

## **Abstract**

This study was based on the view that the growth of peri-urbanization has resulted into various dynamics which subjected AMCOS and individual members into new environment with opportunities and challenges. The main objective of this study was to assess the influence of peri-urbanization on commodity diversification in peri-urban agricultural marketing co-operatives. Specifically, the study aimed to;

- Examine the peri-urban dynamics influencing commodity diversification in peri-urban agricultural marketing co-operatives
- Determine adaptation strategies applied by peri-urban agricultural marketing co-operatives to cope with peri-urbanization
- Examine the changes brought by peri-urbanization on factors of production in peri-urban agricultural marketing co-operatives
- Determine the factors influencing the survival of agricultural marketing co-operatives in peri-urban areas

The study was guided by Von Thunen Location theory and the Farm-Agent model

- Von Thunen Location theory

The theory assumed that product achieving the highest profit will outbid all other products in the competition for location, making farmers diversify into commodities with high return. The theory was also making an assumption that, existence of 'isolated state' (model economy) made of single market city and its agricultural hinterland. The city is the market for surplus products from the hinterland; the hinterland ships its surpluses to the city market. The theory explains the influence of urbanization on diversification of commodities.

- Farm-Agent model

The farm-agent model was developed by Johnston and Bryant (1987) to anticipate multiple and simultaneous reactions of farmers. The farmer-agent model depends on the influence of socio-economic and political factors at the national as well as global level. From this aspect, it was therefore predicted that both positive and negative changes of farming might occur in the peri-urban context. The positive context was including adaptations that enhanced farm production (vertical growth strategies) and normal or managerial adjustments, like adoption of new agricultural technologies for increasing efficiencies.

The negative adaptation comprises of departure from farming, stagnation, lack of investment and reduction in farm size or production intensity. In relation to this model, the study identified existence of both negative (decline in farming activities) and positive adaptation (such as new farm investment, multi-functionality as well as peri-urban and urban-oriented marketing behaviors) among peri-urban AMCOS members in Arumeru District.

The cross-sectional design was used in researching three coffee AMCOS of Engare-Olmotonyi, Sokon II and Meemu in Arumeru District. The design was applied since it was relatively viable in terms of time to collect data given time limitation. Data on different variables was collected at once, and measured prevalence of all factors under investigation and drew conclusion on studied phenomena.

The study was conducted in Arumeru District located in southeast of Arusha Region. The main economic activity in the district is mostly agriculture which involves crop cultivation and livestock keeping. Small business activities are also pursued by residents mostly in family and individual bases. Arumeru District has various AMCOS found in peri-urban areas. Expansion of Arusha city, Arusha municipality and rapid growth of peri-urban centres has extended to previously rural areas where AMCOS exist. This influenced the AMCOS members to diversify their activities to cope with peri-urbanization. Presence of peri-urban AMCOS in Arumeru District made it more suitable for this study where data were collected from three AMCOS of Engare-Olmotonyi, Sokon II and Meemu in Arumeru District.

AMCOS were selected due their; prominence in production activities for decades, close proximity to Arusha city and municipality and prevailing peri-urban areas. Over past three decades they existed in pure rural environment and later got exposed to peri-urbanization making them relevant to study. Peri-urbanization has also caused change in activities done by individual members and their organizations. for instance, before 2006 three AMCOS provided various services such as; buying members' coffee, storage of coffee, supervised processing of coffee, marketing of coffee, supplying farm inputs, provision of education and training and making quality control throughout the coffee chain.

This study collected both primary and secondary types of data which were quantitative and qualitative in nature, the tools used were

- Household Survey
- Key informant interview
- Documentary review

The study found that;

- Peri-urbanization has brought various dynamics in areas where AMCOS and their members operate. These included; population increase from rural and urban areas, change in land use policies, development of infrastructure, market availability for peri-urban producers, changed lifestyles and household income. These dynamics have influenced AMCOS members to diversify into various non-coffee agricultural activities to cope with peri-urbanization.
- The identified coping strategies include diversification into; horticulture, food crops, keeping pigs and dairy farming and some engage in fish farming, keeping goats and cattle for beef, forestry, keeping rabbits.

Members make use of opportunities in urban and peri-urban markets so as to improve their livelihood in changing peri-urban environment.

- Unfortunately, diversified businesses are not getting any AMCOS support hence members operate mostly on individual basis while few were organised in informal groups. Peri-urbanisation affected AMCOS members in control and access of factors of production such as land, labour, capital, information, entrepreneurship and technology, both positively and negatively. In view of the foregoing findings obtained in this study, the following recommendations and conclusion were put forwarded:

#### Conclusion

- Dynamics brought by peri-urbanization have changed members' business practices by taking decision to venture into new activities or upgrading the existing ones.
- Also, regardless of diversifications done, members' have maintained their loyalty to their AMCOS making them be able to survive in changing environment. Other factors influencing survival of peri-urban AMCOS included; cooperation among leaders and members, available resources, good leadership, members were insisted to stay together, and adherence to AMCOS by-laws

#### Recommendations

- There is a need to change AMCOS business objectives and by-laws to support members' diversified activities/commodities and make diversifications at organisational level.
- There is a need for close cooperation between AMCOS and other stakeholders in the co-operative movement. This will help in capacity building process and joint efforts to address challenges brought by peri-urbanisation on AMCOS and run profitable business in these environments via co-operative organisations with having competitive businesses.
- There is a need for improvement of Agricultural development policy, National Land Policy and Co-operative development policy to be improved to guide how best peri-urban agriculture can be done sustainably through AMCOS. The two policies have not explained how best co-operatives can operate in urban environment including operating agricultural activities.