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The Contribution of Agricultural Marketing Co-operatives in Service Provision to Members in Tanzania A Case of Moshi District

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ABSTRACT: This paper is based on the study done at Mruwia Rural Co-operative Society between February to March, 2016. It intends to share and learn the contribution of cooperative enterprise towards empowering members in service provision in Tanzania. It has focused on Mruwia Rural Co-operative Society and its two joint ventures in Moshi district as cases to describe the goal of the paper. Specifically the study aimed to; identify factors influenced members to join agricultural marketing co-operatives, determine the economic services provided by agricultural marketing co-operatives as well as exploring the social services provided by agricultural marketing co-operatives and the role played by agricultural marketing co-operatives in building members' capacity to access services. The paper has applied a cross-sectional design and it is qualitative in nature. The study involved a sample of 60 respondents sampled purposively and data were collected through interview method. The study also used documentary review method to collect secondary data. Content and descriptive analyses were used to analyse the collected data. The study found that the motives behind formation of the co-operative enterprise include; attaining economies of scale, access to markets and farms inputs, improving bargaining power and facilitate transport of members' produce. Furthermore, the relevance of the co-operative enterprises was found in terms of the social and economic contribution in which these co-operative provide services to members and the way they get satisfied. The paper ends by recommending various areas for improvement, which aims to restructure and transform the co-operative enterprise as a business entity aiming to improve member services and productivity.

Key words: *Co-operative, marketing co-operatives, joint venture, services*

1.0 INTRODUCTION

Co-operation among human beings is a practice that dates many centuries back since human beings started to live in groups and later communities. The need to protect members' interests, mostly economic interests have influenced people in various communities to organize themselves and mobilize local resources for sustaining and protecting their (economic) interests.

There has been increasing realization over the years of the significance of cooperatives as vital instruments for socio-economic development across the world (Khumalo, 2014). In order for the co-operatives to be sustainable and operate effectively, they must work closely with their members, develop all necessary internal capacity and ensure participation of members in terms of sex and age in co-operative related affairs (Anania, Kimaro, 2016). The modern co-operative originated in Europe and spread to other industrializing countries in the late 19th century as a self-help method to counter extreme conditions of poverty (Hoyt, 1989; Ortmann and King, 2007).

In Africa, colonialist to improve the colonial economies introduced the co-operatives during the colonial era. After independence, co-operative were maintained to promote local development particularly in rural areas. In Tanzania mainland for instance, since the earliest beginning of the movement, the dominant type of co-operatives, which have dominated, has been those, which focus on marketing of peasants' agricultural crops (Maghimbi, 2010). The study by Anania and Rweikaza, (2016) indicate that the most popular agricultural marketing co-operative model in Tanzania has historically been the marketing of agricultural produce after the members have individually completed their farm production operations. Generally, most of agricultural co-operatives in Tanzania concentrate in cash crops mainly coffee, cotton, tobacco and cashew nuts. However recently some non-traditional agricultural marketing co-operatives have emerged, these include those engaging in horticulture and food crops production.

The co-operative enterprise has the major aim of protecting the individual and general members' interests and achieving collective long-term objectives to ensure mutual benefits. This indicates that, a co-operative enterprise is the best option to bring people and resources together to achieve certain goals for mutual benefits to all. According to UN, (2009) cooperatives are organized as business enterprises for the benefit of their members; they offer a model of enterprise that is particularly relevant in difficult economic times and instances of market failures. Being a self-help group, a cooperative organization is widely accessible, especially for the impoverished and the marginalized. In areas where private enterprise or government is weak, particularly in remote rural areas, cooperatives enable the local people to organize and improve their conditions. For decades of their existence in Tanzania, the agricultural marketing cooperatives have been potential organizations for promoting socio-economic development of the local people. After independence, they were treated as partners for national development to implement government policies and programme. For example, after Tanzania's independence in 1961, agricultural co-operatives were given monopolies in coffee, cotton and cashew, and the number of primary societies increased rapidly (Gibbon, 2001).

Prakash, (2003) indicates that although there is a large number of agricultural co-operatives, their main functions largely remain confined to the distribution of credit, fertilizers and procurement of farm produce for national food stocks. Marketing, agro-processing, warehousing activities are still weak, but they assist members to boost production and incomes by pooling their resources to support collective provisions of services and economic empowerment. The agricultural marketing cooperatives are potential for socio-economic development at both local and national levels as they help in transforming the lives of people. In a given

location, people with similar interests, common bond and shared vision form a co-operative organization to achieve such objectives.

The established co-operative organization is expected to deliver services that will meet members' short, medium and long term expectations through offering various services to members and even to the community at large. Also, the ways in which co-operative societies are building members' capacity to access services individually can differ from one typology to another. All these gaps need to be described from the practical experience. The services provided by the co-operative organizations tend to differ from one co-operative to another depending on the location, members' requirements, size (of members and organization), capacity of members and even the type of the co-operative enterprise (based on occupation of the membership).

Although the role of agricultural marketing co-operatives have been known among scholars and in literatures related to co-operatives, yet less have been documented in context of Tanzania and Mruwia Rural Co-operatives society in specific. Therefore, this paper intended to assess the contribution of agricultural marketing co-operatives in providing services to the members in Tanzania. Mruwia Rural Co-operative Society has been as a study area to address this objective. Specifically, the paper aimed to; identify factors influenced members to join agricultural marketing co-operatives, determine the economic services provided by agricultural marketing co-operatives, and determine social services provided by agricultural marketing co-operatives and; to examine the role played by agricultural marketing co-operatives in building members' capacity to access services on their own. To achieve the objective of this study, Mruwia Rural Co-operative Society in Moshi district was used in this study. In some cases, references were made to the other two joint ventures, which include Mruwia Rural Co-operative

society. These two joint ventures are Uru East and Mruwia joint venture and Western Mruwia joint venture.

2.0 METHODOLOGY

The study on which the paper is based has applied a cross-sectional design here data were collected at a single period of time. The design has been appropriate in studying in detail the prevailing relationship between the agricultural marketing co-operatives and access to services by the members. In nature, the study is more qualitative in its approach. The data were collected in between February to March, 2016 during field visits in the study area. In collecting the data, two methods were applied, there were; interview and documentary review. The interviews were done to members and co-operative leaders. The questionnaire was self administered to 55 respondents who were co-operative members accessed in different days. This aimed at capturing detailed information concerning the role of their co-operative in service provision. For the co-operative leaders, the interview was done using the interview guide administered to 5 co-operative leaders (Board members) where among them 3 were also representatives in the Uru East and Mruwia and the Western Mruwia Joint Ventures. Mruwia Rural Co-operative Society is among the well performing agricultural marketing co-operatives (AMCOS) in Moshi district. This has influenced in selecting this co-operative in explaining its contribution to services provision to members.

In total, the study involved 60 respondents who were sampled purposively to respond to questions during field visits done in the study area. The respondents were chosen using this sampling technique so as to fit with objectives of the study and time frame. The factors considered in selecting them included; the willingness to participate in responding to the study, their availability during data collection and level of commitment/activeness in their co-operative affairs. The data and information related to factors influencing

members to join co -operative, contribution of co-operatives in providing social and economic services as well as the way co-operative build members' capacity to access services were collected using interview method.

The documentary review method was also applied in this study where the review of various documents with the assistance of the co-operative leaders so as to get a brief profile about the Mruwia Rural Co-operative Society. The kind of data obtained through a documentary review were; the history of the co-operative, membership, and the output pattern and level of the co-operative from 2010/2011 to 2015/2016. The study descriptively analysed numerical data and content analysis has also been applied to analyse the objectives of the paper. Numerical data has been described in terms of percentage of response in various aspects.

3.0 RESULTS AND DISCUSSION

This part is giving a discussion of the findings from Mruwia Rural Co-operative Society. The section is divided into four main parts which are; the profile of the society, factors influencing the formation of agricultural marketing co-operative societies, economic services provided by agricultural marketing co-operative societies, social services provided by agricultural marketing co-operative societies and the role of agricultural marketing co-operative societies in building the capacity of individual members to access services.

3.1 A Brief Profile of Mruwia Rural Co-operative Society

Mruwia Rural Co-operative Society (RCs) is found at Mruwia village. The society was established in 1995. The co-operative emerged from the previous co-operative Uru East Co-operative Ltd. The society is registered under the registration number 482 K.L.R. Mruwia RCs is found in North Uru Ward. Mruwia village, where the Mruwia rural

co-operative exists, is bordered with *Materuni* village in the north, *Shimbwe* in the west, *Mbokoni* in the east and in the south it is bordered with *Kishimundu* and partly by *Kyaseni* and North *Mwaseni*. Up to 2016, Mruwia RCs had a total of 1017 members whom, 769 are men and 248 are women. Also from the total of 1017 members, there are about 193 members from other co-operatives who are marketing their coffee through the society. These members are coming from areas surrounding Mruwia for example *Shimbwe*, *Kishimundu*, *Mbokomu*, *Kyaseni* and *North Mwasi*.

In term of productivity, Mruwia Rural Co -operative Society has produced the following output in the past six seasons i.e. 2010/2011 to 2014/2015. In 2010/2011, outputs was 49,303 kgs, in 2011/2012 was 30,421 kgs, in 2012/2013 output was 47,200 kgs, in 2013/2014 was 53,296 kgs, in 2014/2015 it was 18,629 kgs and in 2015/2016 it was 15,095 kgs. The main reasons identified to affect coffee productivity were; drought conditions, limited capacity to access input, decrease in land size cultivated and coffee price fluctuations in the world market. The amount of output above is the one brought by members to the co -operative, there is a possibility that outputs can be higher but large part of it sent to private buyers (middlemen) who pay better price compared to that of Mruwia Rural Co-operative Society though middlemen they do not give secondary payments as in co-operatives.

3.2 Factors Influencing Members to Join Mruwia Rural Co-operative Society

This part is giving a description of the factors, which are influencing people to join agricultural marketing co-operatives (AMCOS). The following factors were found to influence members to join Mruwia Rural Co-operative Society;

Promoting Economies of Scale in Co-operative Activities

The economies of scale are attained when the operational and handling costs decrease as the output increase in production of given product. In the study area, economies of scale in coffee production and marketing of coffee was found to be achieved through co-operatives. The findings indicated that 74% of the leaders and members at Mruwia rural co-operative pointed that one of the reasons for establishing a co-operative was to attain economies of scale by reducing costs of operations and marketing that cannot be covered by an individual person or few members. The members and leaders revealed that costs related to transportation of coffee, coffee processing cost at coffee curing factory, auction cost and marketing or export costs are being afforded through co-operative action since they could be expensive if each members operate individually outside the co -operative. Similarly, the work by Siebert *et al.*, (1999) indicated that cost are reduced where there is possibility to generate economies of scale in processing and marketing commodities such as; through organizing large number of producers and process collectively and sell to common buyer. Frank *et al.*, (2003) added that co-operative marketing societies render marketing services to the poor and exploited farmers at reasonable cost, assembling, grading, storing, financing, sale and transportation are undertaken by these cooperative marketing societies at a lower cost and hence they are able to eliminate the influential role of the middlemen. Clugston, (2014) study at Manduvira agricultural co-operative in Paraguay found that the co-operative provides a wide array of services and supports for its members where among them include processing and marketing of members' produce.

The Need to Ensure Collective Access to Farm Inputs

Sustainable access to farm inputs is vital for ensuring sustainability of farm productivity by co-operative members. To realize its role, it

was found that 65% of respondents agreed that Mruwia rural co-operative is helping members to get farm inputs. Currently, the co-operative is giving credit to members so as to buy inputs such fertilizers, farm equipments and agrochemicals and coffee storage and drying facilities. The farm inputs are helping the co-operative members to increase and sustain coffee output level that may meet the demand of the buyers (s) and bring revenue to members and their co-operative. The credits are provided without interests hence become friendlier to members as they can afford to repay them after selling their produce (mostly coffee) or other means like non-coffee income including selling livestock, food crops and income from poultry keeping. The study found that facilitated access to farm inputs have boosted productivity among members. It was found in average these members produced a minimum of 120 kg of coffee per season while others have gone beyond up to more than 500 kg per harvest season.

The interview with leaders revealed that for the period of before year 2000, the annual coffee output collected was 150,000 kg in average due to stable farm input supply and motivated coffee cultivation due to good prices and climate condition. However, currently due to decrease in land size and climate change the output has dropped to an average of 70,000 kg per year. This output level, which among other factors, has been contributed by co-operative support to farm input accessibility by members. This relates to Koopmans, (2006) who pointed out that when join forces, co-operative members apart from getting better prices and market for their produce they get services for buying farm inputs and credits. Similarly, Innocent and Adefila, (2014) pointed out that through farmer co-operatives , the small-holder farmers get economies of scale as they are facilitated with cheaper and more efficient access to inputs as well as improved production techniques and information about markets.

Inefficiency of the Union in Delivery of Services to Members

Mruwia Rural Co-operative was once a member of the legendary union known as Kilimanjaro Native Co-operative Union (KNCU) but in 1995, it decided to remove itself and work independently after being dissatisfied with the services and governance/management issues by the union. The interview with the 5 leaders indicated that there were various problems such as late payment of money for the members' delivered coffee, lack of adequate or timely inputs, lack of transparency and low involvement in making union's decision as well. The co-operative is now operating under a new Union named Kilimanjaro New Co-operative Initiative Joint Venture (KNCI JVC) famously known as G.32 (Group of 32) meaning a number of 32 AMCOS that form this new Union. The study by Ponera and Njau, (2015) indicate that poor governance and leadership in KNCU resulted into some of the primary co-operatives societies withdrawing and forming their own AMCOS and also the joint ventures and union.

Increase Collective Bargaining Power

The need to have enough power to bargain in the market for better price was found to be one of the key reasons influenced members to join Mruwia Rural Co-operative. In this case respondents indicated that when they were part of the union (KNCU) they had not well involved in marketing and search for better buyers (prices) hence they were getting low prices. The study found that 78% of respondents indicated that joining Mruwia Rural Co-operative intended to ensure access to new markets and capacity to bargain for better prices that will help improve farmers' livelihood and recover costs and as well as ensure sustainability of the co-operative. This is helping to deal with the middlemen who used to exploit farmers. In relation to this, Okan and Okan, (2013) indicated that co-operatives have been established to increase bargaining power and better access to markets and cost efficient input supply through cooperatives.

Similarly, Bibby and Shaw (2005); UN (2009) indicated that co-operatives increase their collective bargaining power in the market. Also, as they operate through apex organizations (or joint ventures and unions) that coordinate co-operatives it is possible to get a unified negotiating position in dealing with buyers. According to USDA (2000) indicated that through marketing co-operatives, the producers are able to; correct market failure where prices are too low or buyers have left, provide a service not available otherwise, gain market power against much larger buyers, spread risks and costs; and have enough volume to operate a processing plant efficiently or enough to meet the demands of buyers. Further to the above, NCFC (2005); Ortmann and King (2007) have pointed out that agricultural co-operatives enable ; to strengthen bargaining power; maintain access to competitive markets; capitalize on new market opportunities; obtain needed products and services on a competitive basis; improve income opportunities, reduce costs and manage risks.

3.3 Economic Services Provided by Mruwia Rural Co-operative Society

The agricultural marketing co-operatives are also known for their initiatives to provide economic services to their members. The following are some of the economic services offered by Mruwia Rural Co-operative Society;

Storage and Transportation of Members Produce

The agricultural marketing co-operatives are giving transport services for the members' produce. The findings indicated that 80% agreed that Mruwia rural co-operative is collecting and storing members' coffee and later transport them. It was found that as the harvest season ends, the co-operative is transporting the bulk of coffee from its storage room(s) then transport the coffee to the curing factory for processing and grading it.

Mostly coffee is sent to Tanzania Coffee Curing Ltd for processing and grading coffee ready to be sent to the market. Collective transportation bulk of coffee at once has helped to reduce operation costs among members and the co-operative hence getting economies of scale. The work of Msimango and Oladele, (2013) indicates that co-operatives are providing services such as storage and transport to their members.

Marketing of Members' Produce

The study found that, 85% of the respondents argued that that Mruwia rural co-operative facilitates access to marketing services to the members and the other community members. The members and leaders indicated that their co-operative is helping in marketing of the coffee from farmers to the foreign markets. Mruwia, through co-operation with the KNCI JVC (a Union that Mruwia has joined) is exporting its coffee to Zensho Group in Japan. The non-members from Mruwia village and nearby villages/co-operatives are also allowed to sell coffee through the co-operative. The co-operative helps members to get better prices and stable markets compared to when they are not organize into co-operatives. Similarly, Chambo, (2009) indicated that in Africa, agricultural co-operatives promote an exchange economy by helping develop markets in remote rural areas. Also, Deller, *et al.* (2009) added that agricultural co-operatives are important in agricultural markets and they are believed to generate a pro-competitive effect in imperfectly competitive markets. However, on the other side, there are crop buyers who may overpower members in price/market bargaining process. This is because the large buyers have greater bargaining power and have better information so it is possible to give unfavourable terms of trade or demand special consideration from cooperatives (Hanisch, 2009).

Facilitating Access to Farm Inputs

In order to keep production progressive, there must be continuous supply of farm inputs to the producers. It was found that 64% revealed that Mruwia rural co-operative is facilitating access to farm inputs to the members. Previously, it was bringing subsidized inputs and sold to farmers but now the business has stopped, as there were poor rate of repayment on inputs sold to members on credits. Currently, co-operative is giving credits for members for buying inputs on their own and repay later. Such inputs can be farm equipments and agro-chemicals. In this case, it was found that the co-operative is giving up to a maximum of Tshs 300,000/= without interest and members repay the credit after selling their coffee. Also, it was found that Mruwia is giving improved coffee seedling to its members. For example, through Western Mruwia Joint Venture (made of Mruwia and Materuni members), coffee seedlings worth Tshs 6 million were given freely to the members in 2014/2015 and recently (2016/2017 onward) it is planning to allocate Tshs 10 million for providing free coffee seedlings to members.

This relates to Tanrivermis and Bayaner (2006) who found that Agricultural Credit Co -operatives (ACC) are essential in promoting agricultural production as they help members to access to affordable credits for buying farm inputs like equipments, seeds, pesticides and fertilizers. Similarly, Dung (2011) argued that agricultural co-operatives are facilitating timely supply of farm inputs to their members such as supplying pesticides, fertilizers and seeds to boost crop productivity from members' farms. Also, the Evaluation of Agricultural Cooperatives in Ethiopia (ACE) Program Activities by USAID/Ethiopia (2005) as cited by Atsbaha (2008) indicates that Co-operative Unions and their affiliated primary cooperative societies help members to access farm inputs such as fertilizers and agrochemicals.

Value Addition and Quality Control of Members' Produce

Being competitive in the market among other things depends on the level of value addition of the commodities sent to the market. Quality control is part of enhancing values of the produce. The interview with the 5 leaders indicated that Mruwia co-operative leaders are making regular visits to the members' farms to ensure they comply with required production standards and get advice on issues like caring of coffee trees, applying environmental-friendly agrochemicals and semi-processing methods at homes. Also, once coffee is collected, the co-operative is sending it to the processing firm (Tanzania Coffee Curing Company) for processing and grading the coffee. After that, the coffee is parked in bags and kept in the warehouse ready for auctioning and selling. The control of quality in all stages has enabled Mruwia Co-operative to get world recognition on quality coffee and assured market. The work by Prakash, (2003) indicated that by doing processing of agricultural produce, agricultural co-operatives can add value, hence higher economic returns to farmer - members. In similar view also Danielson and Park, (2001) indicated that value-added processing -marketing cooperative has the opportunity to enhance its members' income by processing and marketing in greater volume. Trienekens, (2011); Esnard, (2016) further added that, producers need to gain better control over inputs, production, marketing and distribution in order to guarantee the quality, consistency and value-adding of their products in a cost-effective manner.

Improving Transport Infrastructure

In rural areas, improved transport infrastructures and facilities (transport vehicles) are essential for boosting rural economies and agricultural benefits like easy access to markets and inputs. 70% of the respondents revealed that their co-operative helps in improving infrastructures. It was found that, Mruwia rural co-operative through

its joint venture (Uru East and Mruwia Joint Venture, which consists of Mruwia and Uru East agricultural marketing co-operatives) has been involved in repairing the village roads to facilitate transport services in the area. For instance in the year 2015/2016 the joint venture has repaired 12 kilometres of the local roads. This co-operative effort has been very useful to the local economy and to the co-operative itself such as facilitating movement of goods and people to and from the study area.

Provision of Agricultural Credits

In most of traditional agricultural marketing co-operatives, the main concerns have been on input supply, collecting produces from members and conducting collective processing and marketing. However, for years the practices have been changing towards adding credit provisions as one of the key services to offer to members. At Mruwia co- operative, 67% of the members agreed to be given interest-free agricultural credit (up to the maximum of Tanzanian shillings 300,000/=) per season to be able to conduct smoothly their agricultural activities. The members repay the credits after selling their coffee or anytime they will be able to repay. The provision of farm credits have influenced members to carry on with coffee production, as they are able to cover most of the cost associated with coffee farming. In this context, the study by Okwoche *et al.* (2012) recommended that the farmers should be adequately motivated with needed credit facilities, as this will further enhance agricultural production. Also, Ojiako and Ogbukwa (2012) added that agricultural credits have significant role in the socio -economic transformation of the rural economies.

3.4 Social Services Provided by Agricultural Marketing Co-operatives to Members

Apart from the economic services that are being provided by the Mruwia rural co-operative to its members, it was also found that the

co-operative is providing social services. The social services have been provided both internally to co-operative members and to the wider communities around. The study has revealed the following services being provided.

Supporting Provision of Education Services

Mruwia rural co-operative is also assisting in provision of education services to the community. The interview with the Board members (leaders), Mruwia through its joint venture with Uru East AMCOS (Uru East and Mruwia Joint Venture) helps in education services. The joint venture is receiving revenue from the investors who have leased some of their land where 60% of the total lease fee is allocated for development activities. During this study, it was found that through this joint venture each primary school in the ward (Uru North) is given Tshs 1 million as development fund for various activities in the schools. The Joint Venture has helped to build 3 classes at Mruwia secondary school and Tshs 24 million was given to the two secondary schools of *Mruwia* and *Mnini* for building laboratories.

The leaders also revealed that parents or guardians who are poor and cannot pay for school fees could send special request to the co-operative to be assisted. For instance, recently 8 students are being supported by the co-operative. On the other side, education is provided to co-operative members by their co-operative. Members' education is provided through seminars and during the annual general meetings (AGMs) where all members meet. Also a variety of trainings and field visits are used for learning and advising in other co-operatives on issues such as; productivity, quality control, marketing and management. For instance in 2014/2015 Tshs 3,446,000/= were used for members education and training where for 2 days, about 50 members, 6 staff and 6 board members were trained. The trainings were concerned on better farming methods,

management issues, coffee quality control and entrepreneurship. For the education given during the AGMs, both members and non-members attending the meeting benefit.

Assisting in Water and Electricity Supply

Electricity and water supply are among the important services needed by communities to develop. Through Uru East and Mruwia Joint Venture, the interviewed leaders revealed that, in three secondary schools of *Mruwia*, *Mnini* and *Kishimundu*, water and electricity have been installed. These services have helped to increase better learning environment of the ward secondary schools, which are highly depended upon by children of co-operative member and other community members. The supply of electricity and water has been useful to students, teachers and households near the schools as they too benefit the services. These services were to benefit not only the students but also the nearby community members. For instance, the teachers and nearby households, members were reported to fetch water from water tap available in these schools.

Supporting Provision of Health Services

The study found that 72% of respondents indicated that their co-operative is also supporting provision of social services to the co-operative and community members. This has been taking place in two main ways. First, on the side of co-operative members, Kilimanjaro New Co -operative Initiative (KNCI) a union in which Mruwia co-operative belong has made arrangements with UMATI (a non government organization for sexual and reproductive health) so as to help women members and children to access better health services. The buyer of KNCI coffee (Zensho Group from Japan) is sending an agreed amount for health fund directly to UMATI and currently it is paying Tshs 30 million (this however has dropped from the previous amount of Tshs 50 million per year). Women

members (and their children) are given identity cards (health insurance cards) by UMATI so they can get health services whenever they need. Furthermore, the co-operative has connected its members with the Community Health Fund (CHF) where members are contributing to this health insurance fund and get medical services in any health institution countrywide. Furthermore, the study found that Mruwia rural co-operative is also helping to facilitate access to financial services for benefits of all. For instance, it is helping in repairing and building of health centers in the area so community members can get health services. The local dispensaries in the area have been benefiting from the co-operative.

The above observations do relate to Clugston, (2014) study at Manduvira agricultural co-operative in Paraguay whereby it was found that the co-operative provides and social services such as medical and dental clinics, computer education, and school supplies. The study by Ihenacho *et al*, (2012) also showed that co-operatives are investing in human capital by contributing to the improvement of the health of their members. Generally, they provide loans to members to enable them pay medical bills or to seek expensive medication in towns and cities. Also, the UN, (2009), further pointed out that in many countries, cooperatives (and mutual benefit societies) are potential actors in providing social protection, especially health coverage, and they operate as voluntary community-based schemes. The CICOPA, (2014) further added that co-operatives help in creation and maintenance of long-term and locally embedded jobs and economic activities as well as providing community services of general interest such as health services. Also in its Evaluation report, IFAD (2013) indicated that co-operatives are essentially economic organizations that provide social services to their members when finances permit.

3.5 The Role of Mruwia Rural Co-operative Society in Building Members' Capacity to Access Services

The agricultural co-operatives are engaging directly in providing the economic and services to the members and communities directly (as discussed above) but on the other hand; co-operatives are also helping in building the capacity of their members so that they can access services on their own. The study found that Mruwia rural co-operative is building the capacity of its members in different ways.

The main contribution done is that the co- operative has helped in improving members' income through coffee sales. The members and leaders revealed that the improved incomes from coffee sales and their engagement in farm and off-farm small business activities have helped members to be able to;

- (i) Pay school fees for their children (mostly at primary and secondary schools)
- (ii) Pay for the health services as they go to get treatments in health centers/dispensaries and hospital fees, particularly for relatives who are not covered by health insurance schemes available in the co-operative such as the Community health fund (CHF) and UMATI.
- (iii) Improve housing condition
- (iv) Being able to pay the water and electricity bills
- (v) Improved assurance to food security.

The above findings also relate to what has been reported in literatures, for instance the work of Chambo *et al.* (2007); Ihenacho *et al.* (2012) and Tesfay and Tadele, (2013) declared that agricultural co-operatives maintain higher levels of income, making small farmers able to construct decent houses, send their children to school and provide health insurance to sustain rural livelihoods. They reduce some degree of ignorance on economic opportunities in their surroundings. In addition, co-operatives facilitate members' access

to food, clothing, transport, education, health and festivity is increased after their membership in cooperatives.

Apart from the above contributions made by the Mruwia Rural Co-operative Society in providing services to the members, there are also various challenges identified. Some of the key challenges identified include the following;

- (i) Minimal business diversification by the co-operative to boost its income and services to members. Coffee has been the major commodity, all efforts have focused on coffee, and the co-operative has been reluctant to diversify in other businesses.
- (ii) Domination of elder members in leadership and low youths participation in the co-operative. This can be a threat to the sustainability of co-operative. In Mruwia rural co-operative most of the members are aged people (above 40 years) and there are very few young members. For instance, from total of 1017 co-operative members, only 306 members (200 men and 106 women) are the youths.
- (iii) Minimal government support on promoting co-operative business, for instance failure to remove overburdening levies on coffee sales, assist in promoting local coffee market as well as financial support and provision of education and training to promote co-operative development
- (iv) Inadequate education land use planning and management

4.0. CONCLUSION AND RECOMMENDATIONS

This part is providing the conclusion based on the discussion made in previous parts of the study. Also, various recommendations are being provided below for suggesting solutions to challenges. The co-operative faces how best service provision to members can be enhanced in agricultural marketing co-operatives.

4.1. Conclusion

The rural agricultural marketing co-operatives are essential organizations for transforming rural economies and even contribute to local and national development due to their economic and social services provided to their members and communities at large. However, in practice, most of rural agricultural marketing co-operatives in Moshi district, including Mruwia are still in transition stage to entrepreneurial co-operative model therefore they are still practicing many activities in a traditional way where increasing output, collecting members produces, processing and marketing are the key functions performed. This might be among the major barriers towards attaining full co-operative impact to members and communities in general, including provision of various required services. If agricultural marketing co-operatives could be assisted to improve their business operations and address their challenges they can be able to contribute much on service provision to their members and improve their lives more, hence the co-operatives can be more relevant to members.

The study has found that members are interested to join co-operatives due to number of factors, which include; need to promote economies of scale, having access to farm inputs, improve the efficiency in accessing basic services and improve bargaining power. It was found that agricultural marketing co-operatives are essential in facilitating members' access to various economic and social services, which could be difficult to be attained fully if members could operate on individual bases outside co-operatives. Further, apart from direct service provision, agricultural marketing co-operatives also build the capacity of members to access various services on their own.

4.2. Recommendations

In order for the rural agricultural marketing co-operatives to be effective and efficient in providing economic and social services to

members, building members' capacity to access services as well as addressing the above challenges various measures can be taken. Among these measures include; realizing the need to transform from traditional to entrepreneurial co-operative model, having succession planning and attracting youth participation, developing coping strategies to promote service provision in co-operatives as well as seeking for extended government support to co-operatives. These recommendations are as explained below;

Shift from the traditional co-operative model

There is a need for Mruwia rural co-operative and other AMCOS in Moshi district or elsewhere to transform totally from traditional to modern forms of co-operatives especially toward the entrepreneurial model. This model will help the agricultural marketing co-operatives in a way that apart from doing their traditional activities they can also engage in different business activities hence improve their capacity to improve services provision. In such transformation, various initiatives can be take such as imposing the entrepreneurial culture (habit) and education in co-operatives (among members, leaders and management) so that new entrepreneurial activities can be done from within the co-operative or by the individual members.

The co-operatives can also diversify their current activities into other viable related businesses they can manage and promote services provision such as; supplying of farms inputs, consumer retailing, rental building and microfinance schemes (like agro-credits, savings and deposit services as well as micro insurance). Also may engage to coffee value addition, incorporating other crops to be marketed through co-operative (like banana), and micro-credit schemes and milling machines for processing cereals and machines to extract cooking oil from crops.

Promoting Youths Participation in Agricultural Marketing Cooperatives

The youths are the future of co-operatives therefore being less interested on agricultural co-operative is a threat for the existence of the co-operatives. More efforts are needed to attract more youths to join AMCOS so they also use co-operative services and be empowered to access services on their own. Also, special capacity building programmes (including education and training) should be developed to empower new and existing young members so as to acquire skills, knowledge, attitudes and experience for managerial, leadership and business activities in their co-operatives. The existence of youths is advantageous since if they are attracted, encouraged and motivated, they can transform co-operatives by bringing innovation and apply better technologies in agriculture and co-operative business compared to older members. Their membership may catalyse efficiency and effectiveness in providing services to members and communities in general.

Developing Long Term Strategies to Promote Service Provision Through Co-operatives

The agricultural marketing co-operatives including Mruwia rural cooperative have put different initiatives to promote their business sustainability and satisfy members' through quality services. Some of these initiatives include providing adequate co-operative and profession-based educations and training to the board, management and ordinary members so as to be able to engage effectively in production and operation, leadership and governance as well as accommodating technological change and assured quality control. Diversification by co-operative organizations is needed to as to boost their income sources, which may be useful to extend capacity for service provision to members. For the purpose of improving the individual members' capacity to access various services, the co-operatives need to extend their efforts

on providing better farming techniques and inputs to increase output, educate members on better land use planning y (like for building, business activities, commercial poultry or animal keeping and horticulture) which may all boost members' income to access various basic services.

Influencing Government Support to Efforts of Agricultural Marketing Co-operatives

The government (and its co-operative supporting institutions) is a very important stakeholder in promoting co-operative capacity to provide services to their members. The role and commitment of the government in the co-operative sector should not end only on setting legislative framework for co-operatives (i.e. co-operative Act, policy and regulations) but assist in giving other services or assistance needed by co-operative organizations. Based on the interview with the leaders and members, they revealed on the kind assistance needed from the government so they can be effective in providing more services to their members. The members and leaders indicated that the government could build capacity of agricultural marketing co-operatives in services provision by doing the following;

(i) Reduce the number of taxes (levies) charged on the producers for the coffee they sell so as to improve income to co-operatives and their members (also union) hence increase the capacity to provide services to members and communities and in diversification. For instance, currently there are more than 20 deductions made in each kilogram of members' coffee sold in auction. This reduces the net income to the co-operative organization and members, limiting effectiveness in services provision and accessibility, respectively.

(ii) Improve the rural transport infrastructure (roads) to sustain daily movement of people and commodities from cooperatives and communities and open local economy to be linked with outside people/communities. This may help members to access services throughout the year such as medical services, education and farm inputs available outside their areas.

(iii) Promoting coffee consumption in local market. The government, co-operative organizations and private sector has to work closely to promote internal coffee market (which is now as low as 7% of the total population) so as to reduce reliance on export (foreign) markets. The initiatives to undertake may include; initiating coffee drinking sensitization campaign at local and national levels and also support establishment of coffee product manufacturing firms (by co-operatives or private and public actors to consume most of raw coffee from co-operatives. This can add value and revenues to the co-operatives hence obtain reliable market for members' produce and more revenue to the co-operative organization hence become more capable in providing services to members like processing all coffee, marketing, value addition of coffee, buy enough farm inputs and provide credits to members. In addition, stable market will help members to get more income to access social services as well as economic services to sustaining their farm activities.

(iv) Education, training and financial support. The members empowering education and training need to be provided to co-operative members to promote productivity, which in turn may boost their income and be able to access various services. Also co-operative the members have to

be more knowledgeable and skilled on better farming technologies and adequate financial services to operate their activities smoothly. Education and training on cooperative entrepreneurship can be appropriate to help individual members and their co-operative organizations to develop viable business to build the capacity to access and provide services, respectively.

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