



# **Journal of Co-operative and Business Studies (JCBS)**



**Sokoine Road, P. O. Box 474, Moshi, Tanzania.**

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**Vol.1, Number 1, 2009**

**ISSN 0856-9037**

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## **EDITORIAL**

Dear Readers,

Welcome to yet another issue of the **Journal of Co-operative and Business Studies (JCBS)**. The Journal has not been in circulation for quite some time now due to reasons not within the domain of the Editorial Board. We deeply regret for this flaw. We hope that our esteemed readers will, henceforth, lend us the needed support, in terms of paper contributions, so that JCBS continues to be a regular bi-annual publication.

Like its predecessors, this issue maintains our life-long commitment/resolve to serve a heterogeneous readership by covering a diverse spectrum of disciplines within the co-operative and business sector. This medley provides plenty of avenues for prospective authors and readers to find relevance in the JCBS.

In particular, this number covers national and global issues, co-operative and non-cooperative sectors, as well as several other multi-disciplinary topics. This is a deliberate move to attract wide and diverse readership.

The first paper, jointly written by authors from different institutions, assesses the role of co-operative organizations in implementing reforestation programme. It is a result of a study which sought to evaluate a reforestation programme of a tobacco traders association in Urambo district in Tanzania. The study results had revealed a poor performance of the reforestation programme because of the observed low tree planting rate and a low survival rate. The authors recommend, among other things, that the success of the reforestation programme ought to be measured by considering survival rates and tree seedlings planted and not the number of tree seedlings distributed to farmers as has been the case.

While the first paper's scope is within national boundaries, the second paper goes beyond Tanzania. It discusses a typical global issue – globalization. The paper assesses the effects of globalization on the co-operative movement in Africa by highlighting some of the critical effects as well as how the co-operative movement in the continent is trying to mitigate the challenges of globalization.

The third and fourth papers focus on specific issues within Tanzania. Whereas the former presents an analysis of the constraints and strategies for improved agricultural marketing, the latter assesses the impact of the Civil Service Reform Programme on human resources status.

Apart from the four papers, this issue carries also a book review on 'Innovation'. As stated in our inaugural issue of this journal (Vol.1, 2003), we intend to maintain space for book reviews in every issue.

You are all invited to read through this number and prepare your contribution for the next issue.

**THE ROLE OF CO-OPERATIVE ORGANIZATIONS IN IMPLEMENTING  
REFORESTATION PROGRAMMES: THE CASE OF TANZANIA TOBACCO  
TRADERS' REFORESTATION PROGRAMME IN URAMBO DISTRICT, TANZANIA<sup>1</sup>  
*Mangasini A. Katundu \* and Dismas L. Mwaseba\*\****

**Abstract**

*This paper examines the role of primary farmer co-operatives in implementing reforestation programme and the rate of tree planting among co-operative members. It also assesses the survival rate of planted trees and identifies constraints faced by farmers in implementing the reforestation programme. The study applied a cross-sectional research design in which a variety of methods including personal observations, questionnaires and focus group discussions were applied. Sample size was 60 primary-farmer co-operative members, 20 members from each of the three primary-farmer co-operatives, selected purposively and systematically from the most affected division. Sample size represented 7% of total study population which is 862 co-operative members. Data were summarized and analyzed using Statistical Package for Social Sciences (SPSS) in which both descriptive and inferential statistics were established. ANOVA was used to test if there is statistically significant difference in performance between three cooperatives. Results indicate a poor performance of the reforestation programme because of the observed low tree planting rate and a low survival rate of 39.6 %. This study recommends that farmers should be separated from livestock keepers to avoid grazing on tree farms and also there is a need to introduce strict by-laws, penalties and fines to those who deliberately burn the forests.*

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**Key words:** Primary Farmer Co-operatives, Reforestation, Environmental Change, Planting Rate, Survival Rate of Planted Trees, Tobacco-Related Deforestation,

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<sup>1</sup> This article is mainly based on a paper 'Evaluation of Tanzania Tobacco Traders' Supported Reforestation Programme in Urambo District – Tanzania' which was presented at the Fifth African Population Conference, held from 10<sup>th</sup> to 14<sup>th</sup> December 2007, AICC – Arusha, Tanzania.

## 1. Introduction

Reforestation in Tanzania can be traced as far back as 1970s when the Village Reforestation Programme was introduced (MLNRT, 1989b). It was initiated as a strategic approach for improving fuelwood supply in rural areas and reducing pressure on environmental degradation. It was meant to provide enough fuelwood to the rapidly growing population as well as maintaining a sound environmental condition for sustained agricultural production (Misana, 1999: 53-54). This came after realizing that sources of fuelwood supply were being depleted faster than expected. Therefore, the need for tree growing to meet basic needs for fuelwood and poles, while at the same time saving the country from the threat of desertification, was seen as an urgent undertaking (MLNRT, 1989a). A national reforestation campaign was launched in 1980 through the mass media to solve the fuelwood crisis. Slogans such as "*Misitu ni Mali*" (Forests are wealth) and "*Usikate Miti Ovyo*" (Do not cut trees indiscriminately) and "*kata mti, panda miti*" (cut a tree; plant trees) were used in the campaigns (Misana, 1999: 54-55).

The agricultural policy of 1983 also incorporated aspects of tree planting, with the aim of expanding the reforestation programme especially in tobacco growing areas. Thus by 1983, over 68 000 ha of woodlots had been established by villages, schools, government and NGOs (MNRT, 1989b). This was an average reforestation of about 6500 ha/year, which is relatively low. By 1989, about 80 000 ha of scattered woodlots had been established (MNRT; 1989a). Annual seedling distribution was 15 to 20 million over a ten-year period. At the end of 1989 about 560 nurseries were in operation and more than 10 000 schools had planted trees (ibid).

During 1980s the government of Tanzania initiated Soil Conservation Programmes in which reforestation was taken as a means to conserve land in areas that seemed to have been affected by deforestation and land degradation. The programmes were initiated in Dodoma and Shinyanga. Hifadhi Ardhi Dodoma (HADO) started as a reforestation and engineering project aiming to prevent further land degradation in Dodoma especially the Kondoa Irangi highlands (Misana, 1999: 55-58). Overstocking was the major cause of land degradation and the enforcement of a 1988 bylaw of the Kondoa District Council removed all livestock from the Kondoa highlands.

The next very important reforestation programme which also employed soil conservation technique was known as HASHI (*Hifadhi Ardhi Shinyanga/ Shinyanga Land Management Programme*). It was initiated as a follow up to a national conference held in Shinyanga in 1984 on, "environmental conservation through tree planting" (*op.cit.*). The aim was to encourage and involve people in Shinyanga in environmental conservation measures to mitigate the adverse effects of land degradation and to improve their standard of living. The programme capitalized on education, awareness raising and use of indigenous knowledge to achieve its targets. HASHI has accumulated a lot of lessons to learn for any other programme on land reclamation and conservation through working with the people.

In the wake of declining natural forest resources the major source of firewood for curing tobacco in Tanzania, tobacco companies initiated a "Tree Planting Policy" in 2001 and implemented by Association of Tanzania Tobacco Traders (ATTT) on behalf of Tanzania Leaf Tobacco Company

(TLTC) and DIMON. This programme was set to cover all tobacco producing areas with severe deforestation including Tabora, Urambo, Kahama, Mpanda, Chunya and Manyoni (ATTT, 2006: 2).

The main objective of the programme was to achieve long term sustainability for tobacco production in Tanzania by providing enough firewood for curing tobacco and promoting curing barns that have higher fuel efficiency (*ibid*). The other objectives were: to plant and grow as many trees as possible by individual members of primary farmer co-operatives; to improve natural woodland productivity through proper management and conservation of the existing natural forests, woodlands and trees; and to ensure efficient utilization of the available forest resources.

However, since its establishment, very little is known about the effectiveness of this reforestation programme that is being supported by the Association of Tanzania Tobacco Traders (ATTT) in Urambo District. Hence, it is the intention of this study to evaluate the effectiveness of this reforestation programme in Urambo District.

### **1.1 The Role of co-operatives in reforestation**

Primary farmer co-operatives have a great role to play in implementing reforestation programmes in the world. Gill (1997) pointed out that co-operatives played a key role in achieving a viable plantation forestry industry in Australia. Co-operatives were also involved nearly in every activity of reforestation starting from nurseries, tree planting to timber harvesting. Advantages of co-operative action in tree planting according to the research are that, by forming co-operatives, tree growers can secure fair prices for their timber due to increased bargaining power, smooth supply of inputs, advice and information to members, expertise, labour, easy access to land and capital (Fisher, 1995; Dwivedi, 1996).

Wiskerke *et al.* (2003) indicates that, the role and position of rural areas are changing with the primary-producer co-operatives taking a greater role in tree planting. It is easy for cooperatives to foster reforestation and environmental conservation because they are characterized by new institutional relations between state agencies and the agricultural community (*ibid*).

Stuiver *et al.* (2003) observed that the VEL and VANLA environmental Co-operatives presented a clear example of the role of primary-producer co-operatives in environmental conservation and specifically in reforestation programmes in the Netherlands. According to this study, "VEL and VANLA are among the first environmental co-operatives in the Netherlands. An environmental co-operative is a regional co-operation of mostly agricultural entrepreneurs (*ibid*) who aim at collective efforts of landscape management. In the process of managing the environment, the individuals benefit from easy access to farm inputs (such as medicine and fertilizers) which are provided by the cooperatives.

According to Roep *et al.* (2003) "more sustainable farming practices are constructed by interactions between different groups of actors within a specific social and material or ecological setting. Farmers with their co-operatives and researchers with their projects play a central role in VEL and VANLA, members of the cooperatives benefit from the research findings, extension workers and advisors" (*ibid*).

The Center for International Forestry Research (CIFOR) in Indonesian shows that, cooperatives have been active for many years in attempts to improve smallholder tree planting. Initially, they provided extension, access to land, improved planting materials and limited credit to individual households, while at the same time establishing modern marketing bodies (CIFOR, 1998).

Veerakumaran *et al.* (2007) examined the role of cooperatives in managing natural resources in Ethiopia and noted that, the management of natural resources of land, water, forests, fish etc., of a nation is an important factor affecting the level and pace of its development. There are many forms of natural resources management but the cooperative mode of natural resources management seems to be the best of all. This is so because, with proper rules and regulations, it can better meet the goals of efficiency, sustainability, equity and resource users' satisfaction and is politically and socially more acceptable in most societies and nations than any other alternatives. Cooperatives are considered to be providers of institutional interventions to increase agricultural production and productivity through provision of credit and inputs, facilitating sale of produce, operating consumer stores, optimum utilization of natural resources like sand and stone, education and inculcation of thrift and savings habit among members (Veerakumaran *et al.*, 2007). Furthermore it was pointed out that, forest cooperatives are for the collection and marketing of minor forest products/non-timber forest products such as fodder, honey, wax, medicinal plants, wild fruits, tree bark, resin, gum, roots, and seeds. Tree growers' cooperatives are for reforestation of dry lands by planting fruits and fodder trees with limited water use.

## **1.2 Objectives**

The goal of this study was to make an evaluation of the Association of Tanzania Tobacco Traders (ATTT) reforestation programme in Urambo District. Specifically this study aimed at examining the role of primary farmer co-operatives in implementing the reforestation programme. Other objectives were, to determine the tree planting rate among co-operative members per year and to assess the survival rate of planted trees since the inception of the programme as well as to identify constraints faced by farmers in implementing the reforestation programme and their coping strategies.

## **2. Methodology**

The study was conducted in Urambo District which is one of the six districts of Tabora region. Other districts are Tabora, Uyui, Nzega, Igunga and Sikonge. Urambo was selected for the study because it is the major producer of tobacco in the region and is severely affected by tobacco-related deforestation out of all the Districts involved in ATTT supported reforestation project countrywide. The study population consisted of all primary farmer co-operative society members dealing with tobacco production in Urambo District. The sample size for the study was 60 primary-farmer co-operative society members. Systematic random sampling was employed to get this sample.

Primary data were obtained using structured questionnaire with both closed and open-ended questions. In addition, focus group discussions (FGDs) and direct observation were also used. Secondary data were obtained by reviewing various secondary sources, that is publications and reports obtained from local authorities (village, ward, divisional and district officials) and cooperative officials (primary-farmer co-operative officers and ATTT officers especially at Urambo). Quantitative data from the respondents were verified, compiled, coded and summarized before analysis using Statistical Package for Social Sciences (SPSS). Inferential analysis of the quantitative data was done using ANOVA because this technique is useful when there are more than two uniform samples to be compared (Kothari, 2004: 256). With respect to qualitative data analysis, this was done based on themes of the discussions extracted from the field notes taken.

### **3. Results and Discussion**

This section presents key findings and their discussion. It starts by presenting and discussing the socio-economic characteristics of the primary farmer cooperative society members in Urambo District and continues with the problem of firewood, role of primary-farmer co-operatives in reforestation and ends with an evaluation of the effectiveness of the reforestation programme.

#### ***3.1 Socio-economic characteristics of the sampled respondents***

*Table 1* presents the socio-economic characteristics of the primary farmer cooperative society members in Urambo District. Results show that mean age of respondents was 42 years. Furthermore, the results show that majority (28%) of respondents were in the age category of 31-37 years. This implies that a large number of farmers were within the productive age. These results are comparable with other similar findings Njuki (2001) and Nduwamungu (2001) who observed that the majority of respondents lay within the active and old ages and therefore are likely to provide relatively (current historical) data.

Concerning household size, results indicate that many respondents (51%) belonged to household with 6-10 members. The average household size in Urambo District was 9.6 persons per household. While nationwide household size has decreased from 5.2 persons per household in 1988 to 4.9 persons per household in 2002 (URT, 2003) the average household size of 9.6 persons per household recorded in Urambo is above national average as well as the Tabora region's average household size of 5.9 persons recorded in 2002 (*ibid*). The reasons why many people prefer many children is possibly the fact that in small holder farms, family is the main source of labour for agricultural production as observed by (Njuki,2001; Epaphra,2001; Kingazi, 2002; and Maenda,1999).

Results further point out that most respondents (78%) spent an average of 7 years in school which means that they have at least primary education and the minimum number of years spent in school was 0 which is about two percent (1.7%) which also translates into lack of formal education. The maximum number of years respondents spent in school was 11 which means that respondents had secondary education. These results

could be due to the implementation of the Universal Primary Education (UPE) of 1970s which provided educational opportunity to all school going children all over the country. Also data show that, about 92 percent (91.7%) of all respondents were males and only 8.3% were females. These results reflect the fact that most of members of the co-operative societies within tobacco growers are men. The results also reflect the nature of activities involved in tobacco production which requires a lot of physical work including cutting trees using axe and carrying the logs on shoulders. As a result women find it difficult to participate in this type of agriculture.

**Table 1: Socio-economic characteristics of the sampled respondents**

<b>Variable</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Average</b>	<b>Std Deviation</b>
Age	23	66	42	11.05992
Household size	1	15	9.6	3.93927
Education (Numbers of years spent in school)	0	11	7	1.26614

**Source: Survey Data (2006)**

### **3.2 The role of primary-farmer co-operatives in reforestation**

Reforestation programme in Urambo District is done by individual farmers who are members of primary co-operatives also known as associations. ATTT supports reforestation through primary farmer co-operatives. Therefore primary co-operatives provide the link between farmers and the ATTT. The study shows that, primary farmer cooperatives in Urambo perform several functions to promote reforestation. The most prominent ones include raising of tree seedlings, supplying inputs, provision of technical know-how, running a demonstration farm, supervisory duty, provision of education to members and awareness creation.

In terms of raising tree seedlings, the primary farmer co-operatives own and manage tree seedling nurseries. Two out of the three primary farmer co-operatives that the researcher visited had their own seedlings nurseries. For example, Usaguzi had two nurseries at Tuombemungu and at Kasungu while Chimbuko had one tree nursery at Mtakuja. During this season Usaguzi had raised 41 860 tree seedlings in the two nurseries to be supplied to farmers free of charge. While Chimbuko had managed to raise about 32 230 tree seedlings to distribute to farmers during the rainy season, Igwisi primary co-operative was in the process of establishing a tree nursery.

Regarding the supply of inputs, all farmers get inputs such as watering cans, seeds/seedlings, and fertilizers from their primary co-operatives. This started earlier before the reforestation programme began. As with tobacco production, all inputs are supplied by tobacco buyers through primary farmer co-operatives on credit basis. But inputs used in reforestation such as seeds, seedlings, and polythene tubes are freely supplied to farmers by Association of Tanzania Tobacco Traders (ATTT). When asked to name the sources of seedlings, majority (79.7%) of the respondents said they got seedlings from their respective primary farmer co-operatives (Table 2). Besides, the table also shows that only 1.4% said they got their tree seedlings from private suppliers while 18.8% said they

obtained their seedlings from their nurseries. This shows that majority of the farmers got seedlings from primary farmer co-operatives.

Fertilizer was supplied using the policy of “one sack of fertilizer to nine tree seedlings”. Every farmer in need of fertilizer had to comply with this policy. The policy was initiated in the cropping season of 2004/05 when the ATTT realized that, most farmers were not fully participating in the programme. The policy was set to make sure that farmers plant more trees. But the reverse was true, that, most of tree seedlings which farmers collected were not planted by the end of the rain season. These results reveal the failure of “one sack of fertilizer to nine tree seedlings policy.” Many farmers said they did so because fertilizers are normally given on loan basis so planting tobacco early would guarantee loan repayment earlier. Therefore most farmers opted to plant tobacco instead of trees which do not pay back so early.

**Table 2: Sources of tree seedlings planted by farmers**

<b>Source of Seedlings</b>	<b>Frequency</b>	<b>Percentage</b>
Primary Farmer Cooperatives	46	79.7
Private suppliers	1	1.4
Own seed farm	13	18.8
<b>Total</b>	<b>60</b>	<b>100</b>

*Source: Survey data (2006)*

Regarding technical know-how, ATTT provides technical know-how to the farmers through primary farmer cooperatives in the form of extension services. In fact, every village in Urambo is supposed to be served by at least one tobacco leaf technician and an agro-forest officer employed by ATTT. But some villages like Igwisi do not get the services of the technician. This is because roads are impassable during the rainy season which limits the frequency of visits by ATTT experts. In addition, ATTT has supplied agro-forest officers with motor bikes but the problem is that, they are few in number and as a result the whole district is being managed by a single officer.

Furthermore, primary co-operatives in Urambo manage a demonstration plot. It was assumed by the ATTT that farmers will learn from their respective associations if the association performs well in their demonstration plots in line with Mnyenyelwa (2005:82) who observed that “...establishment of demonstration plots of agro-forestry practices will motivate farmers to adopt the practice...”

Also, primary farmer co-operatives perform day to day management and implementation of the reforestation activities. Associated with this activity is that of carrying out internal evaluation here known as a survival count. The major aim of making survival counts is to ensure that trees which die are replaced. Due to lack of qualified technicians, survival counts is done when the agro-forest officer is available, and sometimes during the dry season. For example survival count in the cropping year 2005/06 was done at the end of the rainy season in May 2006. This made it difficult to replace trees that didn't survive.

The primary farmer co-operatives, in addition to their activities, send their members for short course in order to increase their knowledge and

improve their performance. During an FGD it was discovered that some primary associations had sent their members for short courses. For example, Usaguzi sent five farmers for short course training at Tumbi. This was made possible by two factors namely willingness of members to go for training and availability of resources. On the other hand, Chimbuko and Igwisi co-operative societies didn't manage to send their members for short courses and this might be one of the possible explanations on their poor performance.

Lastly primary societies perform the duty of awareness creation using various means including conducting meetings, seminars and workshops. Indeed, when respondents were asked to name sources of knowledge of reforestation they mentioned ATTT in collaboration with their respective primary farmer cooperatives as the main source of their knowledge.

### 3.3 Effectiveness of the reforestation programme

Table 3 shows that 28.6% of all respondents planted between 41-66 tree seedlings per year. Others planted 93-118 tree seedlings (25%) while 12.5% of them planted 15-40 tree seedlings per year. Furthermore, the results show that 1.8% of all respondents planted 119-144 tree seedlings and 7.1% planted 145-170 tree seedlings per year, and only (21.4%) of them planted more than 170 tree seedlings per year. At a spacing of 2.5 x 2.5m it was observed that, many farmers plant less than 1 hectare annually. Even the primary societies themselves planted less than 2 hectares. For example, Usaguzi planted 3 acres which is equivalent to 1 hectare, while Chimbuko planted 1.5 acres and Igwisi planted 1 acre annually. Generally, farmers in these three primary co-operatives planted 6480 trees within 3.3 hectares in 2006/07 cropping year. These results show that most of the respondents planted few tree seedlings. At this rate of tree planting it is difficult to meet the annual target of planting 2 701 000 tree seedlings. Overall, the researcher noted that, reforestation rate is lower than the deforestation rate. Indeed, despite the establishment of woodlots at community level, the survival rate of the planted trees was very low, averaging between 40 and 50% in the study area.

**Table 3: Average number of tree seedlings planted per year (N=60)**

Tree seedlings	Frequency	Percentage (%)
15-40	7	12.5
41-66	17	28.6
67-92	2	3.6
93-118	15	25.0
119-144	1	1.8
145-170	5	7.1
170 and above	13	21.4
<b>Total</b>	<b>60</b>	<b>100</b>

*Source: Survey Data (2006)*

Table 4 presents data on survival counts by PFCs. Generally, the overall survival count is 39.6 % of all tree seedlings planted in the study area. Regarding the performance of each primary farmer co-operative in reforestation, the results indicate that Chimbuko planted 2905 tree

seedlings and about 1172 (40.3%) survived. On the other hand, Usaguzi planted 1099 while only 457 (41.6%) survived and Igwisi planted 2476 tree seedlings where 934 (37.7%) survived. Respondents were asked to comment on the performance of the ongoing reforestation programme in their area. According to the study most of them (81.6%) said the reforestation performed poorly while 13.3% said the programme had performed well and 5% said the programme performed very poorly. It is difficult to establish whether the reforestation project in Urambo was effective or not as objectives of the project were unclear and didn't set specific criteria regarding survival rate. Basing upon the field data, the definition for project effectiveness and comparison with other projects such as the Uluguru Mountains Biodiversity Conservation Project (UMBCP) and the Participatory Evaluation Report for the Ugalla Community Conservation Project (PERUCCP), this study suggests that the reforestation project in Urambo was not as effective as expected given that the observed survival rate was below 50%.

**Table 4: Survival count**

<b>Primary Farmer Cooperatives</b>	<b>Tree Planted</b>	<b>Tree Survived</b>	<b>Survival Rate</b>
Chimbuko	2905	1172	40.3
Usaguzi	1099	457	41.6
Igwisi	2476	934	37.7
<b>Total</b>	<b>6480</b>	<b>2563</b>	<b>39.6</b>

*Source: Survey Data (2006)*

One way ANOVA was done at 0.05 significance level to establish whether there was significant difference in terms of performance of the reforestation programme implemented in three primary farmer cooperatives (PFCs) namely Chimbuko, Usaguzi and Igwisi in reforestation. In terms of tree seedlings planted an F value of 6.939 was obtained which was statistically significant at  $p= 0.003$  and 56 degree of freedom. The ANOVA for surviving trees was also statistically significant at a probability level of 2% and 4.135 degree of freedom with an F value of 56 (table 5). Results show that, there were differences in performance between PFCs regarding tree planting and survival rates. In terms of tree seedlings planted Chimbuko performed better than others while based on tree survival rates Usaguzi achieved the best performance compared to the other two.

**Table 5: ANOVA**

		Sum of Squares	Df	Mean Square	F	Sig.
Trees planted	Between Groups	89558.569	2	44779.284	6.365	.003
	Within Groups	379918.694	54	7035.531		
	Total	469477.263	56			
Trees survived	Between Groups	12890.405	2	6445.202	4.135	.021
	Within Groups	84179.525	54	1558.880		
	<b>Total</b>	<b>97069.930</b>	<b>56</b>			

To establish the source behind the significant difference between groups, post-hoc comparisons were made using Turkey's HSD test at 0.05 level of significance (Table 6). A Turkey's HSD test shows that there are statistical significant differences in trees planted as well as trees that survived between Chimbuko and Usaguzi as well as Igwisi and Usaguzi. Results show that the sources of difference were between the groups and specifically between Chimbuko and Usaguzi and Igwisi and Usaguzi. There was a high statistical significant difference between Chimbuko and Usaguzi at  $p=0.004$  while concerning trees that survived the test yielded a result of  $p=0.023$  implying statistically significant difference. In terms of trees planted the Turkey's HSD test revealed significant differences at  $p=0.023$  between Igwisi and Usaguzi while concerning trees that survived the test showed that results were not statistically significant at  $p=0.091$ . The test also showed that there were no statistically significant differences in the number of trees that survived and trees planted between Chimbuko and Igwisi with  $p=0.860$  and  $p=0.843$  respectively.

Generally within groups Turkey's HSD test presented non statistical significant differences in all cases. This implies that differences are only observed between rather than within the primary farmer cooperatives. For example, comparison between groups shows that, Usaguzi recorded the best results with survival rate of 41.6% while Igwisi recorded relatively poor results with a survival rate of 37.7%. During FGDs with co-operative officials and members possible reasons behind the best performance of Usaguzi were revealed. These were the establishment of a demonstration plot and the attendance of Usaguzi officials to a short course training at Tumbi.

**Table 6: Post Hoc Tests. Multiple Comparisons. Turkey HSD**

Dependent Variable	(I) Name of Primary cooperative	(J) Name of Primary cooperative	Mean Difference (I-J)	Std. Error	Sig.
Trees planted	Chimbuko	Usaguzi	90.25000(*)	26.87132 .	004
		Igwisi	15.19444	27.25141	.843
	Usaguzi	Chimbuko	-90.25000(*)	26.87132 .	004
		Igwisi	-75.05556(*)	27.58902 .	023
	Igwisi	Chimbuko	-15.19444	27.25141 .	843
Usaguzi	Chimbuko	75.05556(*)	27.58902 .	023	
Trees survived	Chimbuko	Usaguzi	34.54737(*)	12.64873 .	023
		Igwisi	6.71111	12.82764 .	860
	Usaguzi	Chimbuko	-34.54737(*)	12.64873 .	023
		Igwisi	-27.83626	12.98656 .	091
	Igwisi	Chimbuko	-6.71111	12.82764 .	860
Usaguzi	Chimbuko	27.83626	12.98656 .	091	

\* The mean difference is statistically significant at the .05 level

### 3.4 Constraints facing farmers in implementing reforestation programme and their coping strategies

Table 7 summarizes the constraints facing farmers in implementing reforestation programme and their coping strategies. The results indicate that (28%) of all respondents face the problem of cattle grazing. While fire outbreaks seem to be a problem to 21% of the respondents. Other 21.5% indicated that poor supply of implements was a problem followed by pests and disease 20% and 9.5% who named shortage of rains as a problem. However, 4.5% of the respondents reported poor knowledge of the soil as being among the main problems affecting the development of the reforestation programme. Fire outbreak was another important constraint to tree planting in the area. There are many reasons as to why people burn the forests. Basing on the findings of this study, pastoralists are responsible for causing most of fire incidences in the study area. Pastoralists burn forests so that they can regenerate and produce new pastures and kill pests such as ticks. Farmers also burn the forests to clear land for agricultural cultivation, smokers burn forests when they throw away burning cigarettes. In other case, villagers burn forests in their attempt to scare dangerous wild animals while and honey harvesters burn forests when they want to kill harmful bees.

When asked to state how farmers cope with the above mentioned problems, many respondents mentioned weeding as the effective means

they have been using to escape from bush fires. To avoid land use conflicts between farmers and pastoralists indicated that village governments have been making efforts to separate farmers and livestock keepers. Other respondents said in order to avoid animals, farmers normally build fences around the tree plants, but this activity is possible only if trees are fewer in number and provided it is not during farming season. On the other hand some respondents named planting trees on low land as a better means of ensuring tree survival, as it has been noted that trees which were planted on low lands survived than those planted on highlands while others respondents practiced watering during dry seasons. Other measures includes: Drilling wells, trying to plant on time and grow few trees that can be easily managed.

**Table 7: Constraints farmers face in implementing reforestation programme and their coping strategies.**

<b>Constraints</b>	<b>Percentage (%)</b>	<b>Coping strategies</b>
Poor rainfall	9.5	Planting trees on low lands, plant on time, watering during dry seasons and drilling wells.
Fire outbreak	21	Weeding around borders
Cattle grazing	28	Build fences and to separate farmers and livestock keepers
Pests and disease	20	Use pesticide supplied for tobacco
Poor supply of inputs (pesticide and watering cans)	21.5	Use the inputs meant for tobacco
<b>Total</b>	<b>100</b>	

**Source: Survey data (2006)**

#### **4. Conclusions and Recommendations**

Based on findings this study concludes that: primary farmer co-operatives play a great role in implementing the reforestation programme. The notable ones include growing of tree seedlings, supplying inputs, provision of technical know-how, running a demonstration farm, supervisory duty, provision of education to members and awareness creation. Regarding the planting rate, this study concludes that, planting rate is low. The planting rate is even lower than the national average planting rate. Furthermore the study concludes that, the reforestation project in Urambo was not effective as more than 50% of all tree seedlings planted didn't survive.

The study recommends that field extension workers should be increased in order to train and help farmers to establish their own tree nurseries according to their needs. It is further recommended that every village should have one or two extension officers responsible for day to day management of the reforestation programme. On planting rates the study recommends that, the "one sack of fertilizer to nine tree seedlings policy" be reviewed. The success of the reforestation programme must be measured on survival rates and tree seedlings planted not on the number of tree seedlings given to farmers as they are currently doing.

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# GLOBAL ISSUES AFFECTING CO-OPERATIVES IN AFRICA

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## **Abstract**

*The world is, today, experiencing more rapid changes than probably any time before. These changes, mainly propelled by the globalization process, are bearing influence on almost every sphere of life at a non-uniform pace and with disparate effects.*

*This paper briefly examines such effects on co-operative organizations in Africa. It seeks to stimulate sober deliberations on the challenges facing these socio-economic organizations as a result of globalization. This is prompted by the realization of the uniqueness of these organizations, upon which this study centres, as well as that of the continent in which the specific co-operatives are based.*

*Our discussion starts with a brief conceptual background to globalization. We then highlight the critical issues affecting co-operatives in Africa, mapping the current realities and the more direct effects. Thirdly, we discuss how the African co-operative movement is trying to cope up with or mitigate the challenges of globalization. Finally, we propose the way forward for the African co-operative movement.*

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**Key Words:** co-operatives, globalization, co-operative identity,

## **1. Introduction**

The co-operative movement in Africa is distinct from similar co-operative movements in other continents. There are a number of observable features which accentuate this distinction. Firstly, both the co-operative movement and the African continent are performing on very weak and dependent economic structures. These structures often operate under constrained technological environments and systems when compared with those found in other continents. The unique nature of the African co-operative movement, thus, calls for peculiar attention.

Secondly, although there are candid efforts to restructure and reposition co-operatives in Africa, the process has been very slow. In many cases, it still needs more guided intervention from national governments. Many African co-operative organizations are yet to be fully autonomous, member-controlled organizations in all aspects.

Thirdly, Africa is not merely a distinct continent in absolute terms. It is as well affected by globalization like all other continents. But, while globalization has both positive and negative effects on the economies of the

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world, the negative effects on the African co-operative movement are more devastating than on other continents.

In particular, it is this third characteristic of Africa which is the central focus of this paper. The paper briefly examines how the global issues affect the co-operative movement in Africa. It appeals for a special attention on the African co-operative movement. The justification for this special treatment comes from the logic that Africa needs a special strategy for co-operative development with targeted and more focused policy development. Such a strategy ought to be homegrown and more specific to the realities prevailing in the African continent.

We contend, from the outset, that globalization is not a homogeneous 'one-size-fits-all' process that carries 'universally-accepted' values and benefits to each and all actors in the process. The world is so dynamic and diverse such that any global process cannot have uniform impact to all societies and people in their respective sectors. It is due to this realization that this paper seeks to underline the fact that Africa has to be seen as a distinct continent because of the very nature of the global diversity.

## **2. The Concept of Globalization**

There are two theoretical positions explaining the character of the current globalized economy (Chambo: 2005). Economic theory notes that globalization is a massive worldwide interaction between countries, cultures, individuals and institutions, guided by rapid technological advancement which reduce time and space. In a typical economic context, the integration of national economies into an international economy has scaled down the world into a village such that all parts (of the world) are now easily connected through business interactions. This integration is often facilitated by the reduction or removal of barriers among national borders in order to expedite the flow of capital, goods, services and labour.

Studies in the theory of political economy often underline the flow of capital. They observe that globalization is a worldwide process of expansion of capital and capital accumulation, destroying national boundaries as sites of independent nations. During such a process, capital expansion knows no national boundaries and no governments. As such, the process can become very militaristic when a country does not easily open up to global business. It is probably for this reason, that this process has sometimes been termed as the TYRANNY OF FINANCE CAPITAL worldwide.

Further, it is instructive to note here that the nature of capital has remained almost unchanged throughout our history. It always promotes "an ethos of commerce and the commoditization of life itself over and above the value of human rights and the dignity of human life" (Edigheji *et al.*, 2008:24)

Historically, globalization is not a new phenomenon. It started with the world explorers such as Amerigo de Vespucci, Ferdinand Magellan and Vasco da Gama. They "discovered" and prepared the world for international communication and trade. Thereafter, there came the era of slave trade, colonization, neo-colonization, cold war, the fall of the communist bloc and now 'globalization' as a new name for the same process of capital expansion.

Consequently, one of the major characteristics of globalization is the gradual integration of all countries into the global capitalist system. The system cannot be avoided. ‘You join it or you perish’. However, this system rarely guarantees ‘fair play’. In practice, the system often leads to the marginalization of millions of people. The majority of the poor are gradually removed from meaningful productive employment and are compelled to resort to petty trading.

However, it is in order to note here that participation in trade can exacerbate inequality because as poor people (mostly in Africa) struggle to absorb the adjustment costs of increased competition from imports, other people with assets and market power take advantage of opportunities provided by exports (UNDP: 2005). It is for this reason, among others, that the world today is divided into the wealthiest on one side and the poorest on the other; where, as far back as 20 years ago, the richest 20% of the world population controlled 82.7% of global wealth (*Table 1*); where, seven years ago, the richest 20% of the population received 150 times the income of the poorest 20% (UNDP: 2002), and the gap has been widening ever since. Among its many effects, this arrangement has resulted into the creation of ‘disposable population’ - a concept commonly used to refer to street children (Chachage: 2002).

**Table 1: Distribution of world GDP, 1989**

Quintile of Population	Income
Richest 20%	82.7%
Second 20%	11.7%
Third 20%	2.3%
Fourth 20%	1.4%
Poorest 20%	1.2%

**Source: UNDP, Human Development Report - 1992**

Under such arrangement and in the same vein, the exploitation of world natural resources is carried out by few major companies. For example, there are five major buyers of all world coffee. They set the scope and content of the world market for the coffee product. The world is guided by centralized institutions like the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) (*ibid*).

Unlike most economies in South Asia, African economies have been incorporated more fully into the world economy *albeit* on a relatively weak bargaining stance especially in trade (Roy: 2005). Within the ‘global’ framework, unequal terms of trade (based on exports of cash crops while importing manufactured goods) coupled with dependence on multilateral and bi-lateral aid, biased forms of foreign investment and inability to service mounting debts characterize most African economies. The foregoing scenario has had telling impact on the African Co-operative Movement as briefly described here below.

### **3. Critical Global Issues affecting the African Co-operative Movement**

A co-operative organization carries two sides of the same coin. It is a people-owned economic organization as well as a social enterprise aimed at fulfillment of social goals. It is created by people who want to organize

their economic life in order to meet their social needs. Economic means, therefore, go hand in hand with social ends and objectives (Rause: 2007).

A co-operative organization is able to address economic and social objectives because its historical origin is based on the economic organization of poor people who wanted to co-operate out of poverty. Essentially, that is why it is guided by a set of principles and values which remain relevant today and tomorrow. They include openness, honesty, social responsibility and caring for others. These values will always stand out to be critically relevant throughout the history of mankind. They will stand the test of all major economic changes as long as the world continues to be divided between the rich and the poor.

For purposes of our current discussion, we shall highlight two major typologies of critical global issues affecting the co-operative movement in Africa. We first look at those issues which are of a global nature but are part of the business architecture of the co-operative movement. We then look at the broader global issues which have a direct bearing on the African co-operative movement.

### ***3.1 Issues from Within the Co-operative Movement***

#### ***(i) Global Business Competition***

The world is witnessing unprecedented competition in business, where efficiency, competitiveness and standards are critical criteria for success. Generally, agricultural marketing co-operatives in Africa were not prepared for such competition. The members, who are mainly small farmers, are technologically weak. They produce below standards and occupy marginal positions in the global market place. As such, agricultural commodities produced by African co-operators are fetching low market prices.

Moreover, due to low levels of technology, productivity on the African farm is severely low. Average farm productivity is below 2 tons per acre. This means that African co-operators have to produce more for the same amount of revenue over time. This situation perpetuates poverty. Consequently, the impetus of co-operating out of poverty is frustrated on the way.

But looking at the art and the mechanics of global trade, African agricultural co-operatives cannot remain in the same traditional box of producing agricultural raw materials for the industrialized world. Certainly, the disposition of selling raw materials to the world market is outdated for three reasons. Firstly, the structure of demand in the consuming countries has changed. The demand has shifted to more refined commodities which must have gone through a number of first stages of industrial processing to make them attractive to final buyers. Secondly, demand in the industrialized countries has become more conscious of ecologically and environmentally friendly agricultural output. This has put pressure on African agriculture into serious scientifically driven production systems calling for careful cost planning which may not exist at the moment. The third aspect of international agro-business is the fact that there is continuous rationalization of the utilization of raw materials to make industry more competitive. As a result, demand for raw materials may marginally increase while the quantity of output for the final market is

increasing. This increase in demand is a direct benefit to the final industries while prices of raw materials may remain stagnant, rise slowly or even decline.

(ii) *The Crisis of Co-operative Identity*

Although the co-operative image and identity crisis has different origins, a 'diluted' sense of membership is, probably, the most common element in the crisis. In practice, as co-operatives increase in size in terms of membership and business turnover, their membership gradually becomes more heterogeneous. Maintaining member cohesion and a business culture that respects the original co-operative values and principles becomes more complex and a challenge. Consequently, members continually feel remote from their co-operative. The local nature of the traditional co-operative society which enabled members to emotionally feel related to it is steadily being sacrificed in the interests of business efficiency (FAO: 1995). It must be noted that, as earlier pointed out, business efficiency remains one of the focal concerns of competitors in a globalized economy.

Further, the failure of state-driven co-operative movement in Africa has tarnished its image, resulting into diminished membership. In most cases, the traditional model of state-driven co-operative movement existed without registered members. As competition ensued, the few members who remained attached to their co-operatives were gradually marginalized and could not associate themselves with their co-operative business. In such circumstances, employed managers tended to take over the co-operative organization and run it as a purely capital-based business enterprise.

Managerial takeover of co-operatives may result into new decisions such as organizing mergers forming purely market-driven commercial enterprises completely divorced from the local connectivity of the membership. In the end, managers find it difficult keeping democracy and business efficiency under one and the same roof. Consequently, democracy suffers, and the co-operative identity is lost.

In some countries, like New Zealand, dairy co-operatives are now regarded as 'companies' but they maintain the co-operative name. In Australia, deregulation of the economy has led some of the leading co-operatives to be officially converted into 'investor companies' (Rause: 2007)

In the same vein, we witness, today, many forms of collective ventures that would like to be known as true co-operative organizations, on one hand, while we find still other such enterprises which would never like to be associated with the 'co-operative' concept. It is against such background, that Ashish Shah (ILO, 1993) distinguishes three models of cooperative enterprises.

The first model relates to the 'company-like cooperatives' where cooperative organizations operate like 'private capitalist enterprises'. In most such 'co-operatives', members strive to avoid the bureaucracy imposed by government control on cooperatives, by calling themselves companies.

The second model is referred to as the 'third sector' model where co-operatives are primarily concerned with the execution of government programmes. They exist because there are government programmes in poverty reduction and the government believes that the co-operative

organization can make these programmes successful. Such kind of co-operative organizations naturally die once the programmes come to an end.

The third model is the 'value-based' co-operative organization which strives to adhere to the traditionally accepted co-operative principles. This is a dynamic co-operative organization trying to address pressing problems for its members. It is able to stand the competitive situation as well as follow the values and principles of co-operation.

In the African scene, co-operatives are not yet moving into companies or demutualizing. They tend to follow the two routes of the 'third sector' and the 'value-driven' types. The 'third sector' co-operative development is where we see governments putting up poverty alleviation programmes and instructing that the programmes be implemented by and through co-operatives. This creates dependency; but also such co-operatives do decline or even collapse when those programmes are phased out by government. The 'value-driven' co-operatives are not many, but have learnt to adapt to the co-operative business model and survive the competition. In remote area, where private companies cannot invest, the co-operative business enterprise has found natural ground for growth.

### *(iii) The Crisis of Democracy*

Due to global competition, top down management styles have taken root in place of peoples' democracy. This has consequently resulted into the decline of member education.

There is excessive concern over business efficiency. When liberalization came into practice, the management of co-operative societies was challenged by market forces of meeting fast moving orders and supplies. As competition increased, it became evident that member participation and democratic meetings were becoming another form of bureaucracy in terms of modern business performance. Given that most managers had no background of co-operative management, it was clear that member participation in decision making of co-operatives was seen as unnecessary bureaucratic procedure that would hamper business efficiency. Member participation in co-operative affairs, therefore, declined. It would have been prudent for co-operative management and leadership of the day to design new tools that provided room for effective and democratic member participation (Rause; *ibid*) in the context of the new era of competitive markets. This did not happen in most co-operatives. Therefore, democratic business practice in these co-operatives plunged into a crisis.

### *(iv) Micro-credit Revolution*

Microfinance is the design and development of financial services for the poor. While research has found that the poor can pay when given appropriate financial services, there have been efforts to sideline the savings and credit co-operative model of organization.

The partial success of some NGOs, which dispose credit only to the poor, has given rise to a proliferation of multinational corporations which hold funds to be borrowed by the poor, particularly in developing countries.

While such international companies introduce the culture of financial management and the discipline of loan repayment, our concern is that the savings culture is gradually being replaced by credit, credit, credit only!

But, by all standards of development finance and local financial intermediation, the savings and credit co-operative model, is still superior to the credit only model, because the latter's source of funds is outside the control of the borrowing members. The savings and credit co-operative model creates local autonomy and independence of savers and local investors who borrow from locally generated savings.

When 'credit-only' programmes become popular in a country, they do not only kill the spirit of savings, but they also perpetuate financial dependence on the global financial system. Also the would-be members of sustainable savings and credit co-operative societies (SACCOS) tend to despair and look for an easy way of getting credit than start with savings. While we do not dispute local institutions borrowing from international financial houses, such borrowing must be determined by the capacity of local SACCOS and co-operative banks.

In order to protect local savings and credit co-operatives against global destruction and replacement, there is need to integrate the savings and credit co-operatives with co-operative insurance organizations and co-operative banks, nationally and internationally. Such efforts would create a ring fence of financial systems which would negotiate fairly with international financial companies, without replacing the independence and autonomy of the national financial system of a country.

(v) *The Breakdown of Apex Bodies*

The co-operative movement in Africa had built strong national apex bodies. Such apex organizations were the symbol of national unity of the co-operative movement. But when liberalization and business competition came in, the co-operative movement was ill-prepared. Co-operative organizations, at different levels, became inward-looking.

For example, when competition became stiffer, co-operative unions in Uganda, found themselves competing with their member primary societies. In Tanzania, there were significant cases of primary co-operative societies which chose to opt out "from the traditional marketing system whereby primary co-operative societies had to market their produce through their unions" (Sizya and Tiruhungwa: 2006, p.13). Such societies<sup>3</sup> chose to sell their produce directly through the auction, thus, by-passing their unions which were, hitherto, the only traders representing the societies at the auctions.

In this kind of confusion, the national apex organizations were left hanging, sometimes without solid agenda on the ground. The functions which were used to be done by apex bodies were either no longer demanded by their member co-operative societies or the member societies were trying to domesticate such functions such as auditing and accounting services.

In this way, the countries' primary co-operative organizations lost their direct association with their apex bodies to the extent that they

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<sup>3</sup> A case in point was GOMATA Coffee Rural Co-operative Society in Same District, Kilimanjaro region, which was the pioneer in this venture. It broke away from its union – VUASU Co-operative Union – in the 1999/2000 season and chose to sell its coffee directly through the Moshi Auction.

appeared to be irrelevant. A recent survey<sup>4</sup> of co-operatives in six African countries (ICA & CCA: 2007) noted a general weakness of apex organizations in all the surveyed countries. Nevertheless, we all understand that the national unity of the co-operative movement is key to any national and international dialogue framework for the development of co-operatives in Africa.

### **3.2 Issues outside the Co-operative System of Organization**

#### **(i) Gender Crisis**

Co-operatives are based on the values of self-help, mutual responsibility, equality and equity. Thus, active and equitable participation of members in co-operatives, like in many other institutions the world over, is a necessity for sustainable co-operative development. Co-operative principles state that co-operatives are democratic people-based organizations. But, can they be seen as truly democratic if there are gender imbalances in terms of participation, control and ownership?

Although almost all over the world women participation in decision-making and leadership is low, it is much lower in Africa mainly because of cultural and religious factors. Illiteracy and other social pressures put women outside public life. They thus cannot contribute to co-operative development.

In some communities, land ownership as a basic asset of economic life remains solely men's domain. Women's denial from participation in affairs of co-operatives makes them stand very little chance of influencing policy in co-operatives while on the other hand, they are more involved in economic production and sustaining family life than their male counterparts. In some parts of Africa, women work for 18 hours per day, but get close to 20% of the income from co-operative business in coffee.

Although globalization is considered, in some circles (World Bank *et al*: 2009), to have opened more market opportunities, thus favouring producers who have more resources to cope with the attendant stringent market demands, the same has increased the vulnerability of producers with few resources, especially poor women. The fact that globalization, *per se*, does not recognize the inherent differences among men and women in as far as resources ownership is concerned, presents a serious gender crisis of our time.

#### **(ii) Unemployment and the Youth**

The future of any country rests on its youth. Young people, in any economy, are generally considered to be the dynamo of development and economic growth. On the other hand, the youth without education, jobs or the prospect of a meaningful future may fuel instability and perennial violence.

It is, therefore, appropriate for any economy (any any sector thereof) to be concerned about this important population segment. In Africa, for

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<sup>4</sup> One of the authors of this paper, Prof. Suleman A. Chambo, was the Team Leader of the Research Team in this survey. The survey covered Botswana, Ethiopia, Kenya, Malawi, Swaziland and Tanzania.

instance, around 46% of its population is between 5 and 25 years<sup>5</sup> (Munive: 2008). Among critical issues that need to be considered in order to provide this segment with prospects for ‘a meaningful future’ are education and employment.

Unfortunately, however, global economic trends and competition have forced many employees to carry out retrenchments. The growth of capitalist enterprise and the quest for super profits rejects entry of the youth into meaningful employment. The expansion of finance capital in the economies of developing countries, including Africa, is dictated by labour savings technologies which naturally result into marginal growth of youth employment.

Our survey (ICA & CCA: *ibid*) has observed that while there is comprehensive government policy on the youth in almost all the countries studied, there is little organic connectivity between co-operative programmes and youth employment.

**Table 2: Youths’ Preferences of Occupations**

		OCCUPATION	% OF RESPONDENTS PER PREFERRED OCCUPATION
		M O S T	P R E F E R R E D
Teacher/Librarian/Lecturer/Professor	81.6%		
Accountant/Auditor	74.1%		
Lawyer/Magistrate/Judge	74.1%		
Journalist	68.6%		
Doctor/Nurse/Midwife	67.6%		
Politician (President, Parliamentarian, Councillor)	67.6%		
Ambassador	57.8%		
Pilot/Captain/Driver	55.1%		
Government employee	52.4%		
L E A S T	R E L E A S E D	Police/Soldier	51.4%
		Businessperson	51.4%
		Religious Leader	43.8%
		Sportsman/woman	42.7%
		Artist (drama, music, fashion, etc.)	39.5%
		Secretary/Typist	36.8%
		Farmer/Fisherman[-woman]/livestock keeper	18.9%
		Engineer/Architect/Carpenter	18.4%
		Hotel/Bar Waiter/-ress	7.0%
		Traditional healer	0

**Source: Research Data (Tiruhungwa: 2009)**

Further, although many co-operatives, especially in Tanzania, are predominantly engaged in the agricultural sector, unfortunately, the sector does not seem to attract many young people (Tiruhungwa: 2009)<sup>6</sup> as

<sup>5</sup> It must be noted, however, that the United Nations’ definition of youth is people between 15 and 24 years of age.

<sup>6</sup> Preliminary research findings indicate that about only 19% of young Tanzanians would prefer joining agriculture after their formal education. Among 185 respondents (youths) who were asked to rank the most preferred occupations, only **one** respondent (about 0.5%) ranked the cluster of ‘agriculture, fishery and livestock keeping’ as first priority (i.e. as the most preferred occupation). Respondents were asked to rank only the first 10 most preferred occupations among 20 clusters of occupations on the list.

exemplified by *Table 2*. Many of the occupation clusters that are most preferred by the youths, according to the study, are typically non-farm occupations (e.g. computer expertise, academics, accounting/auditing, law, journalism, medical practice, politics, etc.)

Those that are closely related with farm-work or largely depend on outputs from the farm (e.g. carpentry) are least preferred by youths. It is probably due to the above trend that studies (Haggblade, Steven *et. al*, 2002; Gordon, Ann and Catherine Craig, 2001; Mduma, John K. and Peter Wobst, 2005; Sundaram-Stukel, *et al, op. cit*; World Bank, 2007) are being carried out mainly to provide evidence of an increased inclination towards non-farm activities and to justify the importance of this shift. In the Tanzanian case, this is notwithstanding the continual emphasis on 'agriculture first' by politicians and other government bureaucrats.

Further, within the non-farm economy, trading appears to be the most preferred (Sundaram-Stukel *et al*. 2006), especially by young people. In the same vein, therefore, the youths are gradually being marginalized by globalization into petty traders without production skills. Mostly, they trade in goods that are not produced by them (youths) or by their own countries.

There are two strategic issues that need special consideration when we look at the youth and co-operatives today. First, the youth need to be introduced the practical aspects of co-operation and co-operative business at an early age. That is why the 'co-operative at school' concept, is critically important. If co-operation and co-operative business skills are introduced in the school system, African countries will be producing co-operators of the future. Secondly, there is need for higher education to look at how the system can produce high level experts in co-operative organization so that the co-operative enterprise receives more advances intellectual and research treatment for its own future and by integrating the youth intellectually.

### (iii) *Environment*

Africa is, by world standards, not industrialized except the Republic of South Africa. Therefore, the causes for its environmental degradation are, by and large, the devastation of natural forests and soils due to technologically poor farming techniques. But, while global warming is a product of intensive industrialization by the developed countries, the effects of such global warming have not spared Africa with persistent cycles of floods and drought. These have, in turn, resulted in poor agricultural output, especially food. Continued famine hits at the very foundation of economic activities ran by co-operatives in Africa. A country in famine is on the same footing as a country at war. There will always be little co-operative activity and, hence, increased income poverty.

Reports from the survey (ICCA & CCA; *op. cit.*) of African countries indicate that there is no co-operative involvement in environmental programs, except in Malawi where it is necessitated by tobacco production.

### (iv) *HIV/AIDS*

While the pandemic is global, it has hit hard on Africa and all types of co-operatives have not been spared.

Both the transmission of HIV and the resultant affected population are highest in Africa. Recent statistics indicate that the total infected population runs at 33mil globally, and “the epicentre of the epidemic remains in sub-Saharan Africa. Two-thirds of all people living with HIV are African. Three-quarters of the deaths in 2007 were in Africa” (UNAIDS: 2008, p.4). This means the death toll is highest both in rural and urban areas in the continent.

Members of co-operative organizations are obviously adversely affected when managers, fellow members, co-operative professionals, prospective customers and all other kinds of groups die of HIV/AIDS. The pandemic has, consequently, caused huge losses in membership, shares, deposits, professional management capacity and able leadership.

Our research (ICA & CCA; *op. cit.*) on selected African countries indicate quite a divergence between concerted national policies and programmes on HIV/AIDS and the little attention given by the co-operative movement in addressing the pandemic. The reasoning for not attending the pandemic has mainly been that co-operative leaders and some members are involved in the national AIDS programs. Secondly, the involvement of co-operatives is marginal as they associate the pandemic with large funding from international donors.

#### **4. Addressing the Challenges of Globalization**

Notwithstanding the major negative effects of globalization, a number of initiatives have been taken by co-operative organizations to address challenges posed by globalization.

Unfortunately, most of such initiatives are singly carried out by isolated cases of co-operative organizations in Africa. However, if these were to be replicated, they could result into a significant mitigation of the negative effects of globalization in Africa. Here we cite a few cases from the six African countries referred to earlier:-

##### **4.1 Policy Intervention**

When it comes to policy formulation and dialogue, co-operatives need to cultivate a position of strength and foresight. Co-operative members are natural citizens of any given country. They have the right to participate in any national policy discussion and dialogue which affect their lives.

For instance, the National Housing Co-operative Union of Kenya has a style of presenting themselves in all policy issues concerning housing in Kenya even when they are not invited. Their participation in such dialogue creates an atmosphere of recognition at the national level and their concerns and those of their members are directly included in national policies relating to this sector in Kenya.

The general experience in Africa is however different from the Kenyan experience above. The general outlook of co-operatives is where they isolate themselves from constructive dialogue of national issues. We find very small NGOs mobilizing national voices on critical national issues. But, when it comes to co-operatives, there is need for an altogether different strategy of national voice mobilization.

##### **4.2 Youth Employment and Future Co-operators**

Many African countries have very elaborate youth policies. But, they are not put into effect by drawing designing and executing more comprehensive programmes which take on board aspirations of co-operators and the co-operative movements at large.

It may be recalled that co-operatives were introduced as adult institutions, because there was an immediate need for the organization in the fight against exploitation. The youth appeared to take a position of waiting until they became adults. As a result they were alienated from the co-operative organization and practice at their early years.

There are, however, two initiatives taken by a co-operative union in Tanzania and the Ministry of Industry, Trade, Marketing and Co-operatives in Lesotho. The Kilimanjaro Native Co-operative Union (KNCU) in Tanzania has designed what they term as *the battalion approach* where they sponsor secondary education to orphans and those from poor families at an average of 200 youths every year. It is envisaged that this approach will create conditions where the youths will, hopefully, join the labour market and access appropriate skills for decent employment, thanks to the initiative of a co-operative organization. Ultimately, these youths are likely to always make an emotional reference to that co-operative union and, probably, to the entire co-operative movement in the country.

In the same vein, the Ministry in Lesotho is promoting school co-operatives where the youths form and manage co-operatives at their youthful age while at school. Such programmes give signals to the youth that one option for employment is self-employment through co-operatives. But also, the Lesotho Ministry is creating future co-operators through the school system.

#### **4.3 Gender Integration**

It is appropriate to underline, here, that equitable participation of both men and women in co-operative operations is a necessity for sustainable co-operative development. Co-operatives are based on the values of self-help, mutual responsibility, equality and equity. Therefore, in order to enhance the credibility of co-operatives as truly democratic organizations in the eyes of the public, the aforementioned co-operative values must be adhered to.

Further, it must be noted that women represent almost 50% of the world's human capital. By boosting women's productive capabilities, therefore, co-operatives will benefit from this hitherto under-utilized human capital. Co-operatives will become a stronger economic and more influential political force if more women (the invisible workforce) are actively involved.

To be noted also is the fact that men and women often tackle and solve life problems differently. This variation is particularly relevant in today's dynamic and fast changing socio-economic environment. In such environment, the need for creative thinking becomes extremely important because standard, ready-made solutions do not readily present themselves to decision-makers. There is need, therefore, to design sustainable systems and mechanisms within the co-operative setting which would allow and nurture gender integration in the entire functioning of the co-operative

sector. Co-operative organizations may, for instance, stipulate mandatory provisions in their by-laws which aim at enhancing this integration.

#### **4.4 *Advancement in Information and Communications Technology***

For many years, the ICA African Ministerial Conferences have advanced the need for the institution of ICT in co-operative operations. Globalization is forcing people and organizations to do fast and efficient business using modern tools of ICT.

The nation-wide savings and credit co-operatives, such as ‘*Harambee SACCOS*’, and the Co-operative Bank of Kenya are modern co-operatives which have an edge in ICT. They are able to connect with members across the country and, may be, they can do it across East Africa. The ICT development in the financial co-operative system in Kenya could be one of the reasons that have kept Kenya at the top of the list when it comes to membership and services. Co-operatives cannot isolate themselves from ICT. There is, therefore, need for an ICT strategy within the co-operative movement. But ICT as such, should not be considered by co-operatives as a special project. Rather, it should be taken as an integral part of the co-operative movement in Africa.

#### **4.5 *Co-operation among Co-operatives in the Savings and Credit Co-operative Movement***

The history of savings and credit co-operatives in English-speaking Africa provides testimony of a stand-alone inward-looking type of SACCOS which are not horizontally connected. Such co-operative organizations would be vertically integrated at the national level, forming umbrella organizations. This model has been successful at the national level because the national umbrella organization is visible and can link the SACCOS at regional and district levels.

But, during financial services competition, the traditional model risks losing members of small SACCOS to alternative financial services companies and NGO’s. Secondly, in this model, SACCOS may survive or die on their own without harnessing the principle of co-operation among co-operatives.

We have seen in a number of cases in East Africa where commercial banks had disinvested from the rural areas 15 years ago, and they are now going back opening more branches in the rural areas. On the face of it, this development is likely to threaten the life of rural SACCOS.

In Tanzania, there is a new brand of horizontally and vertically integrated network of SACCOS known as *Dunduliza*. In this network, the principle of co-operation among co-operatives is technically and organizationally put into practice. Groups of SACCOS form local hubs where they access professional services such as accounting, auditing and information and communications technology services. There is more inter-SACCOS lending and the volume of savings and credit is seen from a perspective of the whole network rather than from a single SACCOS.

It is in order to note, here, that networks of co-operative organizations are themselves an extension of putting in real practice the very philosophy of co-operation. They are co-operatives in an extended form. Such networks, just like any co-operative enterprise, help to reduce transaction costs by facilitating knowledge transfer and exchange of

resources (Karantininis: 2007). In this way, therefore, network members can enjoy economies of scale and synergy which would, in turn, make them more competitive.

#### **4.6 Non-Farm Enterprise Development**

Under conditions of global warming, smallholder agriculture is a risky business when water management systems for irrigation are not in place. This happens in virtually all African countries where the irrigation potential, though high, has never been exploited to the full. As such, alternative means of survival, particularly in the rural areas, are being sought everywhere.

Probably, this explains why there is an increasing focus in literature on the rural non-farm economy (RNFE). The importance of non-farm activities, particularly in developing countries, is indisputable. In Tanzania, for instance, some studies indicate that non-farm income shares are sharply rising (Sundaram-Stukel et al, *op. cit.*).

In Swaziland, primary agricultural marketing co-operatives are developing alternative structures for transforming some of their willing members to invest in micro and small enterprises. In this process, some members who manage to access loans are provided with hired business sites and invest in trading operations. These non-farm activities will eventually create sustainability of their agricultural enterprises because they will provide services needed by smallholder agricultural producing members in the community.

#### **4.7 Design of the National Financial House for Co-operatives**

Africa has two major co-operative enterprises formed by agricultural marketing and financial services. While agricultural marketing co-operatives connect smallholder agriculture with global markets, savings and credit co-operatives connect co-operators with national co-operative financial services. It is critically important that national financial services stability is created and developed from within the country.

In Swaziland, we have observed efforts by the savings and credit co-operative movement, designing the formation of the national co-operative bank where all the SACCOs will be connected. Such a connection will create the national co-operative financial house where agricultural marketing co-operatives can be linked as shareholders and customers. Looked from a global perspective, the Swaziland co-operative bank will be instrumental in providing the needed protection of the members from global financial services replacement. Such a design may, in future, have to link with co-operative insurance into one co-operative house.

#### **4.8 Insurance Product Designs for the Poor**

Insurance financial services are quite new in many African countries, and more specifically with the poor. But this does not remove the importance of the industry to co-operative members in Africa.

Historically, insurance services products have been available to the rich in most of the countries. The Co-operative Insurance of Kenya has gone beyond the traditional boundaries of the industry by introducing insurance products for the poor. The poor who are connected to such services

normally run small industrial co-operatives known as *Jua Kali* and such people would not become customers of traditional insurance companies. The Co-operative Insurance Company of Kenya, has come close to such co-operative businesses and designed marketable products for them. In this way co-operating out of poverty is possible with insurance protection.

## **5. The Way Forward**

These successes and replicable co-operative stories are current and can be carried out in any co-operative movement in Africa.

However, such successes are isolated incidents in a co-operative movement that is at the crossroads of globalization, and yet, wants to design sustainable solutions for its African membership. The co-operative movement in Africa needs a protracted strategy that keeps it on board while, at the same time, mitigating the effects of globalization. The following strategies are needed in that direction:-

### **5.1 *Re-creating National Co-operative Organizations***

Our recent research (ICA&CCA: *op. cit*) on Africa has been clear on the fact that national co-operative systems are weak. The weakness is a result of many issues, but two are critical: inward-looking behaviour of co-operatives while striving for business efficiency and marginalization of co-operative principles and values, the latter leading to loss of co-operative identity.

But the biggest disadvantage of not having a strong national co-operative organization is a loss of many opportunities for co-operative development in Africa. The isolated success stories of co-operative reform initiatives (Sizya and Tiruhungwa, *op. cit*) could easily be replicated if we had strong national organizations.

It is our firm contention that the challenges of globalization can be addressed more scientifically and effectively with a strong national structure in place than the way it is today. Such a national organization will have the opportunity to interact with all critical national organizations and individual stakeholders to present the national co-operative agenda and concerns more effectively.

### **5.2 *Advanced Human Resource Development Capacity***

The African Co-operative Movement needs trained co-operative managers and leaders. It is not just the skills to manage business, but we need co-operative managers with advanced and postgraduate training in co-operative studies. Over the last 60 years, co-operative training has witnessed the proliferation of trained technicians at the lower and middle level management capacity. This kind of qualification is still needed, but the global economy demands more than this. It needs both thinkers and designers to manage our co-operative organizations.

The Moshi University College of Co-operatives and Business Studies is creating that kind of specialized advanced management capacity, producing graduates and postgraduate students in Co-operative Management, Co-operative Development and Co-operative Business. The future co-operative organization in Africa is design-based and will need the services of highly qualified designers, thinkers and researchers developed on the African soil.

### **5.3 Member Empowerment**

One of the advantages of the co-operative enterprises system, is its adaptability through history. They carry a vision of flexible business (Co-op. College: 2007) so that if they were in coffee marketing yesterday, they can switch to onion marketing tomorrow and co-operation continues. The factor which does not change is membership guided by a humanistic value system.

Throughout the changes brought by globalization, membership and member empowerment have become even more critical to the sustainability of the co-operative enterprise system than before. While member education, training and information exchange have been part of the member empowerment process, this process has faced two major challenges in modern times. Firstly, it lacked funding for member empowerment programmes. Usually the budgets for member education have been minimal; hence, very few members have taken part in the empowerment programmes.

Associated with this problem, however, is the manner in which the now popular leadership programmes are being funded at the expense of member education. It has often been the case that when there is funding for member education, it often goes for leadership training. The risk of too much leadership training at the expense of member education, is giving more power to the leadership for exercising member disempowerment.

The second argument against the history of member education is its content and process. Member education has been given, devoid of member empowerment practice. It is the old pedagogical approach to education. Member education is provided through an elaborated banking of official information about co-operatives, rights and obligations of members, co-operative legislation and the need for audit and supervision of co-operative societies, etc.

Under this approach, member empowerment has never been included in the curriculum. The appropriate member education is where members are trained to question the and provided with tools for problem-solving in their co-operative movement; they are trained to ask 'why?'. Member education without member empowerment is usually passive. It perpetuates submissive members - where members are readily rendered submissive to the existing powers even if those powers are disempowering.

Our strong proposition is that future member education programmes need to integrate member empowerment processes if we want to make membership meaningful in the context of globalization.

## **6. Conclusion**

In this brief discussion, we have tried to show the negative effects of globalization. We also argued that globalization is a challenge to sustainable co-operative development in Africa. We have tried to show some positive initiatives taken by co-operative organizations in addressing the challenges of globalization.

More permanent solutions for co-operative development in Africa lie on how the movement strengthens its national structure as a major voice for the co-operative movement. Such a national house and voice will, not only, project the concerns of the entirety of the co-operative movement in

Africa, but more important, will protect the poor co-operative members against the negative effects of globalization.

But the movement cannot be strong by creating a national organization alone. It must be based on highly trained leadership and management and driven by objective member empowerment. Our considered view is that it is the appropriate mix of the above that will produce a co-operative movement capable of playing its rightful role in a rapidly changing world - a world driven mostly by the dictates of globalization.

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# ANALYSIS OF AGRICULTURAL MARKETING CONSTRAINTS AND STRATEGIES FOR DEVELOPING DOMESTIC AGRICULTURAL MARKETS IN TANZANIA.

*Faustine K. Bee*<sup>1</sup>

## **Abstract**

*Agricultural sector constitutes a key sector in Tanzanian economy, hence expected to contribute to economic growth, increased incomes for majority of the households and provide stable food supplies while increasing opportunities for profitable trade in domestic markets. However, its contribution to economic growth is constrained by a number of factors. One critical factor is lack of access to agricultural markets. While access to traditional export markets is constrained by increasing non-tariff barriers and stringent demands for standards, and health requirements; the domestic markets are underdeveloped. The study observes that the underdevelopment of domestic agricultural markets are as a result of structural and institutional weaknesses; policy deficiencies; inadequacies in supporting infrastructures; and consumers' mindsets.*

*The study proposes a number of actions, which include improved entrepreneurial and marketing skills; establishment of favorable business environment; improved access to financial services; and promotion of producer organizations. Other recommendations are institutionalization of market research and access to market information; and improvement in infrastructures and facilities. However, in implementing these recommendations, the study underscores the need for public-private sector partnerships.*

## **1. Introduction**

### **1.1 Background Information**

The Agricultural sector, though smallholder dominated, still plays a fundamental role in most of the developing economies, Tanzanian inclusive. In Tanzania, for example agricultural sector contributes significantly to Gross Domestic Product (GDP). Its contribution was put at 46.0% in 1990 albeit decreasing to 44.1%<sup>2</sup> in 2002 (URT, 2003:10a). Agriculture employs over 80 percent of the country's workforce with industry and commerce dependent upon it as a source of raw materials and as a market for manufactured goods. In terms of foreign exchange earnings, though declining, the sector still accounts for over 70%. It is, therefore, undisputable fact that development of agriculture and the marketing systems that impinge upon it; are critical for the Tanzanian economic growth. However, the study acknowledges that the level of economic development of a country itself creates an important impulse for the development of a more sophisticated and efficient marketing systems.

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<sup>2</sup> This indicates that agriculture is still the foundation of the Tanzanian economy. However, taking the Sub-Saharan Africa as whole, the contribution of the agricultural sector is only 15% (World Bank, 2001).

In recent decades, Africa has experienced a declining share of the world agricultural exports from nearly 8% in 1961 to barely 2% by 2001 primarily as a result of the downward trend in prices of traditional exports such as coffee, cotton, tea, cocoa, and rubber (Lambert, 2004). Tanzania, which is among the developing countries in Sub-Saharan Africa, experienced a declining trend in its traditional exports of predominantly cotton, coffee, tea, cashewnut, and tobacco (Baffes, *et al*, 2002; Baffes, 2001; DAI-PESA, 2003). In Tanzania, statistics show that the share of traditional exports decreased from 60.5% in 1998 to 22.8% in 2002, whereas the share of exports of minerals rose to 42.5% from less than 5% over the same period (URT, 2003a).

Several reasons can explain this trend, which include: crisis in world commodity prices; declining quality of traditional commodity exports; and more importantly increased competition from efficient producers and subsidized exports from developed countries. Exports from developed countries have not only dampened agricultural commodity prices, but have also affected domestic markets as well. Imports of agricultural and food commodities from developed countries, have frequently out-competed domestically produced agricultural commodities.

Access to traditional export markets, especially in Europe, is increasingly becoming difficult, partly as a result of an increase in imposed non-tariff barriers and more stringent demands focusing on high quality and standards. The requirements for standards take different forms: need for certification, adherence to accepted standards, good agricultural practices and nutritional aspects for food crops in terms of fat, salt and sugar contents. There are, however, potentials for exports by exploiting emerging opportunities emanating from product differentiation (e.g. through branding of products) and improving quality. In addition, exports of non-traditional products, which have created niche markets, is another opportunity for agricultural growth. Despite the existence of such opportunities in the world commodity markets, it is appropriate to acknowledge that such opportunities are also being threatened by fierce competition from imports of subsidized and cheap agricultural commodities. It is therefore, imperative that developing countries need to develop its domestic commodity markets in addition to regional and international markets.

## **1.2 *The Assertion for Agricultural Domestic Markets***

Debates on the role of agriculture in economic development have taken different forms. However, there is a general consensus that agriculture is the engine of economic growth in that it can deliver the required increase in incomes and provide stable food supplies while increasing opportunities for profitable trade in domestic markets (Lambert, 2004; Hazell, 2006; Hazell, 2005; Dione', 2005). Thus, it is evident that poverty reduction initiatives in Tanzania hinges on agriculture. However, with declining world commodity prices and increasing competition from cheap and subsidized imports from developed countries, coupled with natural calamities and poor technology; the contribution of the agricultural sector in poverty reduction is impaired. On the other hand, efforts to expand domestic food production to improve national food security are truncated by persistent droughts, inadequate processing capacities and lack of storage facilities.

Whereas Tanzania continues to exploit declining international markets as outlets for both its traditional and non-traditional crops, the domestic market to a larger extent still remains unexploited opportunity in realizing the overall poverty reduction agenda. For instance, 80% - 90% of cotton lint is exported with only 10%-20% consumed locally, whereas over 92% of tea produced in Tanzania is exported (TCLSB, 2002). In the case of coffee, the proportion consumed locally is hardly more than 1% (Tallontire, *et al.* 2001; TCB, 2003), and more than 96% of cashew nuts find its destination in export markets (DAI-PESA, 2003).

In order to reduce overdependence on regional and international markets for agricultural commodities, there is a need to promote deliberately domestic markets by improving agricultural production; formulating market-friendly policies and regulatory frameworks; developing appropriate institutional frameworks for easing access to finance, rights protection, governance, and extension services; and improvement of infrastructure in terms of transport and communication, markets and storage facilities. It has to be realized that buying locally produced goods and services create employment and maintain jobs that increases incomes and hence reduce poverty. Thus, Tanzanians need to build pride and confidence in buying locally produced products and services instead of relying on and adoring imported products and services. However, “*being proud to shop locally produced goods and services*”, requires a fundamental change in consumption habits and mind set.

### **1.3 *The Objectives and the Scope of the paper***

The purpose of this paper is to contribute to the discussions on agricultural marketing constraints experienced in a developing country environment such as Tanzania and suggest strategies of addressing these. There is a general consensus that domestic agricultural markets in most developing countries are not fully exploited for economic development in general and agricultural growth in particular. If adequately addressed there are high potentials for an improvement in households’ incomes and poverty reduction, initiatives being championed by governments and development partners. As observed above, the decline in the agricultural export market shares for developing countries calls for an alternative action. Thus, this paper, attempts to contribute towards the debate on how to promote domestic agricultural markets in order to reduce over reliance on export.

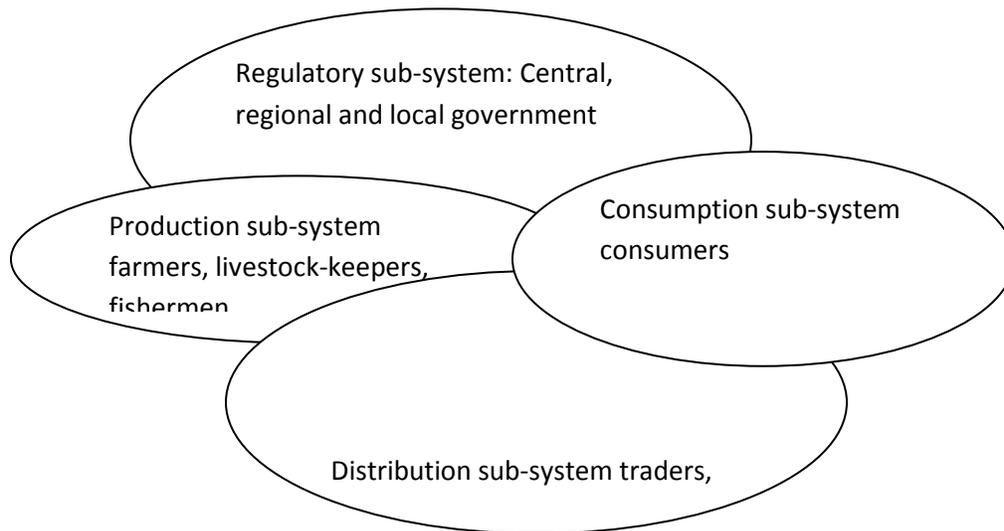
The paper is organized into four sections. Section one provides an overview of the role of agricultural sector and its importance in an economy of countries like Tanzania. It also provides a snapshot of agricultural marketing trends in export markets to illustrate the magnitude of the problem. Section two, discusses constraints in agricultural marketing, whereas section three provides some strategies for promoting domestic agricultural markets. Finally section four, contains summary and conclusions. In addition, it also provides some suggestions on the way forward.

### **1.4 *The Concept of Agricultural Marketing and Practices***

Agricultural Marketing has been defined in different ways in various literatures (Timmer, *et al.* 1983; Kohls, 1990; Rosson, 1974; Dixie, 1989). One way is to view it as a system made up of sub-systems with different actors performing various activities that support one another. According to Rosson (1974) these sub-systems are:

*production* (producers: farmers, fishermen, herders, etc); *distribution* (traders, wholesale, and retailers); *Regulatory* (central, regional, and local government); and *Consumption* (consumers). *Figure 1* summarizes the linkages between the four sub-systems.

**Figure 1: Agricultural Marketing sub-systems**



**Source: Rosson (1974)**

From the preceding discussions it can be noted that, marketing is a complex system that involves “...series of services involved in moving a product (or commodity) from the point of production to the point of consumption” (Dixie, 1989:1-5). Such a definition, which is not very much different from that found in other literature (Timmer, *et al.*1983; Kohls, 1990); falls short of two key important issues in marketing that Dixie (1989) among others attempted to address. According to Dixie (1989:1-5) the definition of agricultural marketing must extend to include customer orientation and the concept of sustainability. Following this line of argumentation, Gaedeke and Tootelian (1983:11) provides an improved version of agricultural marketing that addresses the observed omissions by defining agricultural marketing as:

*...a management orientation focusing all the activities of the organization on satisfying customer needs and wants, thereby helping achieve the organization's long-range objectives.*

This definition takes into account customer orientation and the need for continued existence of organizations and hence ensuring sustainability. In this definition, the emphasis is on the need for organizations to match up their production plans with the customer needs.

Discussions on agricultural marketing are in many cases limited to commercial marketing, where profit maximization is the main objective. Today, there is a growing consideration for social marketing. According to Crawford (n.d.:2) social marketing is defined as that which takes into account human needs in non-competitive environment and/or sectors of the society and defines the means of delivering products and services to meet these needs, while commercial marketing focuses on how to maximize profits or returns and therefore, its strategies are limited to the selection of the least-cost methods that focuses on efficiency of input factors. Measurements of the performance of social marketing are based on development objectives such as improved nutritional status, improvement in incomes, and equity.

## **2. Constraints to Agricultural Marketing System**

### **2.1 *Inappropriate Policies and regulatory framework***

#### **2.1.1 *Weak Macro-economic policies and local government interventions***

There are certain unattractive macroeconomic policies and regulatory frameworks that constraint the marketing of agricultural products in Tanzania. Tanzania has undergone economic transformation from a centrally planned economic system to a relatively relaxed environment that encourages the participation of the private sector. Markets and price controls, overvaluations of the Tanzanian Shilling and subsidized interest rates were among the highly contended issues prior to trade liberalization. With trade liberalization, however, there are noticeable de-controls in agricultural markets, interest rate, and foreign exchange determinations.

Despite these improvements there are still some trade barricades such as low levels of public investment in agricultural production and marketing, development and maintenance of infrastructure such as markets, roads, and telecommunications, and research and extension. Furthermore, there are certain restrictions/barriers imposed by both local and central government on certain products, e.g. exports of maize, sale of green maize for roasting commonly sold along road sides and movement of crops within the country, for reasons of food security.

While state withdrawal from direct intervention is heralded, there are areas that demand “government intervention” so as to support the development of the markets. Apart from property ownership rights and its enforcement mechanisms; others are land ownership rights; research and extension; and rural infrastructure such as roads, communication facilities, security, rural markets and warehouses. Equally important is the need for change in peoples’ mindsets through public training and sensitization, which calls for government intervention so as to inculcate the spirit of hard work and self-reliance amongst the nationals.

While the decentralization of local government administration has improved grassroots participation in development decision making processes, it has also increased burden on local government financing. Pressures on District Councils are growing to tax the production and marketing systems in their localities in order to improve their revenue base. Consequently, there are numerous taxes and contributions levied on households that have far reaching effects on agricultural marketing. These include a produce levy, education levy, development levy, and a livestock levy. Although, the central government has recently abolished some of these levies, there are indications that this might be only a temporary measure as in the

medium to long-term it will increase pressure on the central government budget. In addition, there are other forms of taxes such as export levy, which are imposed on export crops by the central government.

### 2.1.2 Unfavorable Agricultural policy

According to Matchethe (2001:66) agricultural policy may be described as “the actions taken by the government on agricultural matters in pursuit of certain objectives (e.g. agricultural development objectives)”. Agricultural policy may, therefore, be sub-divided into price policy, institutional policy, marketing policy, land policy and technological policy. The formulation of agricultural policies processes are influenced by both internal and external factors. According to Matchethe (*ibid*: 69) there are two emerging theories on policy formulation processes that are described in terms of opposing views - the economic theory of democracy and economic theory of bureaucracy. The economic theory of democracy emphasizes on a dialogue process that seeks involvement of all stakeholders in policy debates, whereas the economic theory of bureaucracy seeks to maintain the *status quo* of the political and bureaucratic system.

The Government of Tanzania prepared a comprehensive Agriculture and Livestock Policy (ALP) in 1997. The ALP of 1997 consolidated two separate policies that were in place prior to 1997 - Agriculture Policy and Livestock Policy respectively. These two policies were not implemented because of lack of comprehensive strategic action plan and had inconsistencies with other policies formulated later on (Haji, *et. al*, 2001:55). In order to implement the ALP 1997, the government prepared the Agricultural Sector Development Strategy (ASDS), with a help of variety of stakeholders. The ASDS has now been translated into the Agricultural Sector Development Programme (ASDP) that guides the implementation of the ALP, 1997.

Despite, the implementation of trade of liberalization and institutional reforms, the state of agricultural productivity and the degree of involvement of the private sector in both production, and marketing has not been impressive. There have been some attempts at explaining this scenario. Some explanations include: lack/inadequate involvement of stakeholders in the debate on agricultural policy, economic and institutional reforms, weak organizational capacity of local enterprises, organizations and/or institutions. Other explanations are inadequate information flow; inadequate access to financial services and low level of entrepreneurial capacities amongst producers.

The crop boards still exercise certain powers that extend the previous marketing boards statutory monopoly powers and this has some effects on the functioning of markets. These powers are reflected in terms of issuing licenses and permits, quality controls, co-ordination of auctions and/or levying fees on producers, traders, and exporters as well as issuing specific directives. Application procedures and acquisition of trading licenses are said to be cumbersome, leading in some cases to business losses in seizing the unfolding opportunities. For instance, the Coffee Industry Act 2001, which aims at regulating the industry, has highly been contested as discouraging competition as it requires actors to obtain separate licenses for different stages in coffee trade.

Currently, the government is in the process of preparing the Marketing Development Policy for agricultural and livestock products and has already established the Marketing Development Centre that will advise on prices, standards, and search for markets. The government involvement in the development of markets is important. However, the question remains: what form and type of intervention it has to take?

## **2.2 Private sector participation: Too Few, Too Weak and Disorganized**

The participation of the private sector in agricultural marketing can be viewed from two angles. One is the participation by producers through Rural Producer Organizations (co-operatives, networks, advocacy and lobbying groups), and second, through direct involvement in agricultural trade. During the central planning era, co-operatives enjoyed monopoly status where they worked in conjunction with crops marketing boards in operating a unified market structure for major crops (both traditional exports and food crops). This restricted private crop traders to largely non-strategic crops (fruits, horticultural products, and non-traditional commodities). The practice was widely criticized for being not responsive to market-based price signals.

During the period between 1986 and 1994, following agricultural market liberalization for domestic and export crops respectively, the growth of the private sector was enhanced. However, its growth and effectiveness were impaired by lack of proper organization, limited coverage, lack of representation and self-regulation. The traditional co-operative sector was widely weakened, with its membership declining from about 18.4% of rural population in 1976 to 2.8% after 1991 (Banturaki, 2000). This period may be appropriately dubbed as “the lost decade for the co-operatives”. It was during this time when series of economic reforms and institutional restructuring were implemented. Consequently, several experiments with the promotion of alternative people-based organizations were tried, which included marketing groups or associations and Non-governmental Organizations (NGOs) in place of agricultural co-operatives. In some cases these have worked well, for instance in the coffee industry, farmer groups under the umbrella of the Association of Kilimanjaro Specialty Coffee Growers (AKSCG) have performed well in improving coffee quality as well as farmers’ incomes. There were equally some NGOs and farmers’ networks such as *Muungano wa Vikundi vya Wakulima Tanzania* (MVIWATA), Tanzania Non-governmental Organizations (TANGO), and Uluguru Mountain agricultural Development Programme (UMADEP) that have extended support to producers with the aim of assisting them to adjust to market based reforms and improve their market power relations.

Few business organizations emerged to represent some sections of the participants in the agricultural sector. Some of these have national coverage, such as the Tanganyika Farmers Association (TFA), Tanzania Chamber of Commerce Industries and Agriculture (TCCIA), Confederation of Tanzania Industries (CTI), Tanzania Coffee Association (TCA), and Tanzania Federation of Co-operatives (TFC). However, there are some that are more localized, the majority of which are weak. TCCIA and CTI focus on large scale commercial enterprises, and have limited district level touch. TFA is more concerned with input supply, but with liberalization, smallholders’ capacity to buy inputs has been reduced, and hence its activities are affected in

addition to fierce competition from other agricultural input suppliers. TFC has been weakened by the ailing co-operative sector that is insolvent and conflict ridden.

There are, however, some evidences for surge of co-operative development especially in the areas of marketing and finance. This is partly as a result of the disillusionment by private buyers, who were not only exploitative, but created mess in marketing, which led to decline in quality of major export crops during the 1990s, the period after liberalization of agricultural trade. The form of organization of co-operatives is also shifting from traditional social oriented societies to more of business/commercial orientation especially at grassroots levels. Secondary societies seem to become redundant in the traditional sense unless these modify their functions to support activities of the primary societies. This is also true for the higher echelon structures: the apexes and federation.

### **2.3 *Inadequate financial resources***

Marketing enterprises require finances to run their business operations. Most of the marketing institutions are financially weak. Thus, they require access to stable financing arrangements. Studies done so far indicate that rural marketing systems are constrained by inadequate capital (Moshi, 2003; Bee, 1997; Kashuliza, 1994; Nyagetera and Kilindo, 1995; Ndanshau, 1995). Access to financial services has multiplier effect on rural development, investment and incomes. It enhances agricultural production, and increases demands for local products. Stable access to finance also improves agro-processing that changes the demand structure of agricultural products and creates jobs.

Commercial bank lending to agriculture declined from 12% of the total domestic lending in 1996 to 6% in 1999 after the introduction of agricultural trade liberalization policies (Moshi, 2003). Furthermore, the share of commercial bank loans for agricultural marketing fell from 19.7% of the total in 1995 to 0.8% in 1999. What is of interest is that whereas services as well as efficiency in the financial sector is expanding and improving, the funding of agriculture is decreasing precariously. By the end of 2003, Tanzania's financial sector was composed of 23 banks, comprised of commercial banks, non-bank financial institutions; Microfinance Institutions (including co-operative financial institutions); and foreign exchange bureaus. In addition, there is capital market that is still juvenile, characterized with one stock exchange with a few dealers.

The government drive to promote co-operatives has resulted into growth of co-operative financial services. However, where there is an increase in the co-operative financial institutions, they are not catching up with the growing demand for agricultural finance. For instance, in 2002, there were 123 SACCOS with total shares of Tshs. 7.6 billion and deposits of Tshs. 11.4 billion. On the other hand, the Kilimanjaro Co-operative Bank (KCB) and the Kagera Farmers Co-operative Bank (KFCB) have been extending credit on favorable terms to co-operatives and private enterprises to support agricultural marketing. In addition, CRDB has also assisted some unions<sup>3</sup> by extending Export Credit Guarantee Scheme to secure credit for

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<sup>3</sup> These unions include Nyanza Co-operative Union, Shinyanga Co-operative Union, Karagwe Co-operative Union, Biharamulo Co-operative Union, Arusha Co-operative Union, Kilimanjaro Native Co-operative Union, ISAYULA Co-operative Union and Mbozi Co-operative Union.

agricultural crop exporters (URT, 2003c:137-138). All these efforts only met a fraction of the financial needs by the agricultural sector, which some studies put it at around 5% (Moshi, 2003; Nyagetera, and Kilindo, 1995).

Apart from the access to formal credit, players in agricultural marketing have made use of informal arrangements. For instance Tibaijuka and Santorum (1992:139) observed that over 80% of the traders had no access to credit, they instead relied on relatives or other traders. Informal credit has played an important role in Tanzanian economy, and perhaps it will continue so for years to come until the financial markets are fully developed.

Generally speaking, the main problem of financing the agricultural sector is associated with the nature of the development of financial markets and biasness in credit allocation that favors more urban areas. The collapse of input credit, and rural credit schemes have resulted in major gap in the provision of rural credit. The concentration of new banks in the urban centers and the closure of remote branches of the former NBC have left an un-bridged gap in financial services to rural areas.

#### **2.4 Limited Agricultural processing capacity**

Processing which is often forgotten in marketing is an important function in that it is a type of changing activity that adds value to the product and harness by-products into useful commodities. Changing maize corn into maize flour, coffee beans into instant coffee, or fruit into juices; increases the value of the product and thus, creates higher utility to the consumers. In fact, not only processing function adds value to a product, but all activities that add utility to a product e.g. transport, packaging, and storage; increases value of a product and are, therefore, important for discussions.

Rural Tanzania has been constrained by inadequate investment in trade and processing as a way of improving agricultural marketing in the country. There are few small and medium scale investments in grain milling, sunflower oil extraction, paddy husking, dairy and dairy products making, and slaughtering of animals. Although liberalization has opened up opportunities for private investors in trade and agro-processing, it seems local people are either not motivated, not well informed, and/or lack organizational capacity to venture into these areas.

There are other views that most of the local investors lack the necessary entrepreneurial capacity associated with innovations and risk taking. However, this might be associated with the degree of formal education and training as well as exposure to business skills. Entrepreneurial actions presuppose a certain minimum level of literacy, innumeracy and/or exposure to business knowledge. Further to this, popular participation in policy matters and its implementation strategy as well as structural issues such as transport infrastructure, storage facilities, access to credit, appropriate and affordable technology and access to market information, could be responsible for the slow response from the private sector participation.

Whereas it is observed that local investors are not moving fast enough to invest in agricultural processing; foreign direct investment is not attracted sufficiently as well. The government through the Tanzania Investment Centre (TIC) needs to establish priority areas for investment in terms of facilitating the development of local markets. This should go hand in hand with the issue of equitable investment

countrywide so as to avoid overcrowding of investment projects in few towns. So far there are indications that most projects are attracted to Dar es Salaam. During 2002, for instance, TIC approved a total of 311 investment projects worth Tshs. 1,024 billion with capacity of employing 33,000 people<sup>4</sup>. In terms of regional distribution, most of the projects went to Dar es Salaam (191), followed by Arusha (62), Mwanza (14), and Tanga (10). Other regional centers attracted few projects, between two and eight (URT, 2003c:93-94).

## **2.5 Underdeveloped Marketing Infrastructures**

The agricultural market infrastructures such as transport & communication; storage and marketing facilities; risk management; quality and standards; and marketing research and information are underdeveloped, especially in the rural areas.

### **2.5.1 Poor Transport and Communication Infrastructure**

Transportation is an important function, which brings products to where they are needed. However, optimal performance of this function requires the consideration of alternative types and means of transportation, with a view to achieving timeliness, maintaining produce quality and minimizing costs. In Tanzania, the transport and communication facilities are either in poor state, inadequately developed or non-existent. According to Mabelle (1995:69-71) improvement in transportation helps to lower down marketing costs, therefore, improving marketing efficiency. It further improves food security through reduced food losses, improves economic development and facilitates the integration of the country, eases political governance and widens markets. Improvement in domestic transport network also ends the isolation of potential markets with potential producers.

Two types of transport modes that are in wide use in Tanzania are roads and railway lines. To some lesser extent, maritime transport is common along the sea, lake and ocean. The performance of the maritime transport is closely interlinked with that of the road and railway networks. The air freight is becoming an important mode especially for perishables such as fish, horticultural products and flowers. However, it is one of the most expensive modes of transport, with minimum country coverage. The road mode of transport, upon which most business is dependant, is composed of paved trunk roads, unpaved trunk roads, regional roads, district roads and feeder roads<sup>5</sup>.

Whereas most of the trunk roads are being rehabilitated and/or upgraded, much of the district and feeder roads remain in a poor state. Some of these are impassable especially during the rainy seasons, which cause higher transport costs and delay movement of goods and crops and/or damage. In this regard, investment in

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<sup>4</sup> These are of diverse nature, which includes the agricultural processing.

<sup>5</sup> According to Mabelle (*ibid*: 72-73) roads' classifications are based on their surface conditions, and linkage. In terms of their surface conditions there are earth, gravel and paved roads; whereas roads linking different parts of the country are called trunk roads, whereas regional and district roads are those linking main towns within the regions or districts. Feeder roads, on the other hand are essentially rural based roads that connect the rural areas with towns, trunk, or regional and districts roads.

agricultural marketing is likely to remain unattractive and the country's agricultural produce would not be competitive in both domestic and export markets.

Communication which facilitates access to information is, much like the transport network, underdeveloped. The communication services sector is comprised of telecommunications, postal services, radio, television services and internet. These services provide links between markets and sources of supplies in the course of different transactions, from advertising, purchases, making payments and deliveries. Telephone networks only cover major town centers and to lesser extent district headquarters. Attempts to reach rural areas through wireless fixed-lines and the introduction of mobile handsets have created some opportunities. It has been observed that Africa has recently registered the fastest growth in *tele-density* - the number of phones per 1000 people - due to use of mobile phones. While it is true that Africa has registered fastest growth as compared to other regions<sup>6</sup>, it is good to note that much of this growth is located in urban areas, which support the theory of urban biased investment. In addition, mobile phones are too expensive for most of the rural inhabitants to afford, while at the same time provision of fixed-line connections for the rural sector is equally costly.

Internet provision could be a feasible alternative. However, one problem is the cost of acquisition and maintenance. In addition, installation is also constrained by lack of power to run such a system. As a result, it is not readily accessible and/or available in the rural areas, save areas where attempts have been made through donor support as is the case at Lugoba and Wino villages in Coast and Ruvuma regions, respectively. In the Lugoba case there is electricity supply by TANESCO while in Wino ward they are using solar energy to run computers.

### 2.5.2 *Inadequate Markets and Storage Facilities*

Storage is another important function that assists in allowing a smooth and uninterrupted supply of produce in the market. In real terms, supply usually exceeds demand in the immediate post-harvest period, which has a tendency of lowering producer prices. During the remaining period of the year, processors, traders and consumers have to buy the product at higher prices as it is in short supply. In this respect the storage functions assist in balancing the situation of supply and demand.

Currently, storage facilities are lacking, and/or not properly developed, maintained and effectively utilized. In most cases, producers sell their produce soon after harvest at small open-air local markets located in rural areas. According to Tibaijuka and Santorum (1992:140) many traders and producers do not practice stockholding due to a lack of storage structures, price uncertainty, and demand of immediate cash. As a result, crops are stored in a temporary open air shed, where these are in many instances spoiled by rains, insects, and/or rodents. Generally speaking, most rural areas lack storage facilities, although there are few areas with public storage facilities.

The government, through a support of several donors, constructed storage facilities in some rural areas during the 1980s, the majority with capacities of about

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<sup>6</sup> Africa's record in mobile subscriptions increased by 65% as compared to the average of 33% world's records and Europe's 35% (The guardian, Tuesday May 11, 2004:9).

200 tones. Some of these were handed over to local administrations, which were initially utilized by marketing co-operatives and/or the National Milling Corporation (NMC). There are stories that most of these are currently underutilized, and in some cases they are no longer public facilities. There are also reports that some godowns have been put under different uses e.g. rented out, turned into offices, partitioned into kiosks selling consumer goods, and/or abandoned altogether.

On the other hand, with the exception of the famous “strategic crops”, market facilities for most of the agricultural crops are inadequately developed. In most rural areas different types of markets can be distinguished such as crops only markets, auctions where variety of goods and live animals are traded, and/or agent operated centers. In the case of the former two categories, they are operated on fixed schedules that are popularly known as *gulio*.

Investment in market infrastructures and services by private operators is very low as a result most of the centers lack basic facilities and services, although local government administration collects levies/taxes. For instance there are no concrete aprons or covered areas for stallholders; there is no water supply; also there is inadequate sanitation; and storage facilities. Moreover, there is poor security; and/or weak supervision and inspection for quality and hygienic controls.

### 2.5.3 *Poor Risk management*

Marketing, like any other activity, is prone to risks. Hence, mitigation against possible losses is inevitable. Several risks such as physical destruction or deterioration of produce through fire, heat, cold, and floods; or market risks as a result of changes in value of product; and/or changes in consumer tastes for whatever reasons are likely to bring losses to households and enterprises. In addition, overdependence on rain-fed agriculture, affects the supply conditions whenever external shocks such as droughts and floods are experienced.

On the other hand there are limited or none insurance service providers due to the underdeveloped insurance markets. There is a need for creating a favorable market environment for the insurance brokers to invest in agriculture related enterprises. Sensitization of enterprises as well as households to insure their businesses from potential risks may also help. Insurance firms are, however, at the moment not very kin with agriculture related businesses, but with incentive measures such areas may be able to attract insurance firms in developing appropriate insurance products for agriculture related enterprises.

### 2.5.4 *Inadequate Market Research and Market Information*

Access to market information is an important way of reducing risks in agricultural marketing as decisions are based on reliable information. Market research enables actors to identify market needs and wants and how these may be influenced. It helps in identifying which products are right for the market, which channels of distribution are the most appropriate, how best to promote products and what prices are acceptable to the market. In this respect marketing institutions are expected to provide signals to producers so that they may adopt a market orientation in planning production. In this way producers will target the market needs or seize the unfolding opportunities. Currently, most agricultural producers take for granted that markets

would take what they have, and as a result assume that the term marketing is synonymous to selling! Kotler (1988:16) bringing this point home, argues that:

Most firms practice the selling concept when they have over capacity. Their immediate aim is to sell what they can make rather than to make what they can sell.

Thus, investment in market research and intelligence is of great importance. As pointed above, promotional strategies should be designed based on available market information. However, there is limited access to market information especially by smallholder producers. There is no crop data base and more importantly there is no elaborate information flow mechanism between producers and consumers.

#### **2.5.5 Lack of Standardization, packaging and branding techniques**

Standards are basic requirements for any kind of trade, as it facilitates the following functions: (i) price quotation, (ii) selling of commodities through samples and/or description, (iii) choice of quality, and (iv) bulk assembling by collecting small lots from different small suppliers. Furthermore, it authenticates the quality specifications, and origin of a product. Although, some countries (e.g. the European Union, and OECD) operate own standards, these are in most cases aligned to international norms, which are set by ISO, FAO and WHO. In Tanzania, the Tanzania Bureau of Standards (TBS) is responsible for controlling standards, whereas the Weight and Measures Agency (WMA) administers physical standards relating to weight and measures with the aim of ensuring fair trade and consumer protection.

In the domestic trade, adherence to quality and its verifications is problematic. Experiences have shown that, with the exception of traditional export crops, other crops especially food crops, fruits and vegetables do not follow established standards. For instance, in 2004 Tanzania failed to sell maize to UNHCR camps in Tanzania through WFP due to lack of grades, and non-observance of standard packaging requirements. It also occurred when a similar shipment was about to be delivered to Malawi and the Democratic Republic of Congo. Missing export opportunities is not only a blow to the government, but also a missed opportunity for the ever poor producers.

On the other hand, the accredited agencies for regulation of standards - the Tanzania Bureau of Standards (TBS) and Weight and Measures Agency (WMA) are incapacitated in terms of personnel, finance, technology and expertise. Moreover, domestic standards for all agricultural produces have yet to be fully developed, which have to be aligned to international requirements. De to inadequate expertise, the capacity for scientific analysis for products is also lacking. Development of national standards for agricultural products requires in part: awareness creation on products standard guidelines, and presence of an effective regulatory framework.

#### **2.6 Inadequate understanding of Customer behavior and attitude**

A customer is a person, or group of people who constitute part of the market, and is the centre of marketing. Customer behavior may be, therefore, defined as “the mental and emotional processes and the physical activities that people engage in when they select, purchase, use, and dispose off products or services to satisfy particular needs and desires” (Bearden, *et al.* 2001:77). The understanding of consumer behavior helps in understanding why consumers behave the way they do when buying goods and services. There are factors that contribute to this behavior,

which include attitudes, perceptions, motives, personality, and learning. There are others, such as roles and family influence, and social class/reference groups. It is because of these reasons, that today much emphasis is put on understanding needs of consumers.

Most of the agricultural marketing institutions are not aware of these facts on the need for promotional drive. In the developed countries, firms spend substantial amounts on advertisement, but in the developing countries, it is taken for granted that customers are always available. Thus, agricultural marketing firms have to invest in promotion of local products. However, before undertaking any promotional drive, it is important to have facts about the target market so as to be able to design the entry strategy. This calls for analysis of customers' behaviors, cultural factors, social status, psychological issues, and income. Most firms/enterprises do not undertake these activities, as they are only interested in selling what they have. In addition, these skills are lacking or inadequately developed.

### **2.7 Weak understanding of the Marketing and its inherent conflict of interests**

As already pointed out in the preceding sections, agricultural marketing is composed of sub-systems, each viewing agricultural marketing from own perspective of self-interest that are at times conflicting with one another (Crawford, n.d.:4). Table I summarizes the inherent conflicts of interests in the agricultural marketing system. Producers are interested in maximizing outputs and incomes, whereas traders/retailers and processors are interested in obtaining products at least cost, in order to maximize profits.

**Table 1: Conflicts of interest in agricultural marketing systems**

<b>No.</b>	<b>KEY PLAYERS</b>	<b>INTERESTS</b>
1.	Producers: farmers	Maximum price, unlimited quantities
2.	Processors	Low purchase price, high quality
3.	Traders and retailers	Low purchase price, high quality
4.	Consumers	Low purchase price, high quality

**Source: Adopted from Crawford (n.d.: 5) table 1.1**

In addition, they demand high quality products with stable supplies in order to fetch higher prices and meet customer satisfactions in a continuous manner. Finally consumers are interested in getting high quality products at lower prices. Incongruous government policies may affect these sub-systems differently. For instance fiscal policies, encouraging production of certain crops over others that have already been processed locally hence making investment in processing marginal. In order to harmonize these conflicts of interests, some form of public coordination is called for through a market based incentive policy and regulatory framework.

### **3. Strategies for Promoting Domestic Markets**

This section provides some strategies that will help to promote domestic markets for agricultural products. These strategies provide some pointers to what actions should be taken to improve domestic agricultural markets in Tanzania.

### **3.1 *Development of Entrepreneurial and Marketing Skills***

As already described above, Tanzanian agriculture is smallholder dominated, where productions are mainly for subsistence purposes employing traditional techniques and tools. There is a need, therefore, for a drive towards integrating rural smallholder producers into agricultural markets. The promotion of market linkage approach in rural development endeavors not only demands entrepreneurial skills development, but also calls for innovative ideas among smallholders' production systems.

It is important for all actors in the marketing sub-systems to understand the marketing concept and practice it. In this way, whereas the immediate focus would remain to be to market what is already produced, the long term perspective should be to produce what the market needs. Thus, there is a need for producers to focus on: *"Produce for market and not market what has been produced"*! This slogan, however, does not mean that customers' tastes should not be influenced. Promotional drive should continue to influence customers' tastes through advertising and other promotional drive.

Agricultural smallholder producers are facing new challenges under a liberalized economic environment. They do not have the knowledge and capacity to cope up with these challenges. Their traditional co-operative organizations are not in position to assist, since some lack entrepreneurial skills, and/or are facing financial and managerial problems. Thus, there is a need for deliberate mechanisms of empowering rural producers in order to change their attitudes, establish market linkages, and institute participatory extension methods by the government in collaboration with other development partners.

On processing capacities, there must be a deliberate move to encourage innovators/investors in agricultural processing so as to add value to locally produced commodities and create jobs. For instance, investment in fish processing along Lake Mwanza, by fish processors such as the Vic Fish Company have managed to reduce not only costs of transporting raw fish from Mwanza to other parts of the country, but also reduced losses (Business Times, May 14-20, 2004). Similarly, the constructions of modern abattoirs in Dar es Salaam and Dodoma by the government have improved standard and hygienic requirements for meat processors. Similar efforts, however, need to be spread to include ordinary butchereries countrywide.

### **3.2 *Provision of Conducive Policy and regulatory framework***

The government, in collaboration with other stakeholders, need to undertake a comprehensive policy analysis, so as to identify unfavorable policy issues in macro-economic context, agricultural policy and marketing policy that require improvement. Moreover, procedures and practices that impinge on the growth of the agricultural sector should be identified and improved. For instance, it has already been pointed out that there are certain remnants of old monopolistic policies in the central government interventions. Some of which, can be justified based on the development objective the government is pursuing, but some may be irrelevant. There are also incidences of inconsistencies between the central government and local government in policy implementation and taxation, which calls for revisions.

On fiscal policies, harmonization and streamlining of taxes imposed on smallholder agriculture need to be undertaken. This may be compensated by public investment in agriculture related services/activities. The involvement of local government, co-operatives, and other forms of farmers' associations as well as the business community is necessary in undertaking the required policy improvements.

The other question is that of private investment in agriculture and related services. These are of two types: local private and foreign direct investment. The government, through the Tanzania Investment Centre (TIC) needs to have list of priority areas for investment in terms of facilitating the development of local markets. There should also be a drive to have equitable investment countrywide so as to avoid overcrowding of investment projects in few towns and sectors.

In order to build a strong local private sector, there should be a purposeful drive to encourage partnerships between foreign investors and nationals so as to enhance project sustainability. This may be done through tariff and/or no-tariff measures as incentive measures. The establishment of the Tanzania National Business Council (TNBC) is a good drive towards the enhancement of local business environment that involves the public and private sectors. While the Council may help in improving the policy and regulatory environment so as to create conducive business and investment environment in the country, but if it is not replicated at lower levels, its impact are likely to be limited. However, in expanding its services to grassroots organizations in the villages and districts, the TNBC may consider experiences gained from other interventions such as that by the Netherlands Development Organization (SNV), where District Business Councils under the *Jiendeleze Programe* in four districts of Monduli, Babati, Songea, and Kondoa were established with the help of local business communities.

### **3.3 Enhance Access to financial services**

Financing agricultural marketing has become a problem recently, especially after the liberalization of the financial sector. However, in addressing the issue of rural financial services, one has to take an all-inclusive approach rather than a piece meal approach. In addressing the question of access to rural finance, issues of rural infrastructure such as irrigation, agricultural taxation, land rent, title deeds, and limited capacity to organizations have to be considered.

It is contended here that access to agricultural finance calls for some measures that include a modified form of direct participation through specialized lending schemes<sup>7</sup> such as operating guaranteed schemes, encouraging linkage banking and promotion of co-operative and/or community financial institutions. Commercial banks need to be motivated to finance agriculture through different instruments such as taxation, licensing, and product designs. Some banks such as CRDB and EXIM banks have made some attempts to finance the rural sector and marketing of agricultural crops. EXIM bank has for instance supported cashewnut marketing successfully in Mtwara over the last few years by providing loans to cashewnut traders. On the other hand, CRDB and Mufindi Community Bank (MuCoBa) in Iringa have introduced a linkage

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<sup>7</sup> The lessons from the previous government sponsored specialized schemes operated in the past, should guide the proposed interventions so as to avoid possible shortfalls.

banking concept. CRDB through its pilot schemes has entered into agreement with SACCOS to finance rural enterprises, and so is MuCoBa. Encouraging linkage banking in agricultural marketing will facilitate access to finance by innovative entrepreneurs.

Apart from commercial banking, promotion of co-operative financing needs to be undertaken. Already efforts by the co-operative sector to establish Kilimanjaro Co-operative Bank (KCB) in Kilimanjaro and Kagera Farmers Co-operative Bank (KFCB) in Kagera regions respectively, have resulted into positive signs of co-operatives accessing credit on favorable terms. While these initiatives are commendable, there is a need for establishment of a National Co-operative Bank (NCB), which covers the whole country. Experiences of such banks with wider national coverage show their performances are good, when they have higher outreach. Good examples are the Co-operative Bank of Kenya, and the Rabobank of the Netherlands.

Other potential alternative financing arrangements includes the use of specialized development banks, sale of shares through the capital market, engagement in contract farming, and/or reliance on foreign direct investment. Moreover, some Financial NGOs that provide agricultural financing, such as PASS, and PRIDE (T), need to be connected to potential entrepreneurs. Experiences of contract farmers from sugarcane growers in Morogoro, and wheat and sunflower cultivators in Manyara region have resulted into assured agricultural produce markets and secured credit arrangements for both small and medium scale farmers. Barley production in Arusha region with the support of the Tanzania Breweries Limited is another example. The government is required to establish enabling environment for the functioning of such practices, e.g. development of property ownership rights, and enforceability of contracts.

### **3.4 Promotion and Strengthening of Producer Organizations**

There is a growing consensus among certain donor communities, and policy analysts that the new policy environment, following structural adjustment, the political devolution and decentralization path adopted in many developing countries, will provide new opportunities for the 'empowerment' of local organizations both in the political and economic spheres. So far, there are few success stories to be told and the most successful people's organizations have been small in scale, with little external linkages while highly dependent on support from various non-governmental organizations (NGOs). In the governance equation civil institutions will carry their weight according to economic strength and independence, as well as the strength of their democratic organization. This has been noted in the new commitment made by major donors, such as the World Bank and USAID, to support rural producers' organizations. This is also reflected in the theme of the World Development Report 2002 titled *Building Institutions for the Markets*.

There should be a deliberate focus on producer empowerment and market linkage, and promotion of the private sector investment in agricultural marketing. However, the development of the private sector calls for some sort of facilitation. These facilitations can be in the form of access to finance; access to appropriate technology; access to business support services; and skills and entrepreneurial development. As already noted, access to finance improves investment capacities of enterprises, but also encourages savings for future use. For enterprises to be well

managed, certain basic skills in management, business planning, financial management are required. On the other hand, acquisition of technology, adaptation and diffusion is called for. Thus, the existing skills training opportunities at various business and management colleges, VETA and Folk Development Colleges must address the needs of the private sector, and the government must be prepared to fund, at least in the short run with a view of building private-public sector partnership in the long run.

Rural Producer Organizations in the form of co-operatives, which are operated as private entities, have been in existence for years. According to Crawford (n.d.: 18) the motivation for establishing co-operatives are threefold, namely:

- (i) the need to protect members against exploitation by economic forces that are too strong for individuals to withstand,
- (ii) the impulse for self-improvement by making the best use of often scarce resources, and
- (iii) the concern to secure the best return from whatever form of economic activity undertaken.

With liberalization, co-operatives have to take different shapes altogether. As much as they would like to be both social and economic institutions, these organizations have to emphasize the economic interest of their members. It is in this respect that those following the traditional co-operative models are unlikely to withstand the wind of competition from private market actors. Experiences from the pilot project co-ordinated by the then Co-operative College Moshi on *Member Empowerment Programme (MEMCOOP)*, which was implemented in Kilimanjaro and Arusha regions has resulted into strong membership cohesiveness. The member empowerment processes under MEMCOOP has increased members' control over their societies and improved their economic gains through enterprise development. In Uganda, there are similar experiences by the Uganda Co-operative Alliance, where the concept of the *Area Co-operative Enterprise (ACE)* is being tested.

The basic principle underlying the promotion of Area Co-operative Enterprise is that co-operatives are there to fulfill members' economic needs, and not otherwise. So in agricultural marketing *co-operatives seek markets for members' products*, unlike in Tanzania where co-operatives specialize in terms of produce marketing e.g. coffee, tobacco, and cotton without addressing members' needs. The approach used under the ACE is that of "marketing for members". In this sense, the co-operative embrace on a wide range of activities that address members' needs in a more comprehensive manner. Co-operatives in Tanzania are, for example, not interested in finding markets for bananas, potatoes, onions, vegetables and fruits. Despite the fact these constitute the bulk of produce in some localities.

Thus, the objectives of an ACE are different from the traditional co-operatives, and they range from bulking members' produce and finding buyers; procurement of inputs; gathering and dissemination of market information<sup>8</sup>; controlling and supervising standards; organizing financing agriculture; diversification of agricultural production; to seeking improved technologies. These experiences need to be adopted

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<sup>8</sup> In this respect the ACE work very closely with the UCA and the Uganda Commodity Exchange.

in Tanzania in an effort to revive the ailing and crisis ridden co-operative<sup>9</sup> sector. To improve members' incomes, co-operatives should diversify their businesses so as to serve members in a more all-inclusive manner. In this context, the roles and functions of the present federation and secondary societies need to be re-formulated to meet the current members' needs. However, this can only be achieved if members are empowered both politically and economically so as to be able to re-define the forms, types, functions and organizational structure of their co-operatives.

### **3.5 Enhance Agricultural Market Research and Dissemination of Information**

Investment in agricultural marketing research, establishment of a national data base and dissemination system is a necessity for agricultural markets to function. Access to information by smallholder farmers is a strategic action needed for the re-orientation of small farmers from traditional subsistence oriented production to commercial agriculture. Public-private partnerships are necessary in this regard. Thus, the central and local governments in collaboration with farmers' associations must design how best this can be instituted.

Linkages of smallholder farmers through private-public partnerships are required, at least in the short-run. Experiences from Uganda and Kenya have shown that smallholder farmers respond to price signals if market information is available. The Uganda Commodity Exchange (UCE) and the Kenya Agricultural Commodity Exchange (KACE) are supporting small producers in accessing markets and market information through established market information centers. These Agricultural Commodity Exchanges<sup>10</sup> have been established with a funding from both the government and donors. Commodity Exchanges are based on the premises of building markets that adds value to its actors and the public at large. The aim is to provide market information and marketing services to traders based on an open and free market system. In this way commodity exchanges provide: linkage between producers and buyers; harness and apply appropriate Information and Communication Technology for rural value additions and empowerment; facilitates price discovery; enables prompt payment; improves arbitration process; enhances forward selling and contracts; and organizes market information dissemination.

A Commodity Exchange must have a central office, a well designed data base, and a website where information may be posted and accessed. In providing services to its members/users it has to operate Rural Based Information Platforms (Market Information Platforms) acting like Information Kiosks in selected rural market centers. Information is promptly made available to users through displays on notice boards (at selected locations), bulletins, publications, and mobile phones SMS messages. In this way producers may be linked to markets through a trading platform, on-line selling, forward selling, and spot-selling.

The Marketing Development Centre under the Ministry of Agriculture, Food Security and Co-operatives may start the ground work, and overtime invite partnership from the private sector to establish and operate a nation-wide

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<sup>9</sup> These days most people are very allergic to the word "co-operatives". However, the principles and practices are still relevant. Thus, producer organizations, groups, farmer associations, SHO are among alternative words in use.

<sup>10</sup> Kenya Agricultural Commodity Exchange (KACE) and Uganda Commodity Exchange (UCE) are very active private institutions that collect and disseminate market information and provide marketing services to traders.

Agricultural Commodity Exchange (e.g. TACE). Experiences of Uganda and Kenya may facilitate the setting up of the TACE. Furthermore, the design of the web page and the database set up process may be acquired from the experiences from the two countries. This may help in overcoming some of the problems they encountered. In addition, it can also facilitate inter-country trade as information will be easily accessible.

### **3.6 Established Market Infrastructures**

Investment in rural and district market infrastructures is of paramount importance in modernization and growth of the agricultural sector. Reduction in both physical barriers and economic costs will provide an incentive to agricultural production. Here are few areas where public investment should be directed, and where possible in partnership with the private sector.

(i) *Establish local market centers:* Farmers' markets, or local markets (*gulios*), and/or regional markets, national, and "local-international"<sup>11</sup>: markets to meet needs of different categories of consumers. The development of the market centers should go hand in hand with the provision of market facilities and services. The government may need to encourage communities, local government and/or private investors to undertake such ventures. However, the government (central/local) could facilitate the design/engineering aspects. Since markets would be public facilities, on which user fees can be charged, they are likely to be profitable investment. Furthermore, establishments of markets will facilitate tax collection process; supervision and control on standards; provision of storage and security of goods and produces. However, it has to be selectively done and not *en masse* throughout the country.

There are some experiences through donor support, where such investments have succeeded. The Rural Markets Development Programme (RMDP) promoted by the farmers network (MVIWATA) and financed by French NGOs (ADF, and FERT/GERT) in four rural districts of Hai (Kilimanjaro); Mvomero, and Morogoro Rural (Morogoro region); and Kongwa (Dodoma region) is a point in case. Four rural market centers have been constructed during 2003 at Kibaigwa (Kongwa); Mgeta, Kinole, and Tawa in Morogoro region in order to provide market facilities for farmers' produce. The construction of these markets were preceded by market surveys that were carried out in the project areas as well as at terminal markets in Dar es Salaam, in order to establish their viabilities.

Another example that has worked is in the construction of cattle auctioning centers/markets that are provided at three levels: primary markets (managed and controlled by local governments), secondary (at Themis and Meserani in Arusha; and Weruweru in Kilimanjaro that are controlled by the central government) and tertiary markets (at Longido and Kibaha, which are managed by the central government). However, more investment is required at all three levels. In other areas these are non-existent, and thus trade is undertaken in an open area, with low security. Again

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<sup>11</sup> These are market centers that attract foreigners living in Tanzania who prefer consuming certain local products. This group constitutes a niche, but important market outlet.

this is another area where, local government could invest or invite the participation of the private sector.

(ii) *The improvement in transport and communication infrastructures is equally called for.* There must be some strategic initiatives and measures put in place for the development of the transport and communication sectors. The government must seize all unfolding opportunities through its participation in regional groupings such as the East African Community (EAC), Southern African Development Community, Kagera Basin Organization (KBO), and African Union. The aim should be to improve the domestic transport system with a focus of opening up the rural sector to markets and the country to the neighboring countries. Under the EAC and KBO frameworks there are certain road-networks that have been identified as priority areas. Thus, the government should utilize these bilateral and regional arrangements in addition to unilateral cooperation in developing and maintenance of the transport sector.

Internally, both the central and local governments need to take strategic measures that involve communities, donors/NGOs and private investors. Local government and communities must be involved in the construction and maintenance of, especially, feeder roads. There are certain NGOs/donors that support repair and/or construction of transport and communication infrastructures. For instance, the RMDP financed by AFD through MVIWATA supports construction of feeder roads in its project areas of Hai, Mvomero, Morogoro rural and Kibaigwa districts.

(iii) *On communication, the linkage of rural areas to national communications network is of paramount importance as recommended by the WTO.* In this respect, public investments in communication services are necessary in order to overcome rural communication bottleneck. In Uganda, the UCE has invested in mini tele-centres to provide market information to small holders, and why not in Tanzania?

On the other hand, *investment in the electronic media* (TV stations, radio transmitters, and internet connections), and encouragement of acquisition of cellular phones so as to speed up e-commerce in the rural areas is a necessity especially now where countries are globalizing their economies. Access to postal services; add advantage to trade, as it facilitates transport and delivery of printed matters, letters, publications, parcels and packages, which supplement telecommunication services. Improvement of these services is therefore, of importance as well. This should be part of the rural development strategy that is all inclusive.

(iv) *On storage facilities, there is a need to undertake comprehensive stock of public godowns* that were constructed with a help of donor money in order to establish the existing capacity, where they are located and how they are utilized. Furthermore, there is a need to identify how these can be utilized efficiently, and recommend what improvements are needed. Where appropriate, the revival of these can go hand in hand with the development of the rural market centers.

### **3.7 Promote strategic partnerships between different actors**

The government should encourage strategic partnerships between itself and other actors such as producers, traders and processors, associations/groups, NGOs and

donors. Each one of these actors has a role to play in developing sustainable and efficient agricultural markets. The government on its part should create a favorable social, political and economic environment by exercising good governance, providing enabling macro-economic policy and regulatory frameworks.

Furthermore, the government should encourage strategic alliances in terms of financing, training and education among different actors. Through the use of trade instruments, the government should facilitate and guide investment patterns in agriculture with a view of encouraging regional balance, job creation, poverty reduction and private sector growth.

Market segmentation based on income levels, education and status are crucial factors in improving sales at least in the short run. In the long-run, however, development of modern markets throughout the country should be the focus. Indicators show that diplomatic personnel and foreigners have special needs, but are inadequately served. These groups provide a niche market that calls for the development of “local-international markets”, a modification of the prevalent roadside Msasani/Oysterbay kiosks or groceries. The TCCIA may assist in motivating local investors to utilize this unfolding market niche.

The government intervention in quality control through provision of quality guidelines on crop standards, awareness creation and policing is very critical. In doing so Tanzania’s products will ascribe to the required international standards and become more competitive. The demands of the growing local markets also result in approved quality products. For instance, with the emergence of supermarkets in urban centers means doing business unusual especially on the part of small producers and processors. Supermarkets, such as Shoprites, subscribe to certain international standards and quality. The scale of procurement is typically much larger and on a continuous basis, hence the need for coordination of supplies between suppliers and intermediaries. In addition, there are strict demands on quality and safety requirements, which suppliers have to fulfill and these must be verified by authorized and recognized agencies such as the Tanzania Bureau of Standards.

Since TBS and WMA are incapacitated, some sort of decentralization of supervision of standards is required, i.e. sub-contracting some of their services to other agencies/companies so as to maintain quality and standards through tight local supervision and inspection arrangements. Certain local organizations such as co-operatives, NGOs, local government could assist in supervision and controls. However, this pre-supposes that there are guidelines in place on standards and quality that can easily be accessed.

Branding helps in product differentiation and, therefore, is targeted at luring customers. The government needs to support the promotion of local brands through public campaigns such as “BUY TANZANIA - PROMOTE AGRICULTURE - CONTRIBUTE TO POVERTY REDUCTION” or “Proudly Tanzanian!” Buying local products would support economic growth, create jobs and achieve improved livelihoods. In this respect the government can support generic promotion, whereas firms may concentrate on brand promotion through branding, labeling and other means of promotional drive.

#### **4. Conclusions and Recommendations**

#### **4.1 Concluding Remarks**

The degree of poverty in Tanzania has become major issue of concern by the government, policy makers and agricultural producers. Since majority of Tanzanians depend on agriculture for their livelihoods, significant reductions in poverty will, therefore, depend to a larger extent on the collective actions of all actors in the industry. For agricultural sector to contribute effectively to economic growth, and hence poverty reductions, there must be an effective marketing system.

The study observes that agricultural markets are facing constraints resulting from structural and institutional weaknesses; policy inefficiencies; inadequacies in supporting infrastructures; and behavior/attitude of actors. Furthermore, access to traditional export markets are constrained by increasing non-tariff barriers and the stringent demands for standards. To overcome these export constraints, the paper addresses the strategies for promotion of domestic markets for agricultural products, which is to a larger extent unexploited.

#### **4.2 Recommendations**

##### **4.2.1 Macro-economic policy, regulatory framework and good governance**

The central government needs to hold regular consultative meetings involving the representatives of the private sector including the Tanzania National Business Council (TNBC), Tanzania Chamber of Commerce Industries and Agriculture (TCCIA), the Tanzania Federation of Co-operatives (TFC), and Confederation of Tanzania Industries (CTI) on debates related to policies and regulatory frameworks. In addition, development of an attractive and stable macro-economic environment through appropriate fiscal, monetary, agricultural, and marketing policies is vital for the development of agricultural marketing.

Institutionalization of good governance; maintenance of peace, law and order facilitate atmosphere of tranquility and confidence in investment hence improving efficiency in the functioning of markets. On the other hand, favorable socio-political environment is of great importance to the growth of the private sector. Furthermore, it facilitates domestic investment that is much needed in addressing some of domestic market constrains highlighted above.

On the regulatory framework, speeding up the implementation of the proposed Business Environment Strengthening for Tanzania (BEST) practices that focuses on achieving better regulation<sup>12</sup>; improving commercial dispute resolution; strengthening the Tanzania Investment Centre; changing the culture of government; and empowering private sector advocacy is of great importance so as to facilitate the growth of marketing.

##### **4.2.2 Organize, Undertake Studies and establish market information system**

There is a need to organize and undertake comprehensive studies in order to establish national and local data base for agricultural crops and livestock. The ongoing

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<sup>12</sup> Enforceability of property ownership rights, possibilities for contracts, and provision of marketing guidelines on standards, controls, and supervision.

crop and livestock census, is a move in this direction, but requires expansion in scope and coverage as well as proposing a permanent framework for updating data and information at all levels. In addition, such information should provide data on existing and potential crops; establish crop priorities by regions/districts; provide stock for storage facilities; identification of potential partners; and promotion of rural financial markets.

Access to market information is crucial. The government must facilitate establishment of market information by creating the Agricultural Commodity Exchange. However, such a facility has to be managed by a private/independent agency so as to avoid direct government involvement. Under the decentralized local government structure, the local government commercial officers may be assigned new tasks of collecting market information and dissemination. In addition, they may provide guidance on priority investment areas in their localities. The agriculture, livestock and co-operative officers may also help in reinforcing the implementation of the proposed additional function of commercial officers.

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# CIVIL SERVICE REFORM AND HUMAN RESOURCE STATUS IN CENTRAL GOVERNMENT: The Case of the President's Office Public Service Management in Tanzania

Neema P. Kumburu<sup>1</sup>

## **Abstract**

*The study aimed at assessing the impact of the Civil Service Reform programme on human resource status in Tanzania's central government. Specifically, the study focused on determining the number and types of employees after the reform programme; examining the government employees' capacity in terms of skills development, knowledge and attitude after the reform. An evaluation of the reform programme was also done to establish whether the President's Office Public Service Management (PO-PSM) has changed into a meritocratic organization especially in the aspect of recruitment and appointments.*

*The findings of the study indicated that the number and types of employees dropped from 340 in 1992/93 before the reform to 233 in 1998/99 after reform. Therefore there was about a 31% reduction of the PO- PSM workforce. Furthermore, the number of the core functions performing employees was bigger than those who were performing non-core functions both before and after the reform. The reform affected the non-core function performing employees much more than the core function performing ones. The non-core functioning group was hardly hit because much of their functions were contracted to private firms.*

*It was noted that both the period before and after the reform indicated lower levels of knowledge and skills development. This was attributable to the less emphasis on human resource development in both periods. Furthermore, the employees' attitudes or perception towards the reform were on an equal basis though divergent. The observation was that the meritocratic principle adopted with the launching of the Civil Service Reform Programme was not fully adhered to. As such, the study concluded that the reform programme managed to significantly reduce the number of employees in the public service without a major improvement in knowledge and skills development. Hence, meritocracy was poorly realized.*

*The study led to the recommendation that, periodic reviews of human resource should be carried out in order to reach an equilibrium position between deficit and surplus. Besides, human resource development needs to be undertaken effectively basing on Training Needs Analysis. Before the reform, employees have to be adequately informed about the reform objectives and expected results.*

**Key words:** Civil Service Reform Programme, President's Office Public Service Management, Meritocracy, Human Resource Status

## **1. Introduction**

### **1.1 Background information**

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<sup>1</sup> The author is Assistant Lecturer in the Department of Business Management and Information Technology at MUCCoBS. Her areas of interest include: Public Service Management, Human Capital Management, Organization Development as well as Organization Behaviour.

The Civil Service in Tanzania is a huge organization which comprises Ministries, Independent Departments, Regional Administration, and Agencies of the Executive. As government's operational arm, the civil service is supposed to effectively implement government policies and particularly striving to provide high quality services to the general public in the country, as the situation was in the post independence era (Ntukamazina, 1998:45).

Some sources reveal evidence of a significant number of achievements in the social, economic and political spheres which in Lumbanga's words (1995:20), were directly attributed to a visibly vibrant, motivated and disciplined post independence public service. This position is also echoed by Baguma (1992; 24), who asserts that the public service that evolved immediately following independence had the hallmarks of professionalism and careerism, and was an efficiently performing institution to the satisfaction of the political leadership and the public. During this period remarkable achievements were made and the 'fruits of independence' were reaped to the satisfaction of both the citizens and the political leadership (Nyerere, 1975), (Tordof 1997), (Bryceson, 1998) and (Ntukamazina, 2000).

The post independence period was what Lumbanga again (1995) refers to as the "golden era of our public service". This era did not last for a long time. In the late 1970s the public service had lost its glory, tarnished its image in the public eye and the government's development partners. It had acquired a bad name. It was no longer an asset to the state but a liability and a burden to the Tanzanian people.

## **1.2 Statement of the Problem**

Public service has encountered a lot of problems which include low productivity, erosion of work ethics, indiscipline among some employees, blatant violation of rules, regulations and procedures, weak quality control mechanisms and corruption (Public Service Management and Employment Policy 1999:11). Rugumyamheto (1998:82) points out that the civil service in Tanzania is referred to as being grossly inefficient, ineffective, of very low morals and heavy corruption. For this reasons efforts are being done to create a new image for Tanzania's Civil Service. Some of these efforts can be traced as far back as in 1986 when government appointed a Salary Review Commission under the chairmanship of Mr. Amon Nsekela whose report came out in 1987, now popularly referred to as the Nsekela report.

The Nsekela report initiated the idea of creating a small, compact but efficient and well remunerated Civil Service to serve the Tanzanian public. It is in the light of concerns such as those raised in the Nsekela report that the first comprehensive Civil Service Reform Programme (CSRP) was launched and implemented. Nevertheless, concerns about whether the reform was successful have been raised. It is in this regard that this research set out to assess the impact the Civil Service Reform had on the status of the human resource in PO-PSM.

## **1.3 Research Objectives and Questions**

Broadly, the study sought to assess the impact of Civil Service Reform on human resources status in central government in Tanzania. Specifically the study meant:

- To determine the number and types of government employees before and after the Civil Service Reform Programme at PO-PSM.
- To examine the capacity of government employees in terms of attitude, skills and knowledge before and after the reform at PO-PSM.
- To evaluate the CRS and see whether the President's Office Public Service Management has changed into a meritocratic organization especially in the aspects of recruitment and appointment.
- To recommend ways to improve the quality and quantity of human resources.

In order to carry out this task the study was guided by the following research questions:

- What is the number and types of government employees before and after the Civil Service Reform programme?
- What are the skills and knowledge levels of government employees before and after the Civil Service Reform?
- How do government employees perceive Civil Service Reform programme?
- To what extent has the President's Office Public Service Management changed into a meritocratic organization in the aspect of recruitment and appointment.

#### **1.4 Significance of the Study**

The study may be used as a component to enrich the ongoing reform programmes in the Civil Service. This is because the findings provide insights and constructive recommendations as regards to the status, quantity and quality of human resources at PO-PSM.

#### **1.5 Research Methodology**

The study was a case study design whereby the PO- PSM was the case under investigation. A sample of 85 employees was drawn through simple random sampling and judgemental sampling. Data collection methods involved questionnaires, interviews and documentary review. Data were analyzed using Statistical Package for Social Sciences (SPSS). Percentages, tables, and figures were used to present the data collected.

## **2. Literature Review**

Change involves systems, structures, processes but more importantly the people working in an organization. If systems, processes and structures are changed but people are ignored, that change would not be implemented and even if implemented the results would never last longer. It suffices to say, organizational effectiveness is the function of change in quantity (the numbers) and quality (skills, knowledge and abilities) of the human resources plus their attitudes towards a planned change. Human resources are the most valued asset. They are the people who individually and collectively contribute to the achievement of organizational goal (Amstrong, 2003).

Human resource planning determines the human resources the organization requires to achieve its strategic goals. As defined by Bulla and Scott (1994) it is the process of ensuring that the human resource requirements of an organization are

identified and plans are made for satisfying those requirements. Human resource planning is based on the belief that people are an organization's most important strategic resource. It is generally concerned with matching resources to business needs in the longer term although it sometimes addresses shorter term requirements. It addresses human resource needs both quantitatively and qualitatively. That is, it answers two basic questions: how many people, and what sort of people?

In the mid 1960s, Tanzania adopted the principle of a strong interventionist state sector anchored on the ideals of ujamaa (socialism) ideology (URT 1987: World Bank, 2003). Consequently, the government became the single most important actor in the economy and society; including the provision of free social services, in addition to its basic functions. Such functions resulted *inter alia* in the creation of a bloated bureaucracy. For example, employment in the public service increased from 89,745 in 1961 to 354,612 in 1993(Ibid).

The significant increase in the number of employees in the public service meant that quality was sacrificed for quantity. Such a trend contradicts the notion of HRP which emphasizes the quality of people ( skills, knowledge and abilities), the quantity (their number) and lastly the capacity of an organization to mobilize and utilize its human resources effectively without necessarily neglecting the aspect of matching them with the right jobs at the right time and right place. It is argued that before the introduction of the Civil Service Reform the civil service did not plan for human resource that is why it found that it was not effectively meeting either its personnel requirement or its overall goal.

### **3. Results and Discussion**

#### **3.1 *The Number and Type of Employees***

The objective of the study was to determine the number, size and types of government employees, and observe if the reform has led to the PO-PSM to have appropriate size and type of employees to perform day to day activities. It also sought to establish whether the number, size and types of government employees are able to effectively and efficiently implement the then on going reform. The number or size of employees in this study implies the number of employees available at PO-PSM. The type of employees connotes the category of employees in terms of their levels of authority and whether their roles are core to the attainment of the overall organizational goal or not.

##### **3.1.1 *Before the Reform***

###### **(i) *Number of Employees***

At the time of the study, the personnel datasheet at PO-PSM revealed that the number of employees was comparatively higher than the reforms period. From 1985/86 to 1991/92 the total number was about 2,452 employees, an average of 350 employees per annum. *Table 2* portrays aggregate number of employees in each year for the period under review.

**Table 1: Number of employees at PO-PSM prior to reform for the period ranging from 1985/86 to 1991/92**

S/NO.	Year	Number of employees
1	1985/86	354
2	1986/87	351
3	1987/88	350
4	1988/89	352
5	1989/90	356
6	1990/91	349
7	1991/92	340
	<b>TOTAL</b>	<b>2,452</b>

**Source: Payroll department of PO-PSM, August 2006**

The number of employees is relatively huge before the reform programme as compared to the period afterwards. This is because the recruitment procedure in the civil service (PO-PSM inclusive) was not clearly laid down in any recognizable document as a result the PO-PSM created and defended as many establishment posts as it could. The size of the workforce was inflated by employees who were not doing core activities of the organization. This was later on justified by the reforms which reduced the size to a handful of core workers.

*(ii) Types of Employees*

Though the types of employees at that particular time were dominated by those performing core functions in a quantitative manner, the non-core workers were relatively high because they did not work continuously throughout the working hours. Categories of employees are indicated in the table below.

**Table 2: The type of employees at PO-PSM for the period beginning 1985/86 to 1991/92**

Year/ Type	1985/8	1986/8	1987/88	1988/8	1989/9	1990/9	1991/92
<b>s<sup>1</sup></b>	229	227	226	229	228	226	220
<b>s<sup>2</sup></b>	125	124	124	123	126	123	119
<b>TOTAL</b>	<b>354</b>	<b>351</b>	<b>350</b>	<b>352</b>	<b>356</b>	<b>349</b>	<b>340</b>

**Source: PO-PSM personnel data sheet, August 2006**

**s<sup>1</sup>:** Those performing core functions - directors, head of sections and other functionaries

**s<sup>2</sup>:** Those performing non core functions - drivers, office attendants, and security guards

**3.1.2 After the Reform**

*(i) Number of employees*

The number of employees after the reform decreased tremendously, this was a result of massive retrenchment exercise conducted from March 1993 to June 1997. The main object of the exercise was to reduce staff number and improve their remuneration packages while implementing and adopting a more business-oriented organization structure for the civil service. CSRP significantly reduced the number of PO-PSM employees from 340 in 1992 to 233 by the end of 1999. However, from 1999

there was a slight increase of employees because, the Public Service Reform programme was launched in 1999 and its implementation began in 2000 whereas the need for more employees was inevitable. This was the major reason why the numbers of employees at PO-PSM shot up to 268 in June, 2006. Table 4 below shows a seven-year trend from 1992/93 to 1998/99 as follows:-

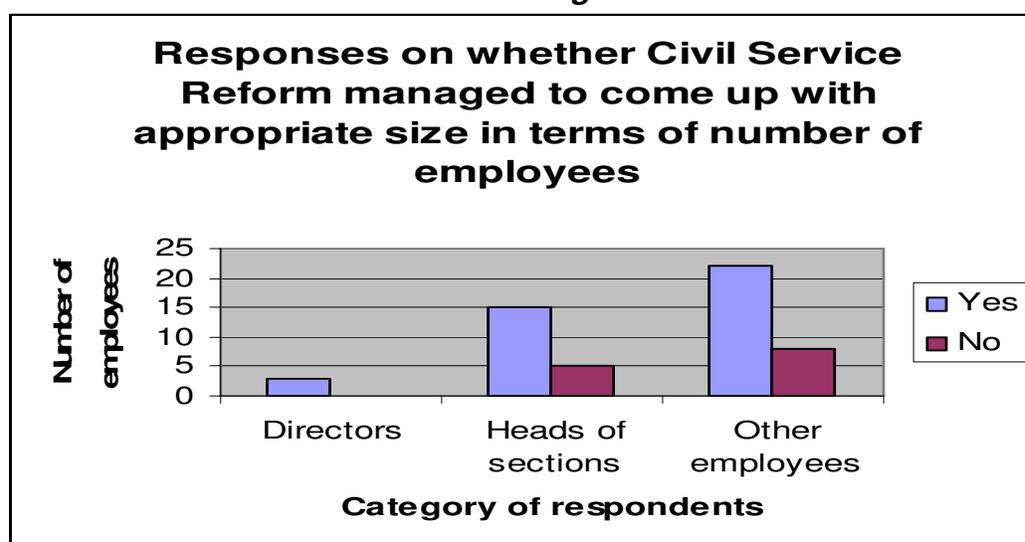
**Table 3: Indicates number of retrenched employees from the Presidents Office Public Service Management (PO-PSM) from 1992/93-1998/99**

S/NO	Year	Number of employees	Number of retrenchees	%	Remaining employees
1	1992/93	340	20	6	320
2	1993/94	320	26	8	294
3	1994/95	294	1	0	293
4	1995/96	293	47	16	246
5	1996/97	246	10	4	236
6	1997/98	236	2	1	234
7	1998/99	234	1	0	233
<b>Total</b>			<b>107</b>		

*Source: Payroll department, PO- PSM (Vote 32), August 2006*

Note that in 1995 there was a tremendous decrease of employees retrenched because of two reasons. For political reasons- the ruling party (CCM) was not ready to loose massive support from the general public and credibility from its voters. Secondly, since the exercise was donor funded, the number of retrenches was greatly influenced by the amount of funds received from the donors: - The more the funds received the bigger the number of laid-off employees; and vice versa.

**Figure 1**



*Source: Computed from collected data, August 2006*

From *Figure 1*, it is apparent clear that the ministry tried to attain appropriate size of employees as it was intended by the policy. Respondents held divergent opinions between those who said that CSRP managed to come up with appropriate size and those who reported that CSRP has not managed to come up with appropriate size. Figure 1 depicts, 3 Directors (100 percent), 15 heads of sections (75 percent) and 22 lower level employee (73.3 percent) reported that CSRP managed to come up with appropriate size while 5 heads of sections (25 percent) and 8 lower level employees (26.6 percent) and none of directors, indicated that CSRP did not manage to come up with appropriate size in terms of number of employees. The divergence of opinion was due to attitude of the individual employees towards reform and its consequences. CSRP managed to reduce the size of employees because the number at the inception of reforms was 340 and the target was to have 233 employees in 1997/98.

(ii) *Type of employees*

Service Reform has positively impacted on the types of employees. This is apparently clear that all core functions which have direct bearing to the attainment of organizational goals are currently carried out by professionals and none core functions have been contracted out to private service providers. The number of specialists (Professionals) is bigger compared to the number of generalists (non-professionals) which has been significantly decreasing with time as a response to the requirements of the reform. Table 5 indicates a nine- year trend of category of employees laid-off annually.

**Table 4: The Type of Employees Retrenched at PO-PSM from 1992/93-1998/99**

YEAR/ TYPE	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
t <sup>1</sup>	3	7	0	13	2	0	0
t <sup>2</sup>	17	19	1	34	8	2	1
TOTAL	<b>20</b>	<b>26</b>	<b>1</b>	<b>47</b>	<b>10</b>	<b>2</b>	<b>1</b>

**Source: Retrenchment unit PO-PSM, August 2006**

**t<sup>1</sup>:** *Those performing core functions like directors, head of sections and other functionaries*

**t<sup>2</sup> :** *Those performing non core functions like drivers, office attendants, and security guards*

In view of the above table, it is apparently clear that the employees whose functions were not core to the attainment of organizational objectives were substantially affected by the retrenchment exercise. For example in table 3, the trend shows that the non professionals (operational staff) were adversely affected by the exercise compared to the professionals. In 1992/93 and 1993/94, a total of 36 employees performing non-core activities were laid-off whereas only 10 of those performing core activities were laid-off. This trend applies to all other categories of employees in the seven year review period. With the current competitive environment which demands high technical capacities and qualities, employees with low academic qualifications are the ones affected most by the changes in the

structures, systems, roles and functions of the civil service as opposed to technical staff.

### **3.2 Skills, Attitude and Knowledge Levels of Employees**

The second objective of the study was to examine the capacity of the government employees in terms of skills, knowledge and attitude after the civil service reform, to determine whether the PO-PSM has employees with required skills and knowledge. The examination also included the determination of attitude of the employees toward Civil Service Reform. Skills in this study refers to specific knowledge to perform particular function, Knowledge refers to general understanding of an individual in carrying out a particular task, where as attitude implies way of thinking and behaviour toward Civil Service Reform.

#### **3.2.1 Before the Reform**

##### **(i) Skills and Knowledge**

It was established that, skills and knowledge levels of employees were low. This is due to the fact that during that time training and development were not accorded due attention. The reasons for government's inattentiveness to development component included financial constraints; negative attitude (fear of losing positions), seniority and experience were regarded as the basis for better performance. Moreover, poor performance of civil service was also attributed to: lack of trained personnel, poor working environment, low pay, corruption, and departure of experienced staff through transfers, promotions, retrenchment, and brain drain. The above problems have had direct negative impact on skills and knowledge level of PO-PSM employees.

##### **(ii) Attitude**

The perception and attitude of the employees towards reform before launching Civil Service Reform was generally negative. 80 percent of respondents from the attitude survey conducted by the researcher were of the opinion that lack of appreciation disharmonious relationships between the superiors and the subordinates, and favouritism in recruitments and promotions portrayed a negative picture. The above mentioned problems led to many public servants to perceive the Civil Service negatively.

#### **3.2.2 After the Reform**

##### **(i) Skills and knowledge**

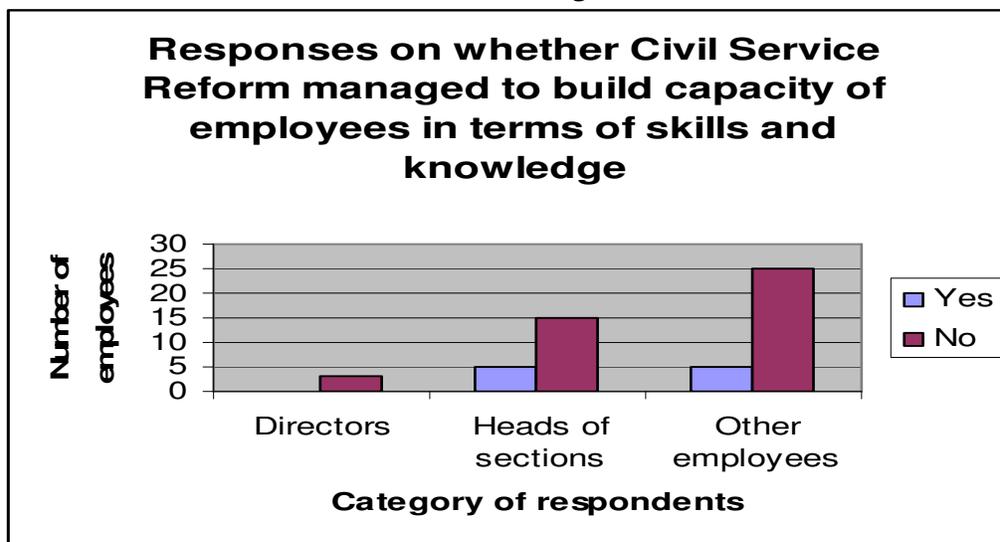
Skills and knowledge of employees after the Civil Service Reform have remained low. This is due to the fact that, the Civil Service Reform mainly focused on rightsizing and downsizing, with less emphasis on human resource development and their remuneration. Quantitatively, the reform had made a positive achievement in terms of reducing the number of employees, for example in 1992 the number of staff at PO-PSM stood at 340. After the exercise in 1998 the number was reduced to 233.

This position is further supported by Kiragu and Mutahaba (2005) as:

*“Basically the exercise involved controlling the number and cost of employment in the public service. Strictly speaking, CSRP focused on cost containment and reduction of the workforce while other critical issues such as training and development, remuneration and working conditions in general, which were necessary to ensure that employees are well-equipped with necessary skills and knowledge for better performance, were either not addressed or given scanty attention.”*

The above citation evidently shows that the Civil Service Reform Programme had narrow focus in both strategy and scope. In finding out whether the Civil Service Reform had managed to build capacity of employees in terms of skills and knowledge, the respondents’ responses were as follows:

**Figure 2**



**Source: computed from collected data, August 2006**

The study findings, as shown in *Figure 2*, revealed that the Civil Service Reform did not manage to build the capacity of employees in terms of skills and knowledge. The results show that all the directors interviewed (100 percent), 75 percent of the heads of sections and other employees constituting 75 percent indicated that there was no improvement. Only a small percentage of the interviewed respondents confirmed a positive change resulting from the reform programme. This was attributed to the main goal of the reform being to curtail the number of employees in the public service. That is the reform did not entail an improvement in the skills and knowledge of the employees.

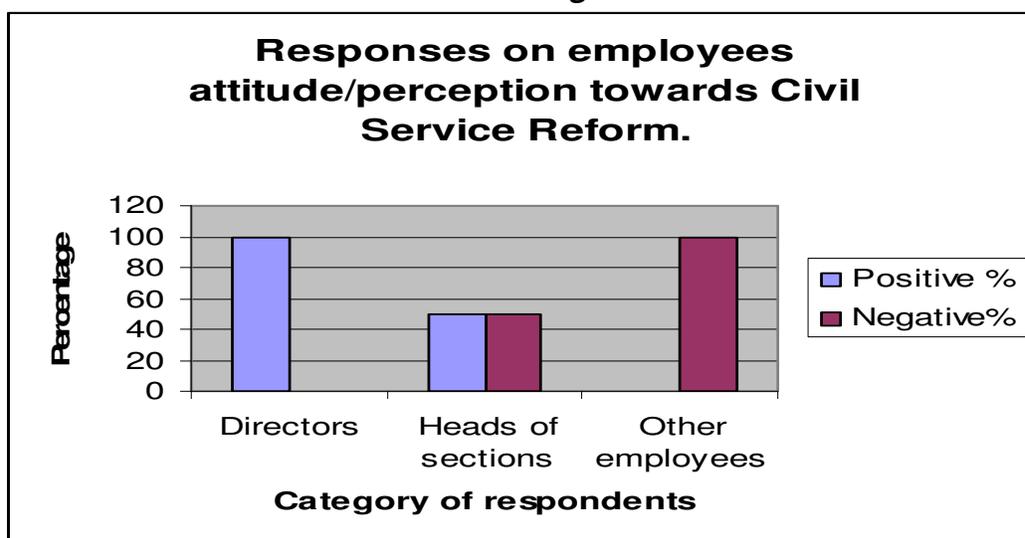
It was further evident from the findings that capacity building used within the CSRP had poor progress during its implementation period. The need for a training needs assessment (which has to be the starting point for any serious program of training based capacity building) was still being discussed in early 1998, five years after the start of the CSRP. This clearly shows how CSRP failed to build the capacity

of employees in terms of skills and knowledge. By 1998 which was almost the last year of the programme capacity building programmes were mainly still in the paperwork stage rather than the actual implementation.

(ii) *Attitude*

Like any other change oriented programme, a reform programme is needed for the survival of any organization in today's dynamic and competitive world. Whenever there is a change, people normally perceive it differently depending on the perceived expected results of the reforms. The attitudes of employees after CSRP are quite divergent suffice to say there is a mixed feeling. Figure 3 below summarises the responses on employee's attitude or perception towards the Civil Service Reform.

**Figure 3**



**Source: computed from collected data. August 2006**

The findings in *Figure 3* revealed that various levels of employees perceive reforms differently. The directors (100 percent) interviewed had a positive perception about the reform programme in terms of attitude change. Some of the reasons were:-

- The retrenchment exercise did not hit much on senior government officials.
- The benefits and incentives accrued from reform such as Selective Accelerated Salary Enhancement (SASE) initiative benefited much senior government officials and in particular directors at PO-PSM.
- Furthermore, since the launching of CSRP had opened a new chapter of meritocracy, appointments and promotions in the public service are offered on a competitive basis. The higher the qualifications one has, the higher the possibility of surviving and prospering in the labour market and vice versa. Furthermore reform set ground for client charter hence better service delivery compared to the period prior to the reform.

Therefore it is on the basis of the foregoing that the directors view the reform as having been positive.

Conversely, half of the heads of sections perceived the reform as negative. This dichotomy was due to the fact that there were those who had qualifications to take advantage of the reform programme while others were lacking the necessary skills and knowledge.

However, all the lower level employees perceived the reform to be negative because they expected better salaries and good working environment for better performance. The lower level employees' expectation was however not realised. The effects of retrenchment hit hard on lower cadres, such as drivers, gardeners and security guards than on senior government officers.

Despite all sections in the PO- PSM having clearly defined roles and functions, which has resulted into improved performance through the result-output-oriented approach, there were complaints from some respondents that the volume of work has actually increased while other incentives have remained unchanged. Most of these complaints were raised by the lower cadres. It was further observed that most of the victims of the retrenchment exercise were from the lower cadres as compared to middle and senior level managers. Thus to the lower cadres retrenchment is bad and is therefore negatively perceived.

### ***3.3 Meritocracy in the Recruitment and Appointments System at PO-PSM***

The study objective was to evaluate the CSR and assess whether the PO-PSM (the then Civil Service Department) has changed into a meritocratic organization (appointments and promotions in the public service are offered on a competitive basis) especially in the aspect of recruitment and appointment.

#### ***3.3.1 Prior to the Reform***

Before the reform, employment and management practices were identified as major contributing factors to the poor performance of the Civil Service. This is because recruitment and appointment into Public Service was not based on competence or ability. The supply driven recruitment for school leavers and graduates had no mechanism of selecting better ones and leave out incompetent ones, therefore were not based on competence or ability. There were no established criteria for the determination of vacancies, so employment was done to fill improperly determined vacancies. (Ntukamazina, 2000) Furthermore there were too many employment authorities for different cadres and among various organizations such as Civil Service Commission (CSC) and KAMUS. No one questioned the competence of all these employment authorities. As a result, the operations of KAMUS tended not to be very transparent thus limiting the effectiveness of employment decisions in the PO-PSM (Merit based employment was not adhered to).

Meritocracy is the kingpin for improved public service delivery. The Standing Order of 1994, (D 11 and D 13) advocate for the advertisement of vacancies. That is, subject to any direction of the Chief Secretary, applications for appointment to vacant posts shall be invited by a public advertisement in the United Republic of Tanzania in such a manner as may be determined by the appointing authority.

### 3.3.2 After the Reform

It was established from the Standing Order of 1994 that the President, the Civil Service Commission and the Special Committee on Employment (KAMUS) are the authorities entrusted with the duty of recruitment and promotions at PO-PSM. The three authorities have autonomy over different categories of staff as exemplified in table 5 below.

**Table 5: Authorities for Recruitment and Appointment**

Category of staff	Responsible Authorities
TGS 17-23 Top Level	Presidential Appointment
TGS3-16 Middle Level	Civil Service Commission(CSC)
TGS1-2 Operational Level	KAMUS

**Source: Standing Orders 1994. Accessed in August 2006**

The above authorities work separately and procedures for filling vacant posts are different between the presidential appointments and the other two categories. When a post falls vacant, there is an establishment of a fund meant to meet recruitment costs for a replacement. Such a fund is presided and approved by the Chief Secretary. This procedure involves the following:

- Advertising
- Short-listing
- Interviewing
- Appointing the best candidate (s).

For Presidential appointments, the findings revealed that the appointments are made by various desk officers and permanent secretary and finally being scrutinized by the Director of Establishment in the then Civil Service Department (CSD) now PO-PSM and the Chief Secretary.

To establish whether meritocracy was being applied by PO-PSM in recruitment and appointment, the following data for a period of seven years starting from 1992/93 to 1998/99 were obtained:-

**Table 6: Vacancy Filled on Merit or Other Means\* in the PO-PSM for the period 1992/93 to 1998/99**

Year	Post	Appointment on Meritocratic Principle (#)	Percentage (%)	Appointment by other means (#)	Percentage (%)
1992/93	0	0	0	0	0
1993/94	1	-	-	1	100
1994/95	5	2	40	3	60
1995/96	4	3	75	1	25
1996/97	1	-	-	1	100
1997/98	2	1	50	1	50
1998/99	3	-	-	3	100
<b>TOTAL</b>	<b>16</b>	<b>6</b>	<b>38</b>	<b>10</b>	<b>62</b>

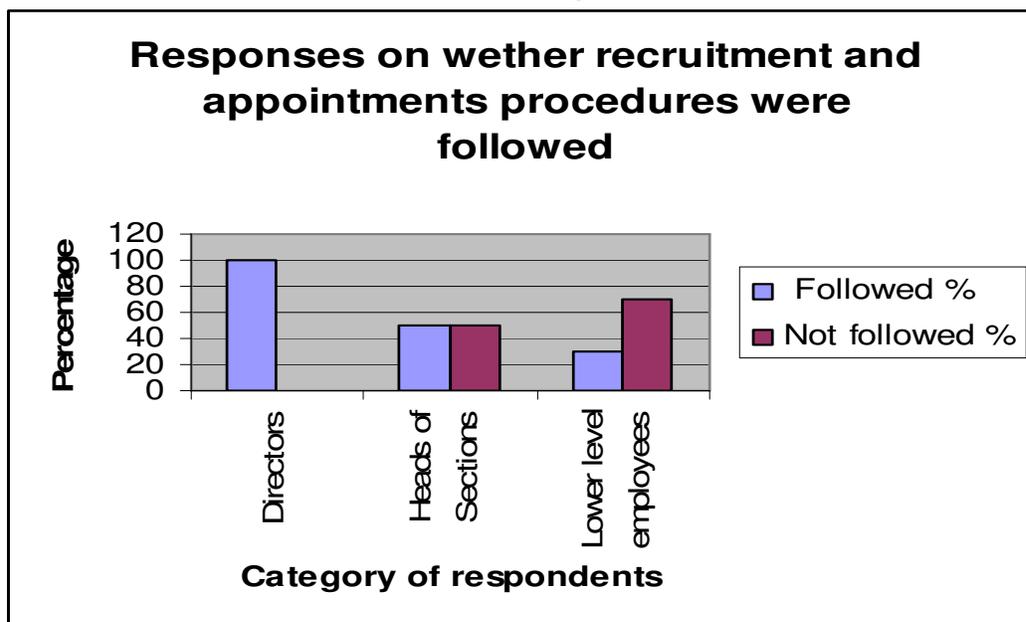
**Source: Department of Personnel and Administration Datasheet, August 2006**

**Note:** \* Means not based on the procedures adopted by the three authorities i.e. President, Civil Service Commission (CSC) and KAMUS.

The table above indicates that meritocratic principles are not fully adhered to when making appointments hence other means dominate - appointing relatives, friends, and tribe mates among others. Only about 38 percent of recruitment done in the whole period under review was based on merit. This implies that although meritocratic principles were instituted by Civil Service Reforms, it was not very much applicable at PO-PSM. The legacy of unsystematic recruitment and appointment which existed before the reforms was still lingering to PO-PSM officials.

Meritocracy principle requires objectivity and adherence to the recruitment and appointment procedures so as to acquire competent employees. In response to whether recruitment and appointment procedures at PO-PSM were followed, the findings were summarised under *Figure 4*.

**Figure 4**



**Source:** Computed from Collected Data, August 2006

From *Figure 4*, all directors, 50 percent of the heads of sections and 30 percent of the lower level employees were of the opinion that recruitment procedures were followed. This implies that there were other means which were sometimes used for recruitment other than the specified procedures. *Figure 4.4* has an interesting pattern. This is because the directors seem to withstand to their ethics by affirming 100 percent adherence to the recruitment and appointment procedures whereas the responses of the heads of sections and lower level employees indicated the opposite. The mixed responses underscore the application of the non-meritocratic procedures which was revealed by *Table 6*.

## **4. Conclusions and Recommendations**

### **4.1 Conclusions**

The study established a decline in the number and types of employees from 340 before the reform programme in the year 1992/93 to 233 after the reform period in 1998/99. This reduction which constituted about 31% of the PO-PSM workforce implied the Civil Service Reform had succeeded to significantly reduce the number or size of employees. Thus, the reform programme achieved its objective in this regard.

The study further found that the number of employees who were performing core functions was bigger than that those who were performing non-core functions both before and after the reform. Prior to the reform, the average number of employees per annum who were performing core and non-core functions was 226 and 123 respectively. The reduction of employees affected those performing non-core functions more than those who were performing core functions. That is, about 82 employees of those responsible for non-core functions were retrenched during the period under review whereas 25 of the core-function performers were retrenched in the same period. The non-core functioning group was hardly hit because much of their functions and the services they offered were contracted to private firms.

An analysis of the skills and knowledge levels before the Civil Service Reform were lower because there were no clearly defined recruitment, appointment and training policies. The skills and knowledge levels remained lower even after the reform programme because the main focus of the reform was cost reduction. Therefore downsizing was a dominant exercise with less emphasis directed on human resource development.

Employees' attitudes toward the Civil Service Reform at PO-PSM were found to be divergent with an equal percentage. That is, 50% of the employees (those who were advantageous to survive from retrenchment in the reform period) were of the opinion that the reform improved service delivery to the public as compared to the situation prior to the reform era. This was because the reform programme was viewed to have created a good working environment, salaries and fringe benefits. The remaining half of the employees had negative perception about the reforms. They contended that the reform programme never brought anything good; salaries remained low, most of them were demoted due to new job specifications and their fellows lost jobs.

Before launching the Civil Service Reform Programme, as the study findings reviewed, there was no observation of meritocratic principles at PO-PSM. The launching of the reform came with meritocratic principles which were to be applied on various management practices such as recruitment and appointment. Despite the fact that PO-PSM adopted meritocracy, it was not applicable in her entire functions. Recruitment and appointment figure for the period under review was 38% based on meritocracy while the rest was not based on meritocracy.

The objective of improving the quality and effecting meritocracy in the civil service as envisioned in the Civil Service Reform Programme was poorly realized. This was because the main thrust of the reform was to curtail the huge size of the civil service which was perceived to be a cost to government. It was from this juncture that the need for an alternative reform programme which is more comprehensive was

established. Consequently, the Public Service Reform Programme was launched in the year 2000 to expedite change in the public service in a more comprehensive manner.

#### **4.2 Recommendations**

For the Civil Service Reform to attain a good human resource status in terms of quantity and quality so as to improve service delivery and efficiency, the following are recommended;

The PO-PSM should carryout periodic reviews of its human resource to ascertain the surplus or deficit after every 6 months so that necessary measures could be taken as appropriate as possible to rectify the situation (example; recruitment in case of deficit or retrenchment in case of surplus). This however could be done prior to the national budget preparation, presentation and approval to ensure that major activities relating the recruitment of public service employees are catered for.

After the process of rightsizing (down-sizing to the required number of employees), there is need for PO-PSM to design a strong retention mechanism to ensure that service delivery is not disrupted by either abrupt or spontaneous labour turnover.

If contracting out is still perceived to be cost effective it should continue to be entertained unless the opposite is proved.

Efforts should be directed towards PO-PSM human resource development through enhanced training both long-term and short-term. Training programmes should be designed after thorough assessment of training needs to ascertain areas requiring training so that necessary training is offered to the right persons. This would also ensure that the earmarked problems are prioritized and targeted in the programme.

Personnel skills and knowledge inventory should be properly maintained at PO-PSM to enhance smooth access and systematic career development. This may also assist in the management succession plan.

The reform programme should go hand in hand with educating employees on the objectives and impacts of the intended reform. This is because sometimes reforms were somehow misconstrued by employees. They were mostly perceived to be synonymous with job reduction and retrenchment of the workers. The unpopular image of retrenchment did not sit well with the good intentions of the reform.

The benefits accrued from the reform must be shared equally among the employees. This would foster commitment and involvement hence achievement of the reform which in this juncture implies positive attitude to the reform.

PO-PSM should promote and maintain high standards of professional ethics; particular attention should be devoted to ethical conduct of public officials. This would assist them to get rid of corruption and related malpractices in the recruitment and appointment processes. When standards of professional ethics are adhered to, it is possible to attain a good quality as well as quantity of employees because everything will be done in accordance to the laid down rules and procedures.

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**Title:** The Seeds of Innovation: Cultivating the Synergy that Fosters New Ideas, pp. 241  
**Author:** Elaine Dundon  
**Publisher:** Asoke K. Ghosh, Prentice-Hall of India Private Limited  
**Year:** 2007  
**ISBN:** 978-81-203-3268-3  
**Reviewer:** R. M. Tiruhungwa

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One of the many dimensions along which a lucid difference can be observed between any two persons is the extent of the gap that exists between one's 'actions-in-the-head' and his 'actions-on-the-ground'. Yet, it is this very dimension that helps to underline one key similarity among people. All human beings do have 'actions in their heads' (ideas) and, at least, do translate some of these ideas into action ('actions-on-the-ground').

It is the gap, referred to above, that makes the difference. How many ideas does one have 'in the head' at any time, and how many of these (ideas) are actually put into practice? It is not the number or type of ideas, but the actions thereof which bring forth 'innovation'.

This is probably one domain which Elaine Dundon sought to address in her book: *The Seeds of Innovation: Cultivating the Synergy that Fosters New Ideas*. Ideas need to be translated into action before they can qualify to be associated with any 'innovation'. Ideas 'in the head' alone, therefore, do not wholly constitute an 'innovation'. Dundon devotes a whole chapter (Chapter 9) on the need to translate ideas into actions. As she correctly points out in the first paragraph of the chapter, there exists a big difference between deciding to do something and actually doing it! In no uncertain terms, she states that: "... great ideas are not 'innovative' unless they are successfully implemented. The critical factor is not the number of ideas that you or your team may have, but the successful implementation of the ideas. There are many examples of organizations that were on the right track but failed to take action, took too little action, or moved too slowly with their ideas" (p.157).

Even her definition of 'innovation', which she apparently owes to "... applied research, interviews with executives and managers, as well as practical experience working with many international companies and other organizations ..." (p.5), has 'implementation – putting a new and useful idea into action' as a key component. Other key components include creativity, strategy and profitability.

Another scenario that might have prompted Dundon to write this book relates to the socio-economic realities of today. As she observes: "We are in the midst of a significant transition, largely as the result of three main factors: technology, the expanding world, and more demanding customers" (p.2). The ever-changing socio-economic and technological environment in which we live in today poses several challenges to mankind. Without innovation, these rapid changes might render many people and their actions out of place. This would, in turn, make life meaningless. What is taking place today, therefore, might be ample justification for a book on 'Innovation'

as succinctly put by Dundon that “... in an era of economic uncertainty, constrained resources, and increased global competition, more and more organizations are turning to Innovation Management as a source of new solutions and renewed inspiration” (p. vii).

With this ever-changing universe, there is no ‘today’ which will be exactly the same, in every sense, as ‘yesterday’. Increasingly today, the present (and most likely, the future) does not easily borrow photocopies of the past. Replication, in many aspects, is increasingly becoming formidable. New ideas and new actions are undoubtedly needed to fill up space which can’t be fully managed by mere ‘cut or copy and paste’. One needs to be continuously aware of this potential dynamism and keep on guard. Changes bring about new or unexpected experiences. These can be sufficiently and fairly dealt with through innovative thinking.

If our foregoing interpretation holds any truth, then the relevance of this book, today and tomorrow, needs not be over-emphasized. Innovation holds the key to success in almost every economic activity. Survival in the business world, as well as in almost every other sphere of life, largely depends on the degree of innovative thinking and actions of those who want to survive. Broadly, this is what this book is all about. It is about ‘innovation’. “It is designed to guide innovation activities from start to finish, maximizing their impact and ensuring success” (inside front cover).

The book describes an innovation process and presents “innovative-thinking tools to help the reader to break down the barriers of conventional thinking ... (p. ix). It is, thus, a practical book intending to prompt a reader into some action. This book is not merely meant to provide knowledge about ‘innovation’. It challenges every reader to become an innovator, and systematically shows how to go about it. It is a book that, once read, should not be simply returned to the shelves but should drive the reader into taking positive action – ‘breaking down the barriers of conventional thinking’.

In this book, the author seeks to show how an innovation system may be created both at an individual and organizational level. The author contends that in order to create such a system, one has to address “three components (or ‘seeds’) that are essential for innovation” (inside front cover). The three seeds are: creative thinking, strategic thinking and transformational thinking.

Essentially, this is what the whole book is about – about the ‘seeds’ of innovation. The ‘seeds’ are discussed in Parts 1, 2 and 3 of the book, respectively. Apparently, the book consists of only these three parts.

It appears, Dundon has a liking for number ‘three’ – at least in as far as the layout and structure of this book is concerned. The book mainly addresses ‘three’ seeds. Each seed is guided by ‘three’ principles (pp.189–193). The ‘three’ seeds are presented in ‘three’ parts, and each part carries ‘three’ chapters. Moreover, each chapter constitutes a step in the ‘Nine-Step Innovation Process’ (pp.14, 196–198). The process itself consists of ‘three’ key stages – namely; understanding, imagination and action (p.14).

According to the author, the ‘Understanding’ stage involves gathering background information about a problem or challenge that an individual is determined to address, formulating potential problem statements, and determining the range of potential solutions by setting the ‘Innovation Goalposts’ which “effectively guide the development of new ideas by setting limits on the range of ideas that would satisfy the needs of the particular situation (pp.76-77). Goalposts are important because

“organizational life is full of wasted idea-generation effort. Many such efforts are too random, leading to too many obscure ideas that are not valuable for solving the problem at hand” (p.76).

The ‘Imagination’ stage involves gathering as many stimuli as possible in order to maximize the probability of making new connections. Stimuli could have origin in the analysis of a current state of one’s business, customer needs and all that surrounds an individual (pp.88-94).

Further, the ‘Action’ stage involves building the ideas into full business concepts and then into business plans. These plans should be presented in accordance with the strategic Innovation Goalposts so that they can be easily accepted as being more realistic. Then they are implemented.

When one goes through this book more diligently, one is likely to notice that the book’s content structure seems to present a continuum. Some chapters fall ‘conveniently’ under one extreme of the ‘actions-in-the-head’, while others fit well under the other extreme (‘actions-on-the-ground’). The first four chapters: ‘Believe in Creativity’ (1), ‘Be Curious’ (2), ‘Discover New Connections’ (3) and ‘See the Big Picture’ (4) broadly fall under the former. They cover what could be termed as the ‘foundation’ phase of the ‘Innovation Process’. In these chapters, the author generally describes what ought to take place in ‘our heads’ before our innovative ideas are ultimately translated into some action.

Chapters on ‘Look to the Future’ (5), ‘Do the Extraordinary’ (6), ‘Seek Greater Awareness’ (7), ‘Ignite Passion’ (8) and ‘Take Action’ (9) expand the scope of ‘thinking’ in terms of horizon and direction. The ‘thinking’ now ought to be more directed and specific. As a matter of fact, this trend starts already in Chapter 4 where the would-be innovator is supposed to set ‘Innovation Goalposts’. These goalposts seek to direct the innovation efforts, set expectations and facilitate decision-making (p.77).

This latter part of the book is closer to ‘actions-on-the-ground’. It concludes with Chapter 9 which specifically exhorts the reader (would-be innovator) to take action. This is the final stage of the Nine-Step Innovation Process. It is at this stage that the would-be innovator ought to develop the ‘Innovation Roadmap’ (pp.159-161), gain commitment (pp.161-168) and implement the roadmap (pp.168-172).

As hinted at above, this book generally describes a process of innovation – of what a reader needs to do in order to become an innovator. Chapters 1 to 9 explain the step-by-step process at an individual level by describing the three ‘seeds’ of innovation and how these seeds can be made to ‘germinate’ and grow into trees and other offshoots. Chapter 10 “contains more down-to-earth advice for stimulating innovation within the organizational setting” (p.173). According to Dundon, the chapter is intended to enable the reader to design an optimal organizational environment in which everyone is encouraged to take an active role in building a truly ‘innovation-centric’ organization.

With regard to ‘Creative Thinking’, the first ‘seed’ of innovation, the would-be innovator has to ‘believe in creativity’ (pp.16-28), ‘be curious’ (pp.29-40) and ‘discover new connections’ (pp.41-66). These are the three principles of ‘Creative Thinking’. In order to ‘believe in creativity’, one is advised to do the following: believe that everyone is creative (pp.16-17), believe in one’s own unique creative-thinking talents (pp.17-20), combine different talents for maximum results (pp.20-21), eliminate obstacles to creative thinking (pp.21-27), learn to unlearn and forget (pp.27-28) and accept failure (p.28).

Of interest, here, is the discussion on the barriers that are likely to hinder individuals from becoming innovators. Dundon observes, unfortunately, that:

*“Most barriers to creative thinking are self-imposed. You can’t expect to ‘think outside the box’ if you constantly put yourself back in the box!”*  
(p.22)

She identifies ‘three’ obstacles to creative thinking. These are: hesitancy to try new things, sticking to the ‘right way’ and the obsessive desire to control ourselves and others. The author contends that although every human being is naturally creative, this talent is often blocked mainly through self-judgement and the conditioning of other people.

Another requirement for nurturing ‘creative thinking’ is to ‘be curious’. Dundon asserts that the primary basis for creativity is a curious mind. “Without curiosity”, she argues, “a person has great difficulty discovering new ideas” (p.29). She holds that in order to be curious, one has to have ‘an open mind’ (pp.29-32), ‘gain a broader perspective’ (pp.32-37) and ‘ask probing questions’ (pp.37-40).

Further, ‘creative thinking’ requires the would-be innovator to have the ability to ‘discover new connections’. According to Dundon, creative thinkers combine and recombine different ideas or concepts to make new connections. She says that ‘new connections’ can be ‘discovered’ through the use of ‘the imagination’ (pp.42-44), ‘diverse stimuli’ (pp.44-49) and ‘creative-connections powertools’ (pp.49-61).

The second ‘seed’ is ‘Strategic Thinking’. Whereas ‘creativity’ is generally considered to be the foundation of innovation, ‘strategy’ is that which helps to connect ‘creativity’ with value. A strategic idea, according to Dundon, is the best or most valuable idea for handling a challenge at hand. The author recommends that everyone in an organization should participate in ‘strategic thinking’ by ‘seeing the BIG picture’ (pp.69-85), ‘looking to the future’ (pp.86-108) and ‘doing the Extraordinary’ (pp.109-126).

One of the tools for seeing the BIG picture is the Nine-Step Innovation Process already referred to above. To begin this process, one has first to understand fully the challenge at hand. This includes gathering information about the challenge from as many angles as possible. It may also be helpful to gather information by looking beyond the specific task and seeing the bigger picture. “Often we get so focused on our little tasks, on our piece of the world, that we forget about how our actions will ultimately affect others”, notes Dundon (p.69).

Other key elements of ‘seeing the BIG Picture’, according to the author, include: ‘systems thinking’ (pp.70-73), ‘clarifying the real problem’ (pp.73-76) and ‘setting innovation goalposts’ (pp.76-85). Dundon identifies six ‘BIG Picture’ criteria which state that the idea must ‘be simple’ (p.79), ‘support the overall business strategy’ (p.79), ‘be distinctly new and better’ (pp.80-82), ‘be proven’ (pp.82-83), ‘be profitable’ (pp.83-84) and ‘be quickly and easily implemented’ (p.84).

Another way of participating in ‘Strategic Thinking’ is by ‘looking to the future’. This is mainly concerned with the second stage in the Nine-Step Innovation Process – Imagination – which involves gathering as many stimuli as possible so as to maximize chances of making ‘new connections’. Imagination essentially involves ‘seeking stimuli’ (pp.89-98), ‘uncovering insights’ (pp.98-100) and ‘identifying ideas’ (pp.100-108).

‘Doing the Extraordinary’ is another technique of ‘Strategic Thinking’. In today’s world, with more demanding customers, citizens, and employees, ‘ordinary’ is no longer

good enough. In order to shift from the 'ordinary' into the 'extraordinary', one may consider using any or some of the following strategies: 'target the most profitable customer' (pp.110-111), 'offer something distinctly new and better' (pp.111-112), 'set your innovation priorities' (pp.112-115), 'make sure it is easy' (115-116), 'pick up the pace' (pp.117-119), 'systemize with modules' (pp.119-120), 'profit from the power of branding' (pp.121-122), 'add credibility' (pp.122-124) and 'create magnetworks' (pp.124-126).

Although it is important to understand the dynamics of 'creative' and 'strategic' thinking, it is equally important to apprehend how the 'human side' of innovation can affect the outcome of any innovative effort. This is the focal area of the third and last 'seed' of innovation – 'Transformational Thinking'. By understanding and attending to the personal dynamics behind identifying ideas and gathering support for these ideas, the chance of actually implementing them can be enhanced.

In order to effectively take part in 'Transformational Thinking', the would-be innovator should strive to 'seek greater awareness' (pp.129-143), 'ignite passion' (pp.144-156) and 'take action' (pp.157-172). Seeking greater awareness entails seeking greater awareness of 'self' (pp.129-133), 'team' (pp.133-138) and 'organization' (pp.138-143). The essence of this is that we can benefit from greater awareness of ourselves and our surroundings to enable us to capitalize on more opportunities for innovation. Dundon recommends that in order to be a great innovator, one must first be aware of oneself and the immediate surroundings.

Like 'seeking greater awareness', another technique of participating in 'transformational thinking' – 'igniting passion' – has to be considered at an individual (pp.149-151) as well as team level (pp.151-153). Then, one has also to consider a 'passionate physical environment' (pp.153-156).

The other critical component of 'Transformational Thinking' relates to 'taking action' which has already been referred to, here and there, in this review. It suffices to state that ideas without action have limited value. Probably, this is the most valuable message to all readers. We all have ideas, but most of these ideas remain and die 'in our heads'! They are never let out to the practical world. This book poses a challenge to every human being. Innovation is the key for today and tomorrow, and for all of us.

Although the author of this book appears to have some inclination towards the 'business' world, as reflected in frequent references to concepts such as 'marketplace' (pp.3, 7, 11, 13, ...), 'profitability' (pp.83, 110-111, 121-122) and 'business' (p.14), our considered view is that 'innovation' is relevant also to other spheres of live. We need innovations, for instance, in our political systems as well as in other leadership and governance systems.

Nevertheless, this is a very commendable literary work that may be useful to every person. It is, consequently, recommended that a course on 'Innovation Management' be taught in all universities and other higher education institutions to prepare a 'thinking' population of tomorrow.