

**Analysis of Alternative Coffee Collection Financing in Selected AMCOS in
Kilimanjaro Region**

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Abstract

This study examines the sources and characteristics of the alternative ways of financing crop collection by cooperative societies. Constraints and challenges faced in the liberalized market by those affiliated to their unions and those acting individually under G32 group were studied and reported. The study was based on selected rural primary cooperative societies (RPCA) in Kilimanjaro region. It was found that most agricultural marketing cooperatives were initially affected negatively by the liberalization of the economy. However, later, the majority were able to fine-tune, responding to market competitive pressures accordingly. For the case of Kilimanjaro region, findings demonstrate varying coping mechanisms for individual primary cooperatives. Nevertheless, in case of AMCOS, two approaches seem prominent. As indicated in the conceptual framework of this study, there are those which sold directly to the market and those which sold through their union, KNCU. This was a consequence of KNUC sluggishness in responding to the market competition effectively, along with its operational inefficiencies then. For relief, some of its members, primary societies brought up a resolution in its general meeting in 2003. One third of that special general meeting signed for lack of confidence to the union management, forming what is now called G32 group.

Findings show that most of the G32 affiliated RPCS are thriving against the tides of competitive pressure of the coffee market. This however, is mainly due to hard working management of the individual RPCS. Most of these societies through their isolated initiatives and entrepreneurship are transforming into competitive enterprises. They are struggling to ease up the situation using available means, some selling most of their coffee directly abroad. Furthermore, findings show that it is possible for a single RPCA to remain sustainable while using funding from financial institutions. With policies and legislation changes, it has been possible to secure funds and sell products direct to the market, able links with external markets without their unions. Hence making it possible to improve the economic status of the autonomous cooperatives and increase the market prices of the coffee paid to individual farmers/members. From the historical perspective of Tanzania's cooperatives movement, the policy and legislation alongside the resulted challenges of free market, ultimately the cooperative

movement mostly the unions need to remodel into a new culture and entrepreneurial approach of management. If independently, RPCS has shown great resilience, learned how to compete and survive in the marketplace, it is true that the unions can also change into competitive entities. Unions can take advantages of economics of bulky business, instead of the current situation where singly, RPCS are negotiating their ways.