requires the urgent construction and rehabilitation of over 116,000 MT of modern, WRS-certified warehouse capacity.
- ❖ **Capturing the End-Market Premium:** Through bypassing raw-export middlemen in Asia, locally processed premium kernels (e.g., WW320) and circular-economy by-products (CNSL, Ethanol) will connect directly to high-margin, high-growth markets in the EU, USA, and Middle East.
- ❖ **The Bottom Line:** The Tanzanian cashew sector is undergoing a definitive structural shift from low-margin, high-risk raw exports to high-value, industrialized agribusiness. This transition offers a historic opportunity to deploy capital into secure, asset-backed processing and infrastructure projects.