

**FACTORS AFFECTING CROP BOARD PERFORMANCE IN
TANZANIA: A CASE CASHEWNUTS BOARD OF TANZANIA**

**By
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**A Research Report Submitted to school of business in partial fulfillment of the
requirement for An Award of Master's Degree in Business Administration
(Corporate Management) of Mzumbe University**

December, 2020

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled “***An Assessment Of Factors Affecting Crop Board Performance In Tanzania;A Case Cashewnuts Board Of Tanzania.***”in partial fulfilment of the requirements for the award of the degree ofMasters of Business Administration in Corporate Management (MBA-CM) of the Mzumbe University.

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DECLARATION AND COPYRIGHT

I, **Fadhili Sifuni** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature

Date.....

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ACKNOWLEDGEMENTS

First and foremost, I would like to thank the Almighty God who has always been giving me strength, faith, hope and the will to never give up. I would have never had the ability to complete this thesis.

Secondly, my major research supervisor Dr. Kikula at Mzumbe University Dar es Salaam Campus whose door to his office was always open whenever I had questions or problems regarding my thesis or writing. He was always there for guidance, directions and of course very strict on the matter of originality, grammar, punctuation, spelling and the general format of this paper and guide me in the right direction whenever he saw diversions in my writing. I am very grateful.

Also, special thanks goes out to the Cashewnut Board staff and Mzumbe University librarians who helped and gave me the needed and required support on using the library books, articles, publications and all the required materials and informations.

Finally, I express my unending gratitude to my family for providing me with moral, emotional, and financial support as well as encouragement throughout my study and the whole process of researching and writing this report. I would have never done this much accomplishment without them. Thank you.

I must say patience and hard work helped me evolve throughout my study. I am forever grateful and thank everyone from the bottom of my heart. Judging by the quotes above, I have to think that the above-mentioned are overflowing with happiness.

I am also thankful to the respondents who devoted their time to provide me with the needed information so as to complete this study.

DEDICATION

This dissertation is dedicated to my beloved family

ABSTRACT

The general objective of this study is to assess factors affecting crop board performance in Tanzania. A case cashew nuts board of Tanzania. The study had three objectives which were ; assessing financial availability affecting crop board performance in Tanzania ; finding out of the stakeholders coordination factors affecting cashew nuts crop board performance in Tanzanian policy and regulations factors affecting cashew nuts crop board performance in Tanzania. The study adopted case study design, the study's population was from CBT employees, cashew nuts famers and buyers . A sample size of 166 was recruited through the use of convenient sampling techniques. Data was collected through the use of questionnaires and interviews guide and schedule. Both qualitative and quantitative approaches were used in data analysis and presentation. It has been found that the central government remains to be the overall financer of CBT, however lack of fund availability is among the main factors that hinder CBT performance. Also, CBT has the role of setting indicative the price which have the effect on domestic prices as well export prices of the crop. However, the price calculations do not reflect the actual situation in the market. Moreover, CBT is the coordinator of cashew nuts farmers and buyers and all other stakeholders but the task is not effectively undertaken. Marketing of raw cashew nuts to external markets is largely monopolized by buyers. With regard to marketing of kernels individual processors are left without support to reach out to buyers, domestic and from abroad, and process, package and advertise final products adequately. Marketing of kernels therefore is still erratic, ad-hoc and unprofessional. The domestic and East African market may constitute a huge potential but there are shortcomings with regard to presentation and advertisement. The environment for doing business in the cashew value chain is not hostile but a complicated one. Processors and traders need to deal with a number of permits which they only get if they have access to the network of stakeholders. Outsiders may find it extremely difficult to engage and invest in the sector while those who know the sectors for years can easily maneuver over the various hurdles and stumbling blocks. Procedures, regulations and licenses to buy and process cashew nuts must be simplified without losing overall oversight on movement and quality of products (through CBT).

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Chapter one of the research study, presents the introduction of study by showing the historical perspective of the study in relation to crop boards. The chapter has covered different parts of the world, Africa in general and in Tanzanian particular. The chapter also shows the problem of the study, study objectives, research questions, and significations of the study and scope of the research.

1.1.1 Background Information

Crops boards are machinery organs that facilitate the general operations of crops. Globally, organizations have set a number of regulations and rules so as to safeguard the general operations of crops from cultivation to crops sales. The United States of America (USA) was the first nation to initiate the reformation of crop boards in the world. USA has ten grown crops and it has official crops board. The major roles of crops boards in the USA is to facilitate the growth of the crops, searching for marketing as well as coordination of farmers and industries as well as other buyers (Yao, 2015)

Crops boards exist in Germany as well. There are more than six crop boards in the country, the boards were formulated following the high crisis of the agriculture sector hence most of crops production collapsed, the crops prices were haphazard, most of buyers were colluding so as to fetch crops with small prices. Therefore boards were formed so as to regulate the market and prices of crops and stabilize the general production of crops in the country (Jope, 2016).

Kenya is also, one of the African countries whereas its agriculture regulated by crop boards, each crop in Kenya has its own tobaccoboard which is regulated by rules and regulations of the country. Total agricultural output has been increasing in Kenya, but in recent years food production has tended to increase at a rate slower than the population growth rate (Kibacho, 2016).

In Tanzania, agriculture is backbone of economy, agricultural products include coffee, sisal, tea, cotton, pyrethrum, cashewnuts, tobacco, cloves, corn, wheat, cassava, bananas, and vegetables. Livestock production includes cattle, sheep, and goats.

In the year 2000s Tanzania made a reformation in the agriculture sector by establishment of crop boards . There are number of crop boards in Tanzania such the cotton board, cashew nut boards , sugar board, pyrethrum board, cereals board, coffee board and tobacco board to mention a few.

The Cashewnut Board of Tanzania (CBT) is a corporate body established by the Act No. 18 of 2009. It is entrusted with the responsibility of regulating the development of the Cashew Industry in Tanzania in undertaking its mandated roles.

The Cashewnut Board puts more emphasis in improving efficiency and effectiveness in the cashewnut sub-sector in order to meet requirements of different stakeholders thereby enabling them to contribute to the national development.

The CBT has the functions of being a competent institution for providing policy, regulatory and technical advice for a modern efficient and economically viable and sustainable Cashewnut industry by year 2025 and to promote, control and regulate all matters in the Cashew industry in an efficient, effective and fair manner. The Board will achieve this through delivery of services in highest standard of excellence to all stakeholders(Qoro, 2019).

However, despite the establishment of the CBT ,Tanzania is still experiencing a number disputes between cashew nuts farmers and buyers hence there have been claims that the price set is not favorable to farmers at all. Also there is unreliable financing of the crop boards in Tanzania. Therefore, the researcher is fosters to assess factors affecting cropboard performance in Tanzania; A case cashew nuts board of Tanzania

1.1.2 Performance of Crop Board

According to Gao, (2014) argued since the establishment of crops board in Tanzania, their performance has not very effective, hence they have been under performing at most of the time boards have not being have enough financial resources due to the fact that the central government does not allocate enough funds towards the boards as the results boards have been depending on their own source of fund which is not enough. The increase of production crops especially cashew nuts has been increasing, due to lack subsidies to farmers, also the boards have not marketing enough the crops internationally.

1.2 Statement of The Problem

Crop boards undertake a mix of public and private (regulatory and shared functions) activities. Crop boards in Tanzania are performing important public functions and providing some services that producers value and seek to continue. At the same time, the interventionist stance of the boards, particularly with the changes incorporated in the recently passed acts and amendments, often handicaps traders who try to respond as needed to rapid and profound changes in local and global markets. At present, crop boards have a mix of public and private (commercial) activities, including regulation, provision of service, and collection of revenue (Komanya, 2015).

Crop boards play a significant role in promoting production, processing and marketing of the specific crop. Also they promote investment environment of Tanzania's agricultural export crops which is commonly known as strategic crops. Such strategic crops are cashew nuts, coffee, cotton, sisal, sugar, and tobacco. The existing crop boards are for cashews, coffee, cotton, pyrethrum, sisal, sugar, tea, cereals and tobacco. The government, in its Agricultural Sector Development Strategy, has set an ambitious target of sustained 5 percent annual growth in agriculture. Improving the performance of export crops is essential for growth, since domestic demand for food is not likely to grow enough to absorb incremental production of 5 percent annually. Improving the competitiveness of exports, in turn, will depend on continued advances in productivity and efficiency in marketing to

lower costs. Structural changes currently taking place within the Tanzanian economy are welcome and positive, but these changes also create imperatives for adjustment within traditional sectors. This is particularly the case because the faster-growing sectors (such as mining) are not those on which the poor depend for livelihood (Bianchi and Kossoudji., 2015).

Tanzania made an number of reforms so as to establish the crops boards, the establishment of the crops boards in Tanzania with the aim to facilitate regulatory and shared functions such as provision of inputs—an example is the cotton board, which supervises the operation of Crop Development Fund that is used to supply seeds and other inputs. Others, such as the coffee board, focus on licensing and quality control through regulation. The government has also introduced reforms to reduce or abolish taxes that were a burden to smallholder farmers, and reduced malpractices by private traders in the purchasing and selling of agricultural commodities (Soud, 2018).

Although the Government of Tanzania had taken steps to address perceived deficiencies of the boards, several issues remained to be addressed, thus justifying further analysis and action. A number of problems have still remained unsolved such lack of clear and adequate marketing information, lack of adequate and timely crop pesticides, lack of adequate crop financing, poor prices being offered by crops buyers as well buyers monopolization of the crop businesses. Also, there have been high taxes to farmers, the problems include defining a more constructive role for the Cashew Board, reversing the decline in export crop quality, assisting farmers with financing input costs, and reducing high taxes on exports hence reduce production costs. One of the crops that has experienced high crisis in Tanzania is cashew nuts, the crop has experienced collude of the buyers by setting low prices in buying the cashew nuts, as the result the farmers refused to sell their crops till the government intervened. Moreover, cashew nuts crops has been experiencing deteriorating year after year in terms of productions, quality, sales as well as exportation of the crops. Also it experienced unreliable and

unrealistic financing like other crops. Therefore; it is upon this study that will assess the factors affecting the performance of crops boards in Tanzania particularly on the cashew nuts board of Tanzania.

1.3 Main objective of the study

To assess factors affecting crop board performance in Tanzania; A case cashew nuts board of Tanzania.

1.3 Specific Objectives of the study

The specific objectives of study were;

- i) To assess financial availability affecting crop board performance in Tanzania
- ii) To find out the stakeholders coordination factors affecting cashew nuts crop board performance in Tanzania
- iii) To assess policy and regulations factors affecting cashew nuts crop board performance in Tanzania

1.4 Research Questions

The research questions of the study were;

- iv) How does financial availability affect crop board performance
- v) How does stakeholders coordination factors affect cashew nuts crop board performance in Tanzania?
- vi) How does policy and regulations factors affecting cashew nuts crop board performance in Tanzania?

1.5 Rationale of the study

This study brings in both practical and theoretical contributions. Theoretically, the study brings in a review of knowledge on the roles of the cashew nuts board, policies and regulations affecting the CBT. Therefore, the knowledge on how the variable affect each other was presented.

Practically, the study show how CBT performance in terms of its financial matters and how policies and regulations affecting the general performance of CBT.

Also, the study will help policy makers to make changes of the policies of CBT so as to strategically safeguard the general operations of the board and farmers.

Also the study will help decision makers to establish reliable and timely source of financing the board to carry out its functions.

The study is important to researcher in the accomplishment of an academic requirement of Masters Degree in Business Administration at Mzumbe University.

1.6 Scope of the Study

This study was conducted at CBT, the study assessed the factors affecting the performance of CBT. Also, the study was looking on the roles of CBT, the administrative factors, the stakeholder (farmers and buyers) coordination factors and policy and regulations factors affecting cashew nuts crop board performance in Tanzania.

1.7 Limitations of the Study

The following were limitations that the researcher may encounter in the study; Being a case study, more time is needed in order to study the entire unit in details so as to grasp required data. Time provided was not enough due to fact that a researcher has also to attend other daily activities as per institution schedule.

Some of the information needed by this research had negative implications to the respective firms. There was the possibility of some respondents not to provide support in terms of providing necessary data.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter includes the conceptual definitions of key terms, theoretical review, empirical review, conceptual framework, hypothesis and research gap. It consists of literature findings prepared by other researchers related to the study at hand.

2.2 Definition of Key Terms

2.2.1 Crop Board

Crop boards are regulated bodies which are formulated under nations Acts, regulations as well as policies so as to safeguard the general operation of crops cultivation, processing as well as the coordination of farmers (sellers) and buyers. For the case of this study crop board under study will be cashew nuts board of Tanzania which is established under the Act No. 18 of 2009.

2.2.2 Performance

According to Jope, (2014) argues that performance is the results or the output of what has been investment. Performance is the achievement of the stated goals or objectives of a certain organization or firm. For the case of this study performance will be the result of the CBT, thus how far does it fulfill its roles (Gao, 2017).

2.3 Theoretical Framework

2.3.1 Internal Control Theory

The internal control ensures the prevention and detection of fraud and error as well as the completeness and accuracy of records, with the timely preparation of reliable financial information. The internal control systems in an organization such as the public institution ensure there is compliance with the set public rules and procedures (Arya *et al.* 2012 and Ramadhani, 2015). As far as this study is concerned, the theory will help to affirm the fact that the internal control of the institutions helps to prove whether it is the basis for the better performance of the crop boards therefore, the

theory will confirm any internal factors, if any, influencing the performance of the crop boards.

2.3.2 Institutional Theory

The institutional theory is the traditional approach that is used to examine elements of public firms. Institutional theory helps identify three pillars of institutions as regulatory, normative, and cultural cognitive (Mahmood, 2010). The regulatory pillar emphasizes the use of performance pillars as enforcement mechanism, with expedience as basis for compliance. The normative pillar refers to norms and values with social obligation as the basis of compliance. The cultural-cognitive pillar rests on shared understanding (Mahmood, 2010).

As far as this study is concerned, the theory will enable the researcher to understand how different factors such as how roles of the boards, administrative factors, coordination factors, policy and regulation factors affect the performance of crop boards especially CBT. The theory also will help the researcher during the analysis of findings whether the such factors are followed or not followed.

2.3.3 Resource Based Theory

Resource-based theory suggests that resources that are valuable, rare, difficult to imitate, and non substitutable best position a firm for long-term success. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time.

The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Wernerfelt, 1984,; Rumelt, 1984, Penrose, 1959). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Teraf 1993,).

Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991). In addition, through a consistent and sophisticated bundling of activities; their mutual reinforcement can help to further differentiate individual capabilities. This theory will be used to conceptualize and underpin how far as does financial resource as inputs of crop boards affect their performance.

2.3.4 The roles of Crop board In Tanzania

The traditional export crops are managed by crop boards which were formed to replace their predecessors, the marketing boards in the 1990's. The crop boards are designed to implement regulatory, reporting and service activities of the former marketing boards, but do not engage directly in marketing or production activities (Bianchi, and Kossoudji. 2015).

There are 8 crop boards in Tanzania namely: cashew nut, coffee, cotton, pyrethrum, sisal, sugar, tea and tobacco boards. After several years of marketing in a more liberalized environment, stakeholders expressed a number of concerns, which led the Government to institute additional interventions. Concerns included reported uncompetitive behavior of private buyers (e.g., coffee auction, and cashew), the tendency to export without adding value (e.g., cashew), a perceived decline in product quality (e.g., cotton and coffee), high local taxation including crop and licensing, and a breakdown of input supply systems that had previously been sustained under a single marketing system channel. Since 2003, the Government undertook to reform the Crop Boards to enable them perform regulatory, promotional and shared functions (Bianchi, and Kossoudji. 2015).

The general objective of the crop board reforms was to increase farmers' income and contribute to poverty reduction. Regulatory function and administrative roles of the crop boards are financed 100 percent by the Government while promotional and shared functions such as research are financed by the Government, stakeholders and Development Partners for some crops. Following the general economic reforms

during the 1986-1995 macroeconomic adjustments improved agricultural incentives and led strong agricultural GDP growth as farmers then responded to improved incentives (Bianchi, and Kossoudji, 2015).

Further to improving agricultural productivity, evolution of crop board started way back in 1990s which changed several laws and regulations governing operations of these boards and delegation of some responsibilities to cooperative unions, societies and growers (other stakeholders). The aim was to ensure these boards become efficient and effective bodies able to deliver services and support traditional agricultural export crops (Jope, 2016). It will enable the board to carry out regulatory and shared functions activities efficiently and effectively hence increase farmers productivity, quality, price and reduce production cost per unit.

2.3.6 Constraints and Challenges

Several major issues in the cashew sector were highlighted by events during the marketing season. The most important were the deterioration in export crop quality due to lack of standard quality warehouses and the corresponding decline in export unit values compared with other exports, farmers' need to finance production costs, the high overall taxes on producers and the sharp increases in local taxes, and the need to reconsider the operation and role of the Cashew Board.

2.3.6.1 Export Quality Deterioration

The quality of Tanzania's raw cashew nut exports has deteriorated since the marketing liberalization of 1994/95. This is apparent from the events of this past year, when early shipments were rejected by Indian importers and also from comparisons of export unit values calculated from Food and Agriculture Organization data before and after liberalization. The average export unit value for Tanzanian raw cashew nuts declined 14.8 percent from the pre- to post-liberalization period compared with other Sub-Saharan African countries.

The failure to grade cashew nuts in the villages has several undesirable consequences. It reduces the incentives for farmers to produce high-quality nuts because they receive an average price regardless of quality(Kambona, 2017).

It deprives local workers (mostly women) of hourly wages for sorting and grading. It reduces the price that traders in Tanzania and importers in India will pay for nuts because they do not know the quality. It increases transport costs throughout the marketing chain. And the unsorted nuts do not store well because wet or rotten nuts contaminate good nuts. There are two possible solutions to the problem of grading. Either return to the old system in which extension agents were responsible for grading or change the marketing system so that it provides proper price incentives for graded nuts.

The second approach is preferable. Nuts could be graded through an auction sale, with each sale lot (truck load) sampled before the auction. This would provide an incentive for producers to grade nuts and to let buyers know the quality of each lot before purchase. Sampling and grading could be done by auction officials, with the costs of grading deducted from the sale price(Brinkerhoff, and Crosby. 2012).

2.3.6.2 Farmers Are Unable to Finance Production Costs

The cash costs of inputs and labor required to produce cashews were estimated to be about 79 Tsh a kilogram of raw nuts produced. This was 25 percent of the 315 Tsh received by farmers for raw cashew nuts. However, as world prices declined later in the season and the quality of the cashew nuts deteriorated the cash cost's share of the sale price rose to as much as 40 percent. Few farmers can tap formal sources of credit to finance such costs, and most must either finance the cash costs through savings or through village lenders, traders, or input suppliers. Past repayment performance has often been poor, which severely limits the number of farmers who can obtain credit. The problem of financing production costs is not unique to cashew producers in Tanzania. It is a problem throughout the region, and a good solution has yet to be found (Brinkerhoff, and Crosby. 2012).

2.3.6.3 More Aggressive Replanting with Faster Maturing Varieties

Tanzania has a good climate for cashew nut production, especially in the southern coastal region bordering Mozambique. However, most of the trees in Tanzania are old, and yields are relatively low. The Research Station in Mtwara developed new clones in the early 1990s that are faster maturing than traditional varieties and yield twice as much, but they have not been widely adopted. A more aggressive replanting program should be undertaken to make Tanzania a low cost producer of cashews (Komanya 2015).

2.4 Empirical Literature Review

Osogbo, (2014) conducted a study the effects of crop boards in Kenya. The study had three objectives. The study had the sample size of 64 who were recruited through simple random sampling strategy. Data was obtained through questionnaires and interviews. The study was basically descriptive. The findings show that it is through crop boards which are 6 in number, there is economic impact to Kenya, hence the boards have facilitated high exports of crops which yields foreign currency. Also, the boards have managed to market crops more effectively. Although the study was conducted based on the effects of crop boards but it was centered in Kenya and not in Tanzania, therefore the findings may not reflect the actual reality based in Tanzania hence the business situation of Tanzania and Kenya differ in a number of ways. The study is similar to the current study but the only difference it is conducted in Kenya not Tanzania

Tuten, (2018) did a study on the factors influencing the adoption crop boards in Uganda. The study observed on four factors. The study was case study. The study employed questionnaires and focused group discussion on data collection. The researcher recruited 45 respondents through convenient sampling techniques only. Validity and reliability of tools were also measured. Data analysis was mainly qualitative with few elements of quantitative. The findings shows there are number of factors that influence firms in utilizing such as high diversity, higher coverage on the market as well as leads to high profitability to farmers. This study was

conducted on the influence of adopting crops boards in Uganda however; this study will not focus on crops boards in general but only cashew nuts board in Tanzania. Moreover, the study assessed the factors influencing the adoption crop boards, the study did not look on the factors affecting the performance of crop boards. Also, the researcher used a sample size of 45 respondents, which is regarded to be small hence may not be effective enough in drawing conclusion, therefore this study will use a sample of 100 respondents. This study was centered in crops boards in Uganda, but the study was looking of the influence factors but factors affecting the performance crops boards performance.

Tsai and Tsai, (2016) made analysis on the effects of crop marketing farmers performance. The study had four objectives. It was conducted in Kenya particularly in Nyeri County. The study was basically quantitative in nature. 67 respondents were recruited as the sample size. Strata sampling technique was used to obtain the sample size. The researcher used both descriptive and inferential analysis in analyzing data. Moreover, the study employed regression analysis in testing the relationship between the variables. The findings shows that crop marketing has a positive impact to crop export and sales in Kenya. The study showed that due to the marketing strategies employed by crop boards has facilitated the increase of sales crops by 56%. This study was basically quantitative in nature hence used regression modal to test the relationship of the study variables, however the current study will be qualitative in nature with few elements of quantitative approaches. Also, the study will be conducted in Tanzania not in Kenya.

Tong and Hawley (2019) evaluated the impact of reformation of crop boards in Chad. A case of Cotton board. The study was conducted in Chad. Descriptive research design was used in this research. The study was in Gaomn city. 46 respondents were recruited as the sample size. Data was obtained through questionnaires. Chi-square was used in data analysis. The study wanted to establish the relationship between the variables, however the findings did not clearly show the relationship between the study variables. Hence the study showed that sales

volume of cotton is associated with a number of factors such price, quality of the cotton. It was found that cotton board has a very low contribution to the crops sales volume. However, the study looked only on the effects of crop boards on sales volume of crops . The study did not look on the factors that lead to poor performance crop board. Also the study was based on cotton board but not cashew nuts board of Tanzania.

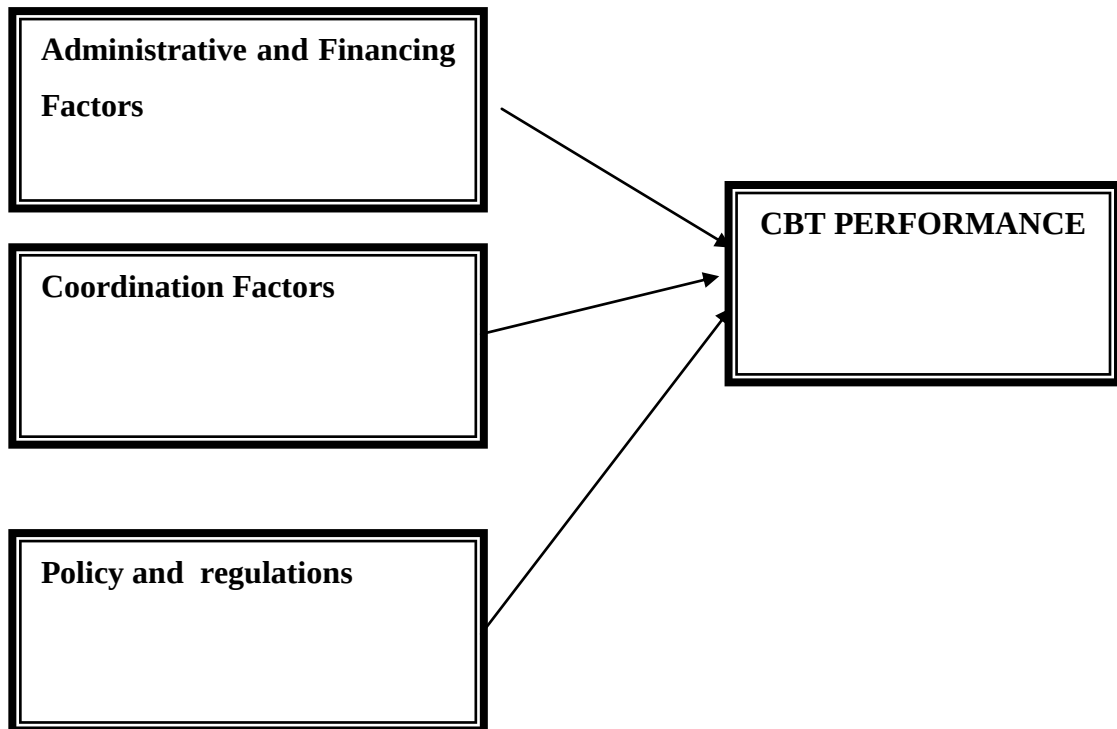
2.5 Research gap

There are number of studies which have been done on the performance of crop boards, for instance a study by Osogbo (2014) on the effects the effects of crop boards in Kenya, the study revealed that one of the effects is effectiveness of marketing crops.

Also, a study by Tuten, (2018) on the factors influencing the adoption crop boards in Uganda. The findings shows there are number of factors that influence firms in utilizing such as high diversity, higher coverage on the market as well as leads to high profitability to farmers.

However the studies have not been done in Tanzania, therefore their findings may not reflect the actual situation of Tanzanian context. Therefore; this study will be centered in Tanzania so as to know the actual situation of crops board performance in Tanzania. Also, some of the studies have been done by looking the factors for the adoption of crops boards but not factors affecting the performance of crop boards. Therefore; this study will fill the existing gaps.

2.6 Conceptual Framework



Source: Designed by Researcher (2020)

Figure 2.1 Conceptual Framework

The dependent variable to this study was CBT performance, thus the researcher assessed how effective does the board execute its duties.

Administrative and Financing factors was the independent variable number one whereas the study assessed how far does administrative and Financing factors influence effective performance at the board. While Coordination Factors was the third independent variable to this study. The last independent variable to this study was policy and regulations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodologies which were applied in executing this study. The chapter is based on identifying the research methods, what are they, how they were used and why such methods are selected. This chapter is referred to as a technical chapter.

3.2 Research design of the study

Research design is the blue print of the study. It outlines how the study was conducted generally. It is the roadmap of the study, this study was a case study design (Kumar, 2015). A case study design is a research design that centers the study in one single area for effective scrutiny and analysis. Case study design is always referred to as a particularistic research design.

This approach gave insight into the problem under study, detailed investigation and enabled the researcher to know more about the topic under study. Using this design the researcher was able to obtain new knowledge on the problem being studied as it gave a room for intensive analysis which enables the problem to be well understood.

3.3 Study area

Area of the study is the geographical location where the study is centered to take place. The study was conducted in Mtwara region in Tanzania. CBT was used. CBT is selected because it represents the typical dominant player in the crop boards. The CBT is also convenient to the researcher's perspective for the availability of data and its collection process. The study was conducted in Mtwara region due to the fact that the region is accounted to have been the number one cashew nuts in Tanzania. Therefore, it was the researcher's concern to center the study where there is a high number of growers.

According to CAG report (2019/20), showed that CBT has been underperforming lately, the financial allocation from the central government

has been low, also there have been new policies and regulations with regard to CBT how it should operate, therefore it is the researcher's concern to find out what are the actual factors affecting the performance of the board.

3.4 Study population

According to Kothari (2009), argues that population of the study is group of people or items with similar characteristics whereas the sample size was drawn from within. The population of this study was CBT employees, cashew nuts farmers and nuts buyer. According CBT report (2018/19) shows that Mtwara has a total number of 4,579,881 farmers in Tanzania. CBT has a total number of 456 employees. Therefore, this study drew the sample size from both farmers, buyers and CBT employees.

3.5 Sampling techniques and Sample size

3.5.1 Sampling technique

The researcher used convenient sampling technique by obtaining respondents who were available during the study. Basing on this technique the researcher selected respondents. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher. The subjects are selected just because they are easiest to recruit for the study.

3.5.2 Sample Size

Kothari (2006) is the set of group of items, subjects or people who have the common characteristics who are included in the research study. A sample size is referred as a small group but adequate for a researcher to make conclusion from it. A sample size is pure and true representation of the population. The sample of this study involved a total of 170 farmers, buyers and CBT employees from the study area. The composition of the sample size is presented in the table 3.1

Table 3.1 The composition of the Sample size

Composition of the Sample	Number of the Sample size
Buyers	50
Cashew Nuts Farmers	100
CBT Employees	20
Total	170

Source: Field Data (2020)

3.7 Research Process

The research processes refer to the activities that you have to undergo when conducting systematic research. It consists of series of actions or steps necessary to effectively carry out research and the desired sequencing of these steps. Among these step is research analysis in which therein quantitative and qualitative research.

3.7.1 Pretesting

The value of pretesting can lead to detecting errors in cross-cultural language relevance and word ambiguity, as well as discovering possible flaws in survey measurement variables. Pretesting can also provide advance warning about how or why a main research project can fail by indicating where research protocols are not followed or not feasible Pretesting is the stage in survey research when survey questions and questionnaires are tested on members of target population/study population, to evaluate the reliability and validity of the survey instruments prior to their final distribution. (Kothari , 1990). For the case of this study, pretesting will be done to test the validity and reliability of the tools. The questionnaires and interview checklist was given to few respondents so as to see if they can provide the needed information of the study.

3.7.2 Pilot study

Basically, pilot testing means finding out if the survey, key informant interview guide or observation form will work in the “real world” by trying it out first on a few people normally 10 percent of the respondents. The researcher took 10 respondents from the sample size so as to test the validity and reliability of

tools to be used. Also, the pilot study tested to see what are the outcome of the tools.

3.8 Data collection methods

Data collection involved primary and secondary data.

3.8.1 Primary data

Primary data involved the following data collection technique

- **Questionnaires**

According to Kothari (2006), "a questionnaire is a set of questions which are usually administered to the selected respondents to answer at their own convenient time and return back the filled in questionnaire to the researcher". The researcher used both open and close ended questionnaires technique in data collection since it wraps large number of respondents in a short time and it does not cost much. It was applied for 150 cashew nuts farmers and 20 buyers

- **Interview guide and schedule**

According to (Kothari, 2006), "an interview is a set of question administered through oral or verbal communication or a face to face discussion between the researcher and the interviewee respondent". The researcher used interview method since it allowed observing the physical and emotional reaction of the respondents and it also saves a lot of time writing to those respondents who are in a hurry. The researcher used this method to collect data from the CBT employees and buyers in the study area. The researcher pick 20 CBT employees for interview. According to (Kothari, 2006), "an interview guide is a set of question administered through oral or verbal communication or a face to face discussion between the researcher and the interviewee respondent". The researcher used interview method since it allowed observing the physical and emotional reaction of the respondents and it also saves a lot of time writing to those respondents who are in a hurry. The researcher used this technique to collect data from the CBT employees and buyers in the study area. The researcher picked 20 CBT employees for interview. Interview schedule

determines the respondents that were used in the interview process, additionally the interview schedule was used as a timetable to guide the interview process.

3.8.2 Secondary data

This is the method of data collection consisting of written document materials. The researcher used this method for the purpose of obtaining secondary data from various sources such as reports, pamphlets and journals, files, books and newspapers (Kombo and Tromp 2006). The study assessed data from BOT, reports from the ministry of food, agriculture and livestock, reports from the ministry of finance and planning and reports from CBT.

3.8 Data analysis

Data analysis is the process of bringing order, structure and format of the findings, in this study data was analysed both qualitative and quantitative in nature. In qualitative analysis, the researcher used themes, words and paragraphs in explaining the results with regard to the study objectives. Qualitative analysis was used on data from interview checklist.

Also, quantitative analysis was used to analyse the data, in quantitative analysis the researcher used frequencies, percentages as well as mean average in presentation of the results. The researcher further used graphs as well as tables in the presentation of the findings.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter is concerned with the presentation of the findings. The data has been analyzed by using frequencies and percentages. The findings are in thematically order while reflecting the study objectives.

The study targeted a total sample of 170 respondents, however due to some limitations only 166 respondents were obtained. The response rate had no any negative impact to the findings hence over 50% of the respondents were obtained in this study.

4.2 Demographic characteristics of the respondents of the Study

Also, demographic analysis of the respondents done so as to identify respondents gender, education background of the respondents, marital status as well as experience of being CBT. The results of the analysis are presented in the subsections below.

4.2.1 Gender of the Respondents

The researcher was eager to find out how many female and how many male respondents were involved in the study. The results are presented in table 4.1 below.

Table 4.1 Gender of the respondents

Responses	Frequencies	Percentage
Male	88	53
Female	78	47
Total	166	100

Source : Field Data (2020)

The findings presented in the table 4.1 above shows that 88(53%) of the respondents are male while 78(47%) of the respondents are female. The findings shows that

there were female and male respondents but there were more male respondents compared to female respondents being included in this study.

4.2.2 Level of education

The other demographic characteristics that was analyzed in this study was the level of education. The researcher was interested to find out how is the level of education of respondents. The results are presented in the table 4.2.

Table 4.2 Level of education

Responses	Frequencies	Percentages
Primary education	34	20
Secondary education	37	22
Certificate holder	28	16
Diploma Holder	31	18
Bachelor holder	25	15
Master holder	10	6
PhD holder	1	1
Total	166	100

Source : Field Data (2020)

It has been noted that 34(20%) of the respondents have primary level of education, while 37(22%) of the respondents have secondary level of education, whereas 28(16%) of the respondents are certificate holders . Also the study has revealed that 31(18%) of the respondents have argued that they are diploma holders. Moreover, 25(15%) of the respondents have argued that they are holders in bachelor degree. However; 10(6%) of the respondents are holders in masters and only 1 respondent is a holder in PhD.

4.2.3 Marital Status

Marital status was also analyzed in this study. The researcher made analysis of the marital status. The results are illustrated in the table 4.3.

Table 4.3 Marital Status

Responses	Frequencies	Percentage
Single	44	26
Married	49	29
Divorced	21	12
Widow /widower	52	31
Total	166	100

Source : Field Data (2020)

It has been found that 44(26%) of the respondents were single, 49(29%) of the respondents were married, whereas 21(12%) of the respondent were divorced and 52(931%) of the respondents were widow or widower. The results gives an impression that majority of the respondents are singles. It has been found that marital status as no direct impact to the CBT performance

4.2.4 Experience of being at CBT

Lastly, the study made analysis on the experience of being at CBT. The analysis had the aim of associating experience with CBT. The results are presented in the table 4.4 below

Table 4. 4 Experience of being at CBT

Responses	Frequencies	Percentage
Less than six months	4	2
6 months to 1 year	14	8
2 years to 4 years	13	8
4 years to 6 years	28	16
6 years to 8 years	46	27
10 years and above	34	20
Total	166	100

Source : Field Data (2020)

The findings presented in the table 4.4 above shows that 4(2%) of the respondents have less than six months in being at CBT, while 14(8%) of the respondents have said had an experience of 2 to 4 years of being at CBT. Also 28(16%) of the respondents had a experience of 4 to 6 years in being at CBT. Moreover, 46(27%) of the respondents had an experience of 6 to 8 years at CTB while 34(20%) of the respondents have an experience had an experience more than 10 years. The results shows that majority of the respondents have good experience of being customers from Vodacom, therefore it shows that most customers have ever come across online adverts from the firm

4.3 Results and discussion by specific objectives

This section presents the results and discussion by specific objectives of the study, as presented below;

4.3.1 The financial availability affecting crop board performance in Tanzania

The first objective to this study was to assess the financial availability affecting crop board performance in Tanzania. The results focused on trying to look whether the central government does set budget for CBT, if the CBT depends on its own sources for general operation, if there is lack of financial availability. The results were presented in the table 4.1 below.

Table 4.5: The financial availability affecting crop board performance in Tanzania

Statements / items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The central government does set the financial budget for CBT	7(12%)	12(24%)	3(4%)	95(48%)	49(12%)
CBT depends on its own sources for general operations of the board	88(44%)	43(34%)	3(5%)	7(12%)	25(13%)
There is lack of enough financial availability at CBT	65(56%)	21(21%)	4(3%)	7(5%)	19(15%)
Lack of financial availability is among the factors affecting CBT performance	95(52%)	49(37%)	7(4%)	9(6%)	9(7%)

Source : Field Data (2020)

Table 4.1 presents whether there was financial availability that affect crop board performance in Tanzania the results were that; that 7(12%) of the respondents strongly agreed that the central government does set the financial budget for the board, while 12(24%) of the respondents just agreed on the notion while 3(4%) of the respondents were just neutral. However, 95(48%) of the respondents just disagreed that the government does not set any financial budget for the board. The findings showed that government set a very minimal budget for the board, for instance for the year 2018/19 the central government provided a total amount of 350 947 747 Tshs as the financial budget. The budget set is estimated to cover only 45% of the needed budget. While 12% of the respondents have strongly disagreed. The results of the findings gives an impression that the government does not effectively set the financial budget for the CBT.

One of the interviewees was quoted,

“CBT is among the self governing, therefore it does not depend effectively on the central government of its operations, therefore, the central government does not effectively set high budget for the CBT. Despite the

fact that CBT is self governing but it does not have high income that can effectively operate its

4.5 The stakeholders coordination factors affecting cashew nuts crop board performance in Tanzania

The second objective to this study was to access if there have been stakeholders coordination thus farmers, buyers and sellers. The researcher wanted to find out if coordination between the parties is among the factors that affect the performance of CBT. The results are presented in the table 4.3 below:

Table 4.2 The stakeholders coordination factors affecting cashew nuts crop board performance in Tanzania

Statements / items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is proper ways of communication between farmers and CBT employees	16(13%)	12(9%)	12(9%)	88(46%)	17(23%)
Employees from CBT coordinate cashew nuts farmers and buyers	11(10%)	9(7%)	5(3%)	98(56%)	27(24%)
CBT always set proper price ceilings and floors on cashew nuts	8(6%)	6(4%)	4(2%)	88(45%)	86(43%)
There is no proper connection and coordination between CBT, farmers and buyers	98(56%)	33(24%)	5(3%)	9(7%)	22(10%)
CBT and Union Cooperative always market the nuts on behalf of the farmers	85(45%)	33(23%)	7(5%)	21(14%)	20(13%)

Source : Field Data (2020)

The findings presented in the table 4.2 above shows that 16(13%) of the respondents have strongly agreed that there is always proper ways to communicate between famers and CBT employees. While 9% of the respondents have just agreed to the notion. The findings also shows that 9%of the respondents were just neutral to the notion hence were not aware is the proper communication or not. However, 88(46%) of the respondents have has

just disagreed that there is no proper communication between farmers and CBT employees and 17(23%) of the respondents just strongly disagreed. The findings gives an impression that there is no proper communication between the parties.

One of the interviewee was quoted saying;

The communication between farmers and CBT employees is very minimal , hence the communication may take even once per year, the communication may be through meeting to see if farmers are following the rules and regulations of the board, such as clearing their farms as well as prohibiting child labor, due to lack of effective communications it results to farmers to know the exact roles of the board and CBT become not aware of the needs and problems faced by the farmers.

Moreover, it was noted that 98(56%) of the respondents have strongly agreed that there is no proper connection between CBT , famers a and buyers, while 33(24%) of the respondents agreed on the notion, 5(3%) of the respondents were neutral to the statement while 9(7%) of the respondents disagreed and 22(10%) of the respondents strongly disagreed. It has been found that there is lack of proper coordination between the three parties.

Warehouse Receipt System for cashewnut marketing in Tanzania was introduced in 2007/2008 as one way of improving cashewnut marketing. The system was adopted as a result of exploitation done by unscrupulous buyers to farmers by offering them low prices for their produces (Bianchi, and Kossoudji.(2015).

Despite of recovery in terms of production and prices yet the system still suffers from price instability and consensus on the auctioning type and modalities. To date the auctions are still done in the villages where as it was expected by then the Warehouse Receipt System should have been advanced much towards international arena to enable electronic online trading and FOB/CIF selling. If this would have been in place it would attract many buyers from the globe and hence increase competition ending up offering good prices to farmers' produces. The system itself

was expected to enable farmers to use the deposited cashewnuts to secure loan from the financial institutions to sustain their livelihoods while the AMCOS and Unions are selling their produces.

To the opposite the system has failed to control illegal direct purchase (Kangomba) of cashewnuts because the collection and auctioning of the produce are normally delayed and the banks have been excluded in giving loan to farmers using cashewnuts deposited in the warehouse as collateral towards loan. Assisted by the loophole created by the lack of formal registration and identification of farmers, traders buying cashewnuts direct from farmers at low prices and channel to the same through the warehouse and benefit from the Warehouse Receipt System at the expense of farmers. (Bianchi, and Kossoudji.2015).

On the other hand, banks and other lenders including input suppliers are faced with hard times extending and recovering loans from farmers. The system has failed to operate across the country due to low production in some regions like Tanga, Singida, Mbeya, etc. The system has also failed to sustain itself during political or economic shock for instance in 2011/2012 following world market price drop, the system almost collapsed in Coast and Ruvuma (Tunduru) regions. In 2019/2020 the crop has also experienced quality shortcomings especially in the Coast region, Newala, Tandahimba and Mtwara districts which has destabilized the system. In order to resolve these issues there is a need to develop efficient and integrated market and marketing information system (Bianchi, and Kossoudji.2015).

The general objective of the crop board reforms was to increase farmers' income and contribute to poverty reduction. Regulatory function and administrative roles of the crop boards are financed 100 percent by the Government while promotional and shared functions such as research are financed by the Government, stakeholders and Development Partners for some crops. Following the general economic reforms during the 1986-1995 macroeconomic adjustments improved agricultural incentives

and led strong agricultural GDP growth as farmers then responded to improved incentives (Bianchi, and Kossoudji, 2015).

Lastly, the findings shows that 45% of the respondents strongly agreed that CBT does market the nuts on behalf of the farmers while 23% of the respondents just agreed, but 5% of the respondents were just neutral, however 14% of the respondents disagreed and 13% of the respondents strongly disagreed. The findings shows that CBT does market cashew nuts on behalf of the farmers. It has been noted that marketing of raw cashew nuts in Tanzania is currently coordinated through the legally mandated Warehouse Receipt System (WRS). Farmers sell their raw cashewnuts through primary cooperative societies (AMCOS). AMCOS collect raw cashewnuts from farmers, transport and store it in licensed warehouses. Finally, under the supervision of Cashewnut Board of Tanzania cashewnuts are competitively sold by cooperative unions on weekly or bi-weekly auctions depending on the collection situation. Processed cashewnuts (kernels) are exported to specific buyers and only small amount is consumed within the country.

Three main cashew products are traded on the international market: raw nuts, cashew kernels and cashew nut shell liquid (CNSL). A fourth product, the cashew apple is generally processed and consumed locally. The cashew kernel is the main commercial product. The kernel, which is the edible part of the nut, contains 47% fat (of which 87% are unsaturated fatty acids); 21% protein, 22% carbohydrates, and the remaining 10% made up of other substances including calcium, phosphorus, iron and various vitamins, the main ones being A, D and E. The cashew kernel has a high percentage of polyunsaturated fatty acids, in particular linoleic acid, and is an important source of sodium, calcium, potassium, magnesium, phosphorus, iron, copper, zinc, chlorine and selenium. According to medical sources, cashew nuts may help to lower the cholesterol level in blood and to control diabetes

.Currently 28 countries produce cashew nut for export and/or domestic consumption. Vietnam is the largest producer with more than 1 million Mt followed by India and

Nigeria who produce both around 700.000 Mt. Although India is the second largest producer, it is not a major exporter of raw nuts. Most of their production is processed for export(Kibacho, 2017)

Raw nuts are sold through auctioning to end-buyer markets. Two main marketing channels must be distinguished, the export and the domestic market. Little information is available of how much products reach the domestic market. Estimations range between 1 to 5% of the total national production. More accurate information is available regarding exports. For the season 2010-2011, value of total exports including both kernels and raw cashew nuts may have been above 250 Million USD. (In comparison, for 2008 FAOSTAT reports only 70 Million USD of revenues from exporting cashew products)(Kibacho, 2017)

Around 40% of the raw cashew nuts are processed domestically while 60% are shipped to India for further processing generating substantial value addition and employment. Raw cashew nuts are channeled through the warehouse receipt system regardless whether they become locally processed or exported. An exception is the nuts that get processed for the domestic market in small backyard operations(Roll, 2016).

Most of the cashew crop is exported as raw cashewnuts (RCN) (118,000 tons in 2010/11) and only a small portion (around 20,000 tons) is processed internally. Previously raw cashewnuts were bought from farmers via primary societies who acted as agents of buyers. During this time some buying agents have been reported to conduct unethical marketing practices such as: (i) buying outside designated centers; (ii) buying using a single price (which is often low) for a mixture of standard grade and under-grades; and (iii) lack of regard to grading (Ashimogo et al. 2006).

There is also anecdotal evidence to suggest that farmers have been cheated regarding the weight of their crop (see Poulton, 1997). Those benefiting from such

practices are weighing clerks and officials who re-weigh purchased nuts after the buying posts have been closed, (when they re-bag the nuts into standard sacks of 80kg each) selling the difference between nuts purchased and nuts bagged. There was a modest competition but exporters managed to keep prices low. For examples, traders/buy-ers could agree to delay purchase of raw cashewnuts causing a tendency among farmers to sell at any price. Hence, the indicative farm gate price announced by the Cashewnut Board of Tanzania could not effectively be put into practice. Low farm gate prices also made farmer to cheat on quality including add-ing foreign materials like stones and sand(Ashimogo et al. 2006)..

The system attracted a lot of middlemen in the cashew trade before it reaches the exporters and processors. The costs for the engagement of all these service providers were deducted from the farm gate prices. Since 2007, the marketing of raw cashewnuts in Tanzania is organized through the warehouse receipt system with auctioning taking place on weekly or bi-weekly basis (at the office of Cashewnuts Board of Tanzania) during the harvesting season (Figure 7). The warehouse operator is obliged to record the weight, the grade, kernel out-turn and more important moisture content. Nuts with moisture content above the limits are not accepted. Through the introduction of the system most middlemen could be eliminated a fact to which many attribute the rising farm gate prices over the last two years (from under 1 USD to 1.5 USD). Instead primary marketing and cooperative societies became the main link for farm producers to the warehouse buying system, in fact they can be considered to fulfill the functions of middlemen. The introduction of the warehouse receipt system, which started in Mtwara Region, did not go without stiff resistance from traders accompanied by much propaganda pro and contra state interference(Ashimogo et al. 2006)..

There is a common perception among traders/exporters that they benefit more from exporting raw cashewnuts than from processing; the former is an operation in which they get back their investment in 90 days for the latter it takes at least a year, let alone the investments to be made in equipment, machinery, salaries and other costs.

However, the export of raw nuts bears negative structural impacts on the industry such as the export of employment opportunities, the loss of potential income from cashewnut byproducts (CNSL, Testa and Shells), and others(Ashimogo et al. 2006)..

The market for raw cashewnuts is not diversified and a large quantity of the nuts produced in Tanzania still end up in the hands of few buyers in India, opening opportunities to fix prices. The demand of raw nuts in India is high because of the differences in crop cycle. Harvesting in Tanzania takes place six months earlier than Indian. In this context, India processors are ready to buy raw nuts from Tanzania even at a higher price, just to keep their operations running throughout the year. The Government of India also give subsidy to importers of raw cashewnuts as it creates employment and also brings in by-products which when the value is added it increases government revenues(Ashimogo et al. 2006)..

Furthermore, the amount of raw nuts available and the prices in East Africa particularly in Tanzania plays quite a substantial role in influencing the price of raw nuts in West African region. This is due to the fact that harvesting in Tanzania and Mozambique (southern hemisphere) takes place at a time when India does not harvest (northern hemisphere) (Nawale et al 1984).. While cashewnuts harvesting in West Africa takes place the same time like in India, only Tanzanian cashewnuts are available during September, October and November. Export in Mozambique is allowed from January(Ashimogo et al. 2006).

One can assume that worldwide more than half of cashew kernels are consumed in the form of snacks while the remaining share are included in confectionery. Demand for cashew kernels is robust, growing at a rate of lately 7% annually, with every expectation that the market will remain strong. The cashew competes in the same market with other edible nuts including almonds, hazels, walnuts, pecans, macadamias, pistachios and peanuts. There has recently been a considerable rise in demand for edible nuts by consumers interested in quality and health aspects of food.

The breakfast cereal, health food, salads and baked goods markets are all expanding markets for cashew nuts(Ashimogo et al. 2006)..

One major factor that affects the consumption of cashew kernels in world markets is competition from other tree nuts. The major importers in developed countries contract their requirement for the whole year based on the sales from previous years. If prices of a commodity fluctuate over a wide range, they will not want to trade in that item for fear of incurring heavy losses. Since cashew nut production is carried out mostly by small-holders - and not on a large plantation scale with stable harvests - year to year variation in crop yield is a regular feature resulting in wide price fluctuations for cashew kernels. On the other hand, almonds and pistachios are grown in very large plantations in the United States and thus their prices are steady year after year (Nayar, 1995).

Processed kernels can be better marketed wider if they are sold as a branded product. In the first place importers would like to know the product brand before importation due to assurance in quality. All local processors do not sell branded products as there is no kernel brand in the market at present. In the past Tanzania used to market kernels using a brand called “CATA NUTS.

This brand ceased to exist in the market when cashew processing factories came to a halt in 1980s. Reviving the brand or introducing new ones needs to be accorded a high priority. The biggest competitors for Tanzanian cashew kernels are India, Brazil, Vietnam, Mozambique and unlike Tanzania all those countries have registers their proper cashew kernel brands.As there is no regulation regarding the export of kernels, each processor is obliged to find its own buy-er. A foreign company like Olam (T) Ltd has assured relationships with major buyers such as UNILEVER, WALMART and others and does not compete with any local processors. The main consumers of cashew kernels are North America (50%), Europe (29%) and others (21%). One argument is to focus on marketing of cashew products in Africa, Turkey, Middle East and Far East avoiding unnecessary market competition (in USA,

Europe, Russia and Japan) with Asian countries. However, these markets also require delivery of larger quantities and the prices are not always attractive, probably due to uncertainty in the quality and reliability.

The United Republic of Tanzania exports almost all of its cashew nuts unprocessed, More than 80 percent of the country's cashew nut exports are sent to India, where they are shelled for re-export or used in other food products. India is the world's main processor of cashew nuts, with a competitive processing industry and a policy environment that fosters imports of raw cashew nuts through the provision of import subsidies (UNIDO, 2011), while protecting its domestic market for processed cashew nuts by imposing standard import tariff of 30 percent

4.6 Policy and regulations factors affecting cashew nuts crop board performance in Tanzania

The last objective to this study was to assess the policies and regulations affecting the cashew nuts affecting crop board performance in Tanzania. The analysis was done by looking on the existences of policies and regulations guiding the operations of CBT, the laws and policies guiding the general income generation of CBT and if rules and regulations do enforce coordination of farmers and buyers. The results of the analysis is presented in the table 4.3

Table 4.3 Policy and regulations factors affecting cashew nuts crop board performance in Tanzania

Statements / items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There are policies and regulations that guide the general operations of CBT	85(43%)	42(21%)	6(3%)	24(12%)	42(21%)
There laws and policies on the general income generation of CBT	98(56%)	42(21%)	6(3%)	10(5%)	30(15%)
Rules and regulation do not enforce the coordination of famers and buyers	94(52%)	66(37%)	8(4%)	12(6%)	14(7%)

Source : Field Data (2020)

The findings shows 94(43%) o the respondents have strongly agreed that there are number of policies and regulations which safe guard the general operation of CBT, while 42 (21%) of the respondents have just agreed over the notion , 6(3%) of the respondents were just neutral to the statement. however, 24(12%) of the respondents disagreed that there are no laws and regulations that guide the general operations of CBT and 42(21%) strongly disagreed. The findings gives an impression that there are rules and regulations that safe guide the general operations of CBT. The Cashewnut Board of Tanzania(CBT) is a corporate body established by the Act No. 18 of 2009 and it is Regulations of 2010. The Board is entrusted with the responsibility of regulating the development of the Cashewnut Industry in Tanzania. In undertaking its mandated roles CBT places more emphasis on improving efficiency and effectiveness of the Cashewnut Industry in order to meet the requirements of different stakeholders thereby enabling them to contribute to the National Development.

4.7 Summary Of The Study

The general objective of this study is to assess factors affecting crop board performance in Tanzania; A case cashew nuts board of Tanzania. The study had three objectives which were ; assessing financial availability affecting crop board performance in Tanzania ; finding out of the stakeholders coordination factors affecting cashew nuts crop board performance in Tanzania and policy and regulations factors affecting cashew nuts crop board performance in Tanzania

In chapter two , a number of concepts and aids were presented so as to have a better understanding of the way forward of the study. The chapter presented definition of key terms which were Crop board performance and cashew nuts . Also, different theories were used to draw a smart discussion on the findings of the study.

Empirical literature review was presented so as to identify the existing gaps in the context of crop board performance . Moreover, conceptual framework presented the independent and dependent variables of the study.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter discussed the key findings of the study as presented in chapter four. It is organized based on specific objectives of the study. The field findings were related to empirical and theoretical studies conducted by other researchers. Similarities and differences were discussed and the reasons for the differences explained.

5.2 The Financial availability affecting crop board performance in Tanzania

The findings reflect the arguments presented by Komanya, (2015) one of the major challenges for the effective operations of CBT is lack of enough fund is among the number one challenges that hinder effective operations of the board. The government of Tanzania does not send enough financial budget to the board. A number of problems have still remained unsolved such lack of clear and adequate marketing information, poor prices being offered by crops buyers as well as buyers monopolization of the crop businesses. Also, there have been high taxes to farmers, the problems include defining a more constructive role for the Cashew Board, reversing the decline in export crop quality, assisting farmers with financing input costs, and reducing high taxes on exports hence reduce production costs. One of the crops that has experienced high crisis in Tanzania is cashew nuts, the crop has experienced collusion of the buyers by setting low prices in buying the cashew nuts, as the result the farmers refused to sell their crops till the government intervened.

As the outlook for the U.S. economy improves, agricultural enterprises are once again considering new investment opportunities. But searching for financing has become a challenge. In 2009, volatility in agricultural markets jumped and farm profits dropped, while the risks associated with lending intensified. In response, agricultural lenders raised their credit standards. Now, as new profit opportunities in

the farm sector emerge, many potential borrowers from all segments of the industry wonder if credit will be available.

With fragile financial markets, agricultural producers have concerns about financing agricultural investments. Even though agricultural banks outperformed their banking peers during the recession, bank profits declined. Still, agricultural bankers report having ample funds for farm loans at historically low interest rates (Takamasa, John Baffes, Donald Larson, and Panos Varangis. 2001).

The other variable that was presented in the first objective was CBT depending on its own sources for its general operations of the board. The results shows that 88(44%) of the respondents strongly agreed on the notion, while 43 (34%) of the respondents just agreed. However, 3(5%) of the respondents were just neutral over the notion. 7(12%) of the respondents disagreed and 25(13%) of the respondents strongly disagreed over the statement that CBT depends on its own sources for its operations. The findings shows that majority of the respondents agreed that the boards depends on its own sources for its general operations. It has been found that 56% of the general activities of CBT are funded from its own sources. The main sources of CBT are charges from buyers and exporters.

The findings concurs with arguments presented by Soud (2018), the other challenge that face most of crop boards do not have sound financial capacity while the government does not inject enough budget so as to facilitate the general operations of the crop boards. However, the industry is not likely to expand further, or even maintain current production levels, unless problems are addressed. The problems include defining a more constructive role for the Cashew Board, reversing the decline in export crop quality, assisting farmers with financing input costs, and reducing high taxes on exports. Beyond correcting these immediate problems, there is an opportunity for the industry to expand in several directions. Replanting with improved varieties would reduce costs and make Tanzania a more competitive

exporter. Developing a competitive private sector processing industry would create jobs and reduce dependence on India as the market for raw nuts. These growth opportunities are unlikely to happen without public sector support, but the challenge is to define the public private partnership that will provide the needed changes to allow the private sector to grow (Takamasa, John Baffes, Donald Larson, and Panos Varangis. 2001).

The last variable that was presented was lack of enough financial availability at CBT. The results shows that 65(56%) of the respondents have strongly agreed that there lack of enough financial availability is among the major challenges facing the performance of CBT. Also, 21(21%) of the respondents have just agreed over the notion, 4(3%) of the respondents were just neutral. However, 4(5%) of the respondents have just disagreed and 19(15%) of the respondents strongly disagreed that lack of finance is not a challenge at CBT. CBT is currently faced by inadequate funding to fulfill its obligations due to unreliable sources of funds. CBT depends on Government funding for both regulatory and development projects of which funds have not been coming for the last three years. On the other hand CBT has no enough own sources of revenue generation from its investment activities while funds from Farmers Contribution are not reliable as they depend on the prevailing situation and cashewnut price for the particular season.

The findings reflects to the arguments by Brinkerhoff, and Crosby (2012). Operating a successful company comes with a whole list of challenges, not least of which is maintaining a healthy level of financial stability. After all, any business that is dealing with cash flow and budgeting problems will eventually go under if these issues aren't rectified in a timely manner. Although every company faces its own unique set of circumstances, there are certain issues that businesses in all industries are bound to face at one point or another. Without sufficient available capital, you can't afford to pay your bills let alone invest in efforts that will help you grow the business. If your business credit isn't horrible, you can probably get approved for fast

business funding that can provide the cash flow needed to start paying your dues and making moves again. Every business does better when it isn't strapped for cash, which brings us to our next common cause. There are two opposing schools of thought when it comes to funding a business – fund everything out of pocket (bootstrapping) or get investors and lenders to fund the business for you. While bootstrapping has its advantages, it is one of the fastest ways to find your company backed against the wall financially. Ideally, you'll want to use a balanced approach, covering most of the expenses out of pocket but then still utilizing external funding to provide a safety cushion. Studies show that bootstrapped businesses are twice as likely to fail than those that are funded externally (Komanya, 2015).

Agriculture is the backbone of the economy of the country contributing 30% of Gross Domestic Products and employing 70% of the population. The cashewnut industry itself contribute about 4% of the total foreign earnings. The crop is grown by over 92 local government authorities from 20 regions in the Tanzania mainland, whereby Mtwara, Lindi, Ruvuma and Coast regions produce lions share of the crop. About 280,000 households are engaged in cashew growing in Tanzania. Current estimates shows Tanzania has 50,000,000 cashew trees, most of which were planted in the sixties in the traditional villages (Komanya, 2015).

Cashew nut producers need to create marketing activity and integrate marketing program in order to communicate and convey value to customers. Marketing is one of the means through which seller create awareness of their products or services (Gituma, 2017). Normally Marketing is done through the five key elements identified of the marketing mix. According to Kotler and Armstrong (2012), marketing mix is the set of tactical marketing tools or set of actions that someone uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place that the seller blends to produce the response he/she wants in the target market. Saguti (2015) affirmed that marketing mix is a model that helps to create and improve marketing performance. It combines and integrates various factors in order to meet seller objectives and customers. Marketers use this

conceptual framework to design strategies that target their market and meet consumer's needs.

Marketing mix is increasing a relevant tool if organizations has to remain competitive and stronger than others competitors (Daniel, 2018). According to Chartered Institute of Marketing (2009) Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. Through Marketing, producers of goods and services interpret customers wants, needs and desires and match, or exceeds them, in delivery to their target consumers. Thus, marketing strategy establish nature, strength, direction, and interaction between the marketing mix- elements and the environmental factors in a specific situation (Daniel, 2018). Tangible products initially used a 4Ps model, contrary to services sector which uses a 7P approach in order to satisfy the needs of the service provider's customers (Ivy, 2008). The marketing mix strategies in these 4Ps establish marketing efforts that can lead to competitive advantage thus involves a deliberate and careful choice of strategies and policies for Product, Price, Promotion and Place and added 3ps for services that is People, Physical and Processes (Muchiri, 2016). These aspect of marketing mix require effective plan and implementation strategies in order to enhance the quality product and services and to increase the customer satisfaction (Kiprotich, 2012; Gituma, 2017). It is believed that firms that have implemented effective marketing mix are able to increase their sales performance, market share and achieve a competitive advantage.

Cashewnut farming in Tanzania has gain recognition due to its contribution in GDP (7.1 percent), employment (employs more than 2.1 million people) and improves the living standard of rural population, especially those who are trapped in poverty. Processing is an important activity related to the agricultural sector and is dominated by predominantly small and medium scale firms who operate in the informal sector of Tanzania. The Tanzania small and medium enterprise development policy (SMEDP), defines small agro-processing firms as enterprises with capital for investment that is less than TZS 200 million, and which employ up to 49 workers (MIT, 2002). The small agro-processing sub-sector accounts for over 80% of all

firms in Tanzania and contribution to GDP stands at 17% (Tisimia, 2014). In Tanzania, local processing units are key in reduction in post-harvest losses, employment generation, enterprise development, diversification of rural economies, and generating income. This makes cashew nut grower processing unit crucial to economy growth and development. This is so due to the fact that they comprise largely viable and veritable vehicle for self-sufficient manufacturing growth (Karam et al., 2018).

Despite their importance cashew nut grower processing are struggling to survive under intense competitive environments both domestic and international. Thus, when compared to other sector, the sector has remained stagnant (Mwang'onda *et al* 2017). Therefore, It is crucial to emphasize that cashew nut grower processing units are faced with the requirement to increase their business marketing orientation through marketing mix in order to create customer value as well as to establish customers need and to provide such needs in order to add more value to their service, performance and gain competitive advantage While, effective marketing mix can drive the producers towards meeting their objectives and improve their performance in term of short term and long-term. There is inadequate evidence if marketing mix practices are utilized cashew nut grower processing units and if they influence performance. Local Processing Units will consistently perform poor and poverty level will remain high due to lack of this understanding among owners and managers of processing units. A study need to be done on this matter. This study therefore, aims to assess the influence of marketing mix on performance of local cashew nut processing units in Mtwara Region Tanzania.

1.3 Statement of the Problem

The marketing mix is key aspects of the marketing process. It plays a major role in generating value and satisfaction among customers. Specifically, the marketing mix or 4Ps (product, price, promotion, and place) enable firms to meet customers demand and create a long term, profitable relationship with them. Research indicates that marketing mix strategies have been proved as an intervention to influence performance because modification of aspects increases revenue and ultimately

profitability. Gbolagade, *et al* (2013) found that product have a significant impact on business performance. Emmanuel (2014) confirmed positive effect between marketing strategies, 4Ps of marketing elements and SMEs performance.

Owomoyela *et al* (2013) establish significant relationship between price and business performance and negative significant effect between place and business performance. The price you set for your product or service plays a large role in its marketability this study further proved that placement consideration is seen to be another factor having an impact on business performance. Furthermore, Kenu (2020) studied effects of marketing mix on construction industry in Ethiopia, Bintu (2017) researched on effect of marketing mix strategy on performance of small scale businesses in Maiduguri Metroplitan, Boron State Nigeria, and Gituma (2017) studies effects of marketing mix on sales performance in Uganda and Fitriah *et al* (2019) studied effects of marketing mix on fish farming performance.

Empirically it is evident that this matter had been researched, however there are controversy on the influence of marketing mix and business performance. Some of the studies assert that marketing mix lead to improve performance, while other studies found no impact of marketing mix on performance. The controversy could be partly attributed to conflicting view among scholars on the nature and determinants of performance and partly to inherent difficulty in measuring performance and deciding which of its dimensions are more critical than others. Furthermore, most of the above studies used descriptive statistics based on a single case and sample size ranging from 40 to 160 respondents which is considered to be inadequate to make inferences about the entire population Thus there is a knowledge gap on this matter. Therefore this study will the existing gap by using larger sample size, using inferential analysis and use multiple cases to assess the influence of marketing mix on performance of local cashew nut processing units in Mtwara Region Tanzania.

Agricultural markets in most developing countries have been liberalized since the 1980s. Reforms in the sector focused primarily on dismantling state intervention, with little emphasis on developing institutions that reduce cost and uncertainty in

commodity marketing (Coulter and Onumah, 2002). Warehouse receipting is normally part of a package of innovations designed to modernise, and enhance the efficiency of agricultural marketing systems. It can play a very important role in the development of agriculture, by permitting farmers to hold food back to the lean season, allowing them to access markets on more equitable terms, and enhancing the efficiency of the entire commodity value chain (Coulter, 2009). During 1990s the Warehouse Receipt Systems (WRS) were developed among countries which belong to Sub-Saharan Africa (SS-A) such as Zambia, Malawi, Kenya, Madagascar and Uganda. This was in response to farmers' income instability due to price fluctuations, resulting from the 'free market' economic liberalization. Since prices tend to be low during harvest periods and to subsequently rise, warehouse receipt systems provide a solution by storing commodities for the duration of the low price season. Price volatility and lack of quality standards are attributed to market liberalization in the agricultural sector. The warehouse receipt system was introduced in Tanzania in 2005 after the law for regulated WRS and formulation of Tanzania Warehouse Licensing Board (TWLB) was passed and followed by its regulations in 2006. It is now five years since WRS was initially introduced in the marketing of raw cashew nut (RCN) in Tanzania. And 2 it was started to be utilized in Mtwara region by smallholder farmers in 2007/08 procurement season. It is of my sincere interests from the above mentioned processes and reasons of liberalizing markets for agricultural commodity in developing countries, to study the WRS's factors that influence market price and the welfare of cashew nut smallholder farmers particularly in Mtwara.

5.3 The stakeholders coordination factors affecting cashew nuts crop board performance in Tanzania

The findings reflects to the argument by Carr, *et al.* (2003) one of the common challenges facing the firms in their operations is lack of or poor communication between the common stakeholders.

Communication plays a fundamental role in all facets of business. It is therefore very important that both internal communications within your organisation as well as the

communication skills of your employees are effective. Effective Communication is important for the development of an organization. It is something which helps the managers to perform the basic functions of management- Planning, Organizing, Motivating and Controlling. Communication skills whether written or oral form the basis of any business activity. Thus, it can be said that effective communication is the building block of an organization (Jope, 2017).

Effective communication is a basic prerequisite for the attainment of organizational goals. No organization, no group can exist without communication. Co-ordination of work is impossible and the organization will collapse for lack of communication. Co-operation also becomes impossible because people cannot communicate their needs and feelings to others. If open communication within a workplace is encouraged, a more cohesive and effective team will emerge. Good communication within a team also tends to boost employee morale. When employees feel that they are well informed of the company's direction and vision, they will feel more secure within their role. Regular internal communication can also lead to an improved work ethic if staff are reminded of achievements and feel that they are working towards a common goal (Kazyoba, 2016).

It is through effective communication that an executive ultimately gets work done by others. When managers are effective communicators, they are more able to inform staff adequately of their responsibilities and what is expected from them. Good communication skills also helps managers to provide constructive feedback to their staff, build better relationships, and understand personal goals that staff may wish to work towards. Therefore, a successful executive must know the art of communication. Moreover, communication is a means whereby the employee can be properly motivated to execute company plans enthusiastically. It is the means by which behavior is modified, change is effected and goals are achieved. The first executive function is to develop and maintain a system of effective communication- the tool for understanding. It is commonly said that what nerves are to human organism, communications are to an industrial system(Inno, 2017) .

A lack of communication can lead to the collapse of any organization. Whilst that is a bold statement – without proper marketing collateral and communication internally and externally, most organizations will struggle to survive. Communication can also lead to productivity and helps to avoid unnecessary delays in the implementation of policies. Communication is not confined solely to employees. Management must communicate with its customers, owners, the community as well as its prospective and present employees. But our discussion is restricted to interpersonal communication and the organizational communication process. When regularly communicating both internally and externally, organisations remain more transparent. This is important in building trust in your brand, in your services and also internally when it comes to the trust that employees have in higher management.(Theodore, 2016)

Also, the researcher made the following remark to see if employees from CBT coordinate cashew nuts farmers and buyers. The results shows that 11(10%) of the respondents strongly agreed that CBT does coordinate cashew nuts farmers and buyers. While 9(7%) of the respondents just agreed on the notion, while 3% of the respondents were just neutral. However, 98(56%) of the respondents have argued have disagreed that there is no effective coordination between the said parties and 27(24%) of the respondents strongly agreed. The findings gives an impression there is little coordination. It has been found that the Board has stakeholders with different requirements and expectations. In order for the Board to serve the stakeholders diligently, it was found necessary to carry out a stakeholders' analysis to establish interests/expectations, potential effect of not meeting the expectations and the current status. However, lack of enough financial capacity and insufficient employees CBT fails to execute its functions effectively .

On top of that the researcher wanted to find out if CB does set proper price ceiling and floors for the farmers. The findings shows that 8(6%) of the respondents strongly agreed , 6(4%) of the respondents just agreed, 4(2%) of the respondents were neural to the notion. While 88(45%) of the respondents have

disagreed that the prices set by the board are not proper and the other 86(43%) of the respondents have strongly disagreed that CBT does not set proper prices. It has been found that the board always set very low prices at most of the time the farmers are always given zero grade of the prices.

An indicative price is set by a stakeholder committee which is overseen by the CBT. The price is based on both the cost of production for farmers and the export parity price. The indicative price at auction is the indicative farm gate price plus all fees for warehouse services, cooperative levies and district produce cess. The indicative price is taken by many to be a season long floor price; however, this has resulted in market failures in the past since market prices sometimes fall later in the season (Akyoo and Mpenda, 2014)

At the beginning of the cashew marketing season, the CBT sets an indicative farm gate price based on production costs and international market dynamics. Before the introduction of the, farmers rarely received this. However, after the introduction of the WRS in 2008, farmers were able to receive 75 percent of the indicative payment when they deposit the cashew in the warehouse, and the remaining 25 percent when the cashews are sold. Furthermore, if the price at auction is higher than the indicative auction price, farmers will receive a bonus payment as well. The indicative price plus the bonus constitute the average final price to farmers.

MAFAP methodology seeks to measure price incentives for producers and other marketing agents in key agricultural value chains. The analysis is based on the comparison between observed domestic prices and constructed reference prices. Reference prices are calculated from the international price of the product at the country's border, where the product enters the country (if imported) or exits the country (if exported). This price is the side red the benchmark price free of influence from domestic policies and markets.

MAFAP estimates two types of reference prices –observed and adjusted. Observed reference prices are those that producers and other marketing agents could receive if the effects of distortions from domestic market and trade policies, as well as overall market performance, were removed. Adjusted reference prices are the same as observed reference prices, but also exclude the effects of any additional distortions from domestic exchange rate policies, structural inefficiencies in the commodity's value chain, and imperfect functioning and non-competitive pricing in international market (Komanya, 2015).

MAFAP's price incentives analysis is based on the law of one price, which is the economic theory that there is only one prevailing price for each product in a perfectly competitive market. This law only applies in the case of homogeneous goods, if information is correct and free, and if transaction costs are zero. Thus, this analysis was conducted for goods that are either perfectly homogeneous or perfect substitutes in the local market in terms of quality, or, failing that, are simply comparable goods. Indicators calculated from reference and domestic prices will, therefore, reveal whether domestic prices represent support (incentives) or a tax (disincentives) to various agents in the value chain (Komanya, 2015).

Domestic prices are compared to reference prices at two specific locations along commodity value chains –the farm gate (usually the main production area for the product) and the point of competition (usually the main wholesale market where the domestic product competes with the internationally traded product). The approach for comparing prices at each location is summarized below, using an imported commodity as an example. In this situation, the country is importing a commodity that arrives in the port at the benchmark price (usually the unit value CIF price at the port of entry) (Soud, 2018).

In the domestic market, we observe the price of the same commodity at the point of competition, which is in this case the wholesale market, and at the farm gate. We also have information on observed access costs, which are all the costs associated with bringing the commodity to market, such as costs for processing, storage,

handling, transport and the different margins applied by marketing agents in the value chain. These include access costs between the border and wholesale, as well as between the farm gate and wholesale (Soud, 2018)..

The benchmark price is made comparable to the domestic price at wholesale by adding the access costs between the border and wholesale, resulting in the observed reference price at wholesale. This takes into account all the costs incurred by importers and other agents to bring the commodity to market, which in effect, raises the price of the commodity. The reference price at wholesale is further made comparable to the domestic price at the farm gate by deducting the access costs between the farm gate and wholesale, resulting in the observed reference price at farm gate. This takes into account all the costs incurred by farmers and other agents to bring the commodity from the farm to the wholesale market. Mathematically, the equations for calculating the observed reference prices at wholesale and farm gate for an imported commodity ((Soud, 2018).

5.4 The policy and regulations factors affecting cashew nuts crop board performance in Tanzania

The CBT institutional arrangement is composed of two interlinked systems namely the external and internal systems. The first and upper is external system which define the institutional relationship and linkages between government systems, the ministry and the CBT. The second system is the internal institutional arrangement which define interrelationship between the Board, Management, Staff and Stakeholders.

The Ministry of Agriculture (MoA) is the main government body responsible for the management and coordination of CBT activities. This role is directed or guided by the Cabinet; the President's Office and the Parliament. There is also a Special Parliamentary Committee charged with guiding, monitoring and evaluation of the agriculture sector policy, planning and budgeting issues.

The MoA is the guardian or parent Ministry of the Cashewnut Board of Tanzania. The main role played by the Ministry is to provide policy guidelines for carrying out the agriculture development in general and the development of the Cashewnut industry in particular. The Ministry is responsible to the Cabinet and the Parliament for all activities carried out by CBT. In that connection, CBT is accountable to the Minister and Permanent Secretary of MoA through its Board of Directors.

The internal institutional arrangement of the CBT is comprised of the Governing Board of Directors, Management, Staff and other cashewnut Stakeholders.

Moreover, the findings show that 98(56%) of the respondents showed that there are policies on the income of CBT. While 42(21%) just agreed 6(3%) of the respondents were neutral. However, 10(5%) of the respondents disagreed and 30(15%) of the respondents strongly disagreed. One of the laws that has been identified export levy of the cashew nuts.

The Cashew Board of Tanzania has the overall mandate of overseeing and regulating the cashew industry. The marketing of raw cashewnuts has been restructured to operate primarily through the warehouse re-ceipt system according to the Warehouse Receipt Act 2005, Act No 10 of 2005. Introduced by the Government in 2007 the system has improved access to end market, although still over 60 per cent of Tanzanian cashewnut is exported in raw/unprocessed.

Once per year before the start of the cashewnut marketing season the cashew board brings together all stakeholders to set a indicative (benchmark) price. Arguments used to identify the price relate to current local and world market conditions as well as the structure of fees and taxes (see Table 6) that have to be paid by and to various institutions in order to get the product from the farmers' fields to the warehouse. The indicative price serves as the minimum price of which cost structure for taxation are calculated and the farmer gets paid 75% of this amount by the cooperative society upon delivery of the product (600 TSh/kg in 2010/11).

A second payment (TSh 200/kg) will be transferred via the cooperative to the farmer after the product has been auctioned and the buyer has paid the product to the respective bank. The auctioning takes place at different locations for instance in Mtwara it is hosted by the Cashewnut Board of Tanzania and the Regional Commissioners office in Lindi region on weekly or bi-weekly schedule, depending on the available lots.

A 3rd payment resulting from the auctioning price minus the first two payments and marketing fees (244 TSh in 2010/11) will be paid out some weeks after the auction by the bank to the co-operative societies (the bank also pays out the marketing fees according to the tax structure to the various agents). The amount that the cooperative then pays out to the farmers varies across the cooperatives and depends on the arrangements these have with the farmers

Cashewnuts are sent to accredited warehouse operator for auctioning. While the product is not anymore in the custody of the farmer, any subsequent costs and losses in value at the warehouse such as deterioration in quality or shrinkage arising from poor handling is deducted from the price paid to farmers. The cooperative unions provide information (received weekly from warehouse operator) on weight, grade, moisture content and outturn of the lots of raw cashewnuts that the cooperative societies deliver to the warehouses. The lots are separately stored at the warehouse and are advertised in a sales catalogue where potential buyers have an access. Buyers submit bids which are put in a closed tender box positioned physically at the union offices (MAMCU in Mtwara, Ilulu in Lindi, TANECU for Tandahimba and Newala districts; CORECU Coast region and Dar es Salaam).

The buyer with the highest offer gets the acceptance of bid in a closed bidding process overseen by a maximum of 14 committee members (chaired by CBT) depending on the number of cooperative unions in the region. For example in Mtwara region the committee includes representatives from CBT, the warehouse licensing board, the two banks engaged, 4 unions and 2 cooperative societies.

The Cashew Board of Tanzania, is mandated to regulate the sector, also tries to link suppliers with buyers. Though this may currently be successful with regard to bringing cooperative societies together with local buyers in the warehouse receipt system it is less so when it comes to linking producers and processors outside the cooperative societies to international markets and to making international buyers of kernels become interested in the supply from Tanzania.

Also, one finds that the linkages between cashew farm-ers and cashew processors are rather weak and limited to interactions during the cashew buying season. There is virtually no formalized contractual relationship between producers, primary cooperative socie-ties, regional cooperative unions on one side and processors on the other side. Among the few efforts towards a better vertical integration in the value chain was an initiative of some input suppliers (Mukpar (T) Ltd, Syngenta Agro Services AG, Tanzania) attempted to give input loans as a means of promoting its products but the scheme was soon abandoned when difficulties in loan recovery occurred. Another initiative has been made by processors such as Olam in Mtwara and Premier Cash-ew in Coast region to enter into contract farming and outgrower schemes. Farmers were provided with inputs on credit and payment (agreed amount) was to be deducted when selling cashewnuts to the pro-cessors during cashew marketing season.

This was operational for few years with difficulties because farmers were selling their cashewnuts to other buyers who offered a better price (without deducting the costs for inputs and credits). The processors were not able to recover some of their loans from farmers. However, the introduction of warehouse receipt system in 2007/08 season made this system inapplicable because cashews were sold by auction.

Indeed, one opportunity of improved vertical integration and chain governance is that farmers and farmers groups are contracted by processors to supply cashewnuts at an

agreed percent advance payment of agreed price on delivery. Through such an arrangement, processors would have a better basis for calculation and assure availability of raw materials while farmers would be able to work towards a fixed price and enjoy access to finance opportunities. It would also exclude charges such as warehouse service fees and other operational costs to the benefit of both producers and processors.

Further, arrangements could be developed which enable farmers to benefit from shares dividend annually. In the case where the farmer(s) get such shares from processors they would benefit from profit accrued from value addition, which would likely be an incentive to increase production and quantity of raw nuts supplied to the factories. In the end farmers and processors would have established a system for capturing mutual benefits from value addition through improving yield, quality of raw nuts, access to credits and by processing and marketing. However, the degree of organization that such system requires has yet to be achieved.

The use of warehouse receipts system on marketing of agricultural commodities has a long history. Warehouse receipts system was firstly used in Mesopotamia in 2400 BC (Budd, 2001). Port warehousing companies and freight forwarders have for a long time been involved in a relatively simple system, under which they offered warehouse without any regulatory authority oversight. In recent years, the local subsidiaries of international inspection companies have increased their involvement in WRS, as a result of opportunities created by liberalization of agricultural commodities market in most of the African countries (Coulter and Onumah, 2001). The situation on the ground has revealed that one way to improve agricultural marketing in African countries like Tanzania is to develop a regulated Warehouse Receipts System (WRS) (Coulter and Onumah, 2002). In Africa, WRS is under collateralized financing and it is the most common model which has been developed around local subsidiaries of international inspection companies (Onumah, 2002). The inspection company sets up Collateral Management Agreements (CMA) which consists of banks, borrowers and a collateral manager. It also allows depositors to secure bank credit. This model rests on the credibility of the 3 collateral manager

namely the inspection company acting as a warehouse operator. There have also been attempts by Non- Government Organizations (NGOs) to establish inventory credit systems for small farmers groups. This has been pioneered by Techno Serve in Ghana. The Techno Serve approach brought major and immediate benefits to the farmers. However, that has not yet been proven economically suitable, because of the small quantity of products (Kwadjo, 2000).

In Tanzania WRS was primarily practiced in Kagera (Bukoba), Mbeya (Mbozi), Ruvuma (Mbinga), Kigoma, Arusha and Kilimanjaro. Observations from these regions have shown that the system has enabled the farmers to get good prices for their products (Lukumbo, 2007). It has also accessed them to loans in commercial banks as a means to reduce poverty. For example, in Manyara (Babati) the warehouse receipt system has had an immediate and positive effect on farmers' incomes. Some have been able to use the credit to venture into new enterprises (IFAD, 2006). Other achievements observed include management of the products' market and price to the satisfactory degree of minimizing exploitation of farmers by deceitful business people and companies (Lukumbo, 2007).

In Mtwara region, WRS started in 2007 when the government introduced WRS for cashew nut marketing. This came after the success obtained in the marketing of other crops like maize, cotton, rice and coffee (Mwangu, 2007). Cashew nut farmers have since then been mandated to sell their cashew nut through primary cooperative societies and selling outside this system is declared illegal (CBT, 2008).

The system was introduced to address problems in cashew nut price and markets which for a great deal made cashew nut farmers disappointed (Mwangu, 2007). However, since the establishment of WRS for cashew nut marketing in Mtwara, studies done 4 have been scarce and the ones available are based on economic assessment of the WRS for raw cashew nut (RCN) marketing in Mtwara region (e.g. Yusuph, 2009).

The question of WRS factors which influence cashew nut price and markets has not been much dealt with in a marketing approach. Therefore, this study seeks to examine the influence of WRS on cashew nut price and markets, by using smallholder cashew nut growers' experiences in Mtwara region. Cashew nut marketing in Tanzania has a vast and reflective historical development since the early days of independency up to where it is now. In 1962 when Southern Region Cashew nut Board (SRCB) was established, cashew nut local and export marketing was dominated by a chain of private traders and merchants. These acted as middlemen between the growers and buyers abroad. The role of SRCB was to oversee the overall cashew nut marketing process. However, the price issue was mainly dealt with in mutually agreed terms between the local merchants and buyers in India. The agreed terms stipulated a specified consignment of cashew nut and the agreed price (Shoo, 1997).

In 1963 SRCB changed to Southern Agricultural Products Board (SAPB). The government then amended the Cooperative Societies Ordinance. Under this Act the National Agricultural and Products Board (NAPB) was established in 1964. The role of NAPB was to handle, among other crops, cashew nut marketing. The board immediately appointed cooperative societies as its agents or middlemen.

The cooperative societies at primary and secondary levels were made monopoly buying agents of the statutory crops, through a single channel marketing system. This system empowered the cooperatives with even the discretion to determine cashew nut price (Chachage and Nyoni, 2001).

As from 1964, the cashew nut marketing system was organized in a pyramidal threetier system; with primary cooperatives at the bottom, the secondary cooperative societies in the middle and NAPB at the top. NAPB became the sole collector of cashew nut and auctioned the consignment to buyers from India or their representatives in Dar es Salaam. 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 Superintendent supervised the shipment and performed quality control (Chachage and Nyoni, 2001).

However, in 1965 the public noted that the cooperatives were dishonest, non-democratic and the farmers had no control of them. This failure to win credibility led to a change of the marketing system such that cashew nut marketing was done under compulsory marketing order (URT, 1987). In 1974, Cashew nut Authority of Tanzania (CATA) succeeded NAPB marketing activities in cashew nut. The cooperative societies remained temporarily the primary buyers, until 1976 when cooperative unions and societies were abolished (Chachage and Nyoni, 2001).

After the abolition of cooperative societies, a two-tier system was established. The system encompassed villages officially known as Multipurpose Cooperative Societies on one side and CATA on the other side. CATA had therefore the responsibility to ascertain the farmers with reliability of cashew nut market from the village level. To achieve this, there were people in the villages who were employed by CATA to purchase cashew nut. The mode of payment was on the basis of weight and grade while the storage of the raw cashew nut was done in the village warehouse. The consignment remained in the warehouse until it was transported to CATA main stores in Dar es Salaam and Mtwara; where the cashew nut could either be processed or exported. This marketing system also ensured that at the end of the 6 season, the required levy which was calculated on the basis of the quantity of cashew nut purchase was paid directly to each village (Chachage and Nyoni, 2001).

CATA did not sell cashew nuts at auctions. In the early years when there was no processing capability, CATA sold exclusively to the State Trading Corporation of India. The body supplied raw cashew nut to 200 or more processing factories in the Cochin area of Southern India (URT, 1987). CATA decline started with experiencing considerable transport problems, which contributed to frequent delays in collecting cashew nuts from the villages. This was due to financial problems caused by, among

other things, fraud, embezzlement and high overhead costs (Chachage and Nyoni, 2001).

In 1985, CATA was replaced by Tanzania Cashew nut Marketing Board (TCMB). Under TCMB, the responsibility of purchasing raw cashew nut was given back to the cooperative unions, through their respective primary societies. This revived a three-tier marketing system. TCMB assumed the responsibility of buying cashew nut from unions, processing and exporting raw and processed cashew nuts. The board by then did external marketing by requesting tenders usually by telex, for specific consignment on the basis of specific grades and geographical origin of the cashew nuts; from a limited number of companies. Additionally, the system demonstrated weakness to farmers on the grounds of low prices and late payments due to inefficiency and poor financial position of the cooperatives. As a result, some farmers declined from cashew nut growing and opted for other non-controlled but paying crops (Chachage and Nyoni, 2001).

In 1991/92, the government liberalized cashew nut marketing by introducing the agency system in the export of the crop. This act made cashew nut the first traditional export crop to be liberalized. Private traders were allowed to buy and export cashew nuts. They were allowed by the Bank 7 of Tanzania to retain 10% of the foreign currency with the processed cashew nuts. In 1993, TCMB became Cashew nut Board of Tanzania (CBT). With liberalization, CBT was transformed into a regulatory body, with the assignment of ensuring that grading regulations, buying procedures, processing guidelines, export procedures and general marketing guidelines were adhered to by the stakeholders in the industry. Additionally, CBT 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. There was also a notable improvement by the regional authorities in the payment of taxes and genuine contributions within the first year of liberalization of the crop (Chachage and Nyoni, 2001).

Under CBT cashew nut marketing was run through liberalization until 2007/ 2008 when the government introduced Warehouse Receipt System (WRS) for cashew nut marketing in Mtwara region (Mwangu, 2007).

Cashew nut farmers have since then been mandated to sell their products through primary cooperative societies and any selling beyond this system is declared illegal (CBT, 2008b). The WRS was introduced to address dissatisfaction of cashew nut farmers caused by exploitation done by private buyers and middlemen for several years. Observations have revealed that WRS has successfully controlled the cashew nut price and market in the region, hence revitalized cashew nut farmers' expectations (Mwangu, 2007).

Among the importance of WRS is the eradication of cheating on weights and measures from which disadvantage smallholders suffer, and also reduces storage losses. It eases access to finance at all levels in the marketing chain (producer, trader and processor levels), and encourages the injection of much needed liquidity. Trade margins are reduced and seasonal price variations are moderated to the benefit of producers and consumers. Producers and other players are able to mitigate price risks and participate in a modern and more efficient agricultural trade (both locally and in the sub-region) with certified warehouse guaranteeing contract performance. Small producers are major beneficiaries, though the balance between direct and indirect benefits accrued has to be established through practical experience (Coulter and Onumah, 2002). Furthermore, the WRS is an important contribution to improved agricultural commodity trade, reducing market instability and the political risks. Through encouraging a strong and efficient private trade, it reduces the role of government in agricultural markets. Where strategic food reserves need to be maintained, the WRS makes its management more cost-effective by reducing the organizational infrastructure and funding needed, as well as reducing rent-seeking by public officials (Onumah, 2002). The introduction of WRS in Mtwara region was strategized on improving raw cashew nut (RCN) price and marketing. As an earlier outcome of WRS, Mtwara accounted for more than 58.34% of total cashew nut

export in Tanzania in the production year 2007/2008 (CBT, 2008a). The export volume of cashew nuts was also improved to 58,278 tons, in comparison with 54,005.988 tons of the previous production year 2006/2007 (CBT, 2008b); before WRS was introduced. Additionally, the Bank of Tanzania economic review (BoT, 2008) also recognized the immense increase in cashew nut export which led to the raising of the total value of traditional exports by 8.7% to USD 54.7 million. Furthermore, evidence from 9 other crops like maize, cotton, rice and coffee (Mwangu, 2007) has also shown that WRS has success on the marketing of agricultural products. These facts make the need to examine factors for the success of WRS in cashew nut marketing obligatory.

Despite the achievement of WRS in the improvement of raw cashew nut marketing being perceptible; the problem of price fluctuation is still persisting due to unreliable markets. Also cashew nut farmers have remained to be —price takers‡ and not —price setters‡. This study will therefore investigate the influence of WRS on raw cashew nut price and markets; basing on Mtwara smallholder cashew nut growers perception. It will attempt to find out why smallholder cashew nut growers in Mtwara region have rapidly adhered to using WRS for marketing their products. To answer this question, three issues namely stability of the cashew price, reliability of the cashew markets and credibility of WRS to smallholder cashew nut growers will be addressed.

Onumah (2002) elaborated WR as a document guaranteeing the existence and availability of a given quantity and quality of a commodity in storage; commonly used as the instrument of transfer of ownership in both cash and futures transactions; and Onumah et al (2003) emphasized that WR is a receipt of commodities deposited in a warehouse, identifying the commodities deposited. Endorsement (without endorsement if made out to bearer) and delivery of a negotiable warehouse receipt serves to transfer the property covered by the receipt. Warehouse receipts are common documents in international banking. According to the pilot marketing system that was conducted in Tanzania by the Ministry of Agriculture Food Security and Cooperatives (MAFSC, 2008); warehouse receipts give farmers the option of

holding back their produce if prices are low and can get approximately 60% to 80% funding of the value of their produce from banks. A warehouse receipt also guarantees the existence of a given quantity and quality of a commodity in storage for safe keeping and is often used in cash and futures transactions. In that perspective.

Dayrobinson (2003) summarizes that warehouse 14 receipts are crucial elements for risk mitigation and enabling a financier to lend to a borrower because banks will lend against crop stored in a reliable warehouse. In this study an ideal WR contains: the location of the warehouse where goods are stored; the date of issue of the receipt; the serial number of the receipt; a statement whether the goods received will be delivered to the bearer or to a specified person's order; a short description of the goods or of the packages containing them; the registered signature of the authorized warehouse operator; the nature and fact of ownership of the goods, whether solely or jointly or commonly owned with others; and a statement as to the amount of advances made and of liabilities incurred (URT, 2005)

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This is the last chapter of this report. A chapter that gives a general summary of the study, it presents the conclusion and recommendations of the study.

6.2 Conclusion

It has been found that the central government remains to be the overall financer of CBT, however lack of fund availability is among the main factors that hinder CBT performance.

Also, CBT has the role of setting indicative price which has effect in domestic prices as well export prices of the crop. However, the price calculations do not reflect the actual situation in the market. Moreover, CBT is the coordinator of cashew nuts farmers, buyers and all cashew stakeholders, but the task is not effectively undertaken

Marketing of raw cashew nuts to external markets is largely monopolized by buyers. With regard to marketing of kernels individual processors are left without support to reach out to buyers, domestic and from abroad, and process, package and advertise final products adequately. Marketing of kernels therefore is still erratic, ad-hoc and unprofessional. The domestic and East African market may constitute a huge potential but there are shortcomings with regard to presentation and advertisement. The environment for doing business in the cashew value chain is not hostile but a complicated one. Processors and traders need to deal with a number of permits which they only get if they have access to the network of stakeholders. Outsiders may find it extremely difficult to engage and invest in the sector while those who know the sectors for years maneuver easily over the various hurdles and stumbling blocks.

6.3 Recommendations

On Procedures, regulations and licenses

Procedures, regulations and licenses to buy and process cashew nuts must be simplified without losing overall oversight on movement and quality of products (through CBT). Also to harmonize rules and regulations from other government institutions in order to reduce unnecessary beurocracy and cost.

On The government facilitation on creation of new businesses

The government should facilitate the creation of new businesses in processing cashewnut internally massively by setting fund from the export levy to subsidize local processor to get materials (raw cashewnuts from the auction and facilitating them to get market connections. By so doing service provision will be enhenced, for example advisory services, in the sector. This can come through tax exemption schemes, training, and investment support.

On A commodity exchange and e-auctioning system and cash system

A commodity exchange and e-auctioning system should be introduced to improve the efficiency in marketing of cashew nuts, both raw and processed.

On the cashew levy and government funds

The cashew levy and government funds should be used more intelligently to foster public research and extension services that support the development of the sector in production, processing and marketing. No miracle in agricultural industry development rather than investment. The existing structures need to be revised with the aim of increasing autonomy of operation while not reducing the oversight function of the government. Research and development should be able to attract financing from the private sector as well as from development partners as long as delivery of public goods is assured. The government shall set and deliver fund timely and seasonally to ensure cashew subsector to grow and contribute to the GDP significantly.

On Technology institutes and universities

Technology institutes and universities should be encouraged to develop and adapt technologies on the farm and processing level. This requires funding and close collaboration and linkage with the user community. More over the government via our embassy may strategically attract investors from the Nations which are largely consume our cashew kernel to invest in cashewnuts processing industry in Tanzania.

On transparency

More transparency needs to be provided by CBT so that buyers and sellers better understand where and at what price products are sold and at what amount the farmer get after all deductions such as marketing costs, taxes and administration costs. A market information system could be set up for that purpose. The outcomes of the bidding and deductions must be made available to the public and cases of irregularities must become subject to scrutinizing. Online advertisement of lots and online bidding should be allowed via e-auction..

Modalities need to be worked out to enable producers and processors getting more direct access to international markets for raw nuts and kernels. A web-based electronic auctioning and marketing system could be put in place for that purpose

The human and financial resource available to the CBT as well as other agencies is not sufficient to help sellers and processors to comply with market demands and quality requirements and effectively market their products. Training in quality control to meet international standards, marketing strategies and analysis of market intelligence information will improved the efficiency of the board.

On Cost

The cost of packing materials and the lack of packaging technology limit many processors to create a better product. Deals with importers could be struck to import materials in bulk.

The existing Cashewnut Processors Association of Tanzania is weak and does not meet regularly. Organizational development and capacity strengthening could help to make it a more viable organization supporting actively its members through political lobbying, service provision and sourcing of equipment in bulk. On the other hand, importation of packing materials takes time due to procedures to clear them from the port. The government could look in to options to reduce taxes on importation of such materials as well as reducing taxes on locally manufactured packing materials.

Quality Control

Quality control needs to be introduced to the purchase of processed products for local and international markets. Branding of cashew nut products from Tanzania is essential. A whole marketing and branding strategy should be developed to reach consumers on domestic, regional and international markets. Quality and Food Safety Standards shall be reviewed and updated where necessary, and formulated where absent. Also quality warehouses should be constructed to ensure cashewnuts are graded and stored as per recommended standards.

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APPENDIX

Questionnaire

Dear respondent, thank you for taking your valuable time to answer this questionnaire. The study is about; “**AN ASSESSMENT OF FACTORS AFFECTING CROP BOARD PERFORMANCE IN TANZANIA; A CASE CASHEWNUTS BOARD OF TANZANIA**” This study is strictly for academic purposes and the information will be conducted with much confidentiality.

Instructions Kindly put a tick in the boxes where the answer option provided closely reflects your views or fill in the appropriate answers in the spaces provided

Please, Rate the findings by putting a tick.

1. Strongly agree,
2. Agree,
3. Neutral,
4. Disagree
5. Strongly disagree

PART A: The financial availability affecting crop board performance in Tanzania

S/N.	Statements / items	1	2	3	4	5
1	The central government does set the financial budget for CBT					
2.	CBT depends on its own sources for general operations of the board					
3.	There is lack of enough financial availability at CBT					
4	Lack of financial availability					

	is among the factors affecting CBT performance					
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PART B: The stakeholders coordination factors affecting cashew nuts crop board performance in Tanzania

S/N.	Statements / items	1	2	3	4	5
1	There is proper ways of communication between farmers and CBT employees					
2.	Employees from CBT coordinate cashew nuts farmers and buyers					
3.	CBT always set proper price ceilings and floors on cashew nuts					
4	There is no proper connection and coordination between CBT, farmers and buyers					
1.	CBT always market the nuts on behalf of the farmers					

PART C : Policy and regulations factors affecting cashew nuts crop board performance in Tanzania

S/N.	Statements / items	1	2	3	4	5
1	There are policies and regulations that guide the general operations of CBT					
2.	There are policies and regulations that regulate cashew nuts market					
3.	There laws and policies on the general income generation of CBT					
4	Rules and regulation do not enforce the coordination of famers and buyers					
5.	The general policies and regulations are ineffective to enforce effective CBT					

Interview Guideline

- Does the central government set the financial budget for CBT? And how much released?
- Does CBT depend on its own sources for general operations of the board?
- Is there lack of enough financial availability at CBT?
- Is the lack of financial availability among the factors affect CBT performance?
- Is there proper ways of communication between farmers and CBT employees?
- Does employees from CBT coordinate cashew nuts farmers and buyers?
- Does CBT always set proper price ceilings and floors on cashew nuts?
- Is there no proper connection and coordination between CBT, farmers and buyers?
- Does CBT always market the nuts on behalf of the farmers?
- Is there proper ways of communication between farmers and CBT employees?
- Does employees from CBT coordinate cashew nuts farmers and buyers?
- Does CBT always set proper price floors on cashew nuts?
- Is there no proper connection and coordination between CBT, farmers and buyers?
- Does CBT and union always market the nuts on behalf of the farmers?