

## **Endurance and Change: The Historical Trajectory of Agricultural Marketing Cooperatives Under Four Decades of Economic Reforms in Tanzania (1984 – 2024)**

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### **Abstract**

*This study critically examines the long-term development trajectory of Agricultural Marketing Cooperative Societies (AMCOS) in Tanzania across four decades of economic reforms (1984–2024). Although several studies have documented discrete phases of cooperative change, there remains a limited longitudinal, integrated analysis that systematically traces patterns of endurance, adaptation, and institutional transformation over extended reform periods. The study was motivated by persistent policy uncertainty on whether economic reforms have strengthened or undermined the sustainability of AMCOS, and what lessons can be drawn to inform contemporary cooperative policy and practice. Using a systematic documentary review of policy frameworks, academic literature, and institutional reports, the study analyses AMCOS performance across four reform phases: Structural Adjustment Programmes of the 1980s; market liberalisation and cooperative autonomy in the 1990s; renewed cooperative reforms in the early 2000s; and contemporary reforms of the 2010s–2020s. The findings reveal a cyclical pattern of institutional weakening and renewal. The SAPs period reduced state support and weakened organisational capacity; liberalisation enhanced autonomy but exposed governance and financial management deficiencies; early 2000s reforms improved performance through renewed state support, but reinforced dependency risks; and recent reforms introduced digital governance innovations and expanded market access but revealed persistent regulatory and digital adoption gaps. The study contributes new knowledge by providing a consolidated longitudinal framework that connects policy shifts with institutional responses and organisational outcomes of AMCOS over time. It offers evidence-based insights for designing balanced cooperative policies that combine institutional autonomy, governance strengthening, sustainable financing, and digital transformation to enhance the long-term resilience of agricultural cooperatives in Tanzania.*

**Keywords:** *Endurance and Change, Agricultural Marketing Cooperatives, four decades of economic reforms, Tanzania.*

## INTRODUCTION

The history of cooperatives in Tanzania dates back to 1932 with the founding of the Kilimanjaro Native Planters' Association (KNPA), marking the inception of organised agricultural groups within the nation. The primary objective of the KNPA was to bolster farmers' bargaining power within the coffee industry, facilitating collective negotiations for more favourable prices and improved livelihoods for local farmers (Seimu, 2015). This cooperative movement gradually expanded, culminating in the enactment of the Cooperative Societies Ordinance in 1932, which established the legal framework for cooperative activities during the colonial period of Tanganyika. Following independence in 1961, the government endorsed the role of cooperatives as a means for rural development and economic self-sufficiency, encouraging their proliferation across various sectors including agriculture, finance, and marketing (Mruma, 2014). Nevertheless, by the late 1970s, Tanzanian cooperatives encountered significant challenges such as bureaucratic impediments and constrained financial resources, which compromised their operational efficacy and necessitated reforms (Maghimbi, 2010).

In response to the economic crisis of the late 1970s and early 1980s, Tanzania implemented Structural Adjustment Programs (SAPs) as part of conditional loans provided by the International Monetary Fund (IMF) and the World Bank. These reforms concentrated on liberalising the economy, decreasing government expenditure, and fostering private-sector-led growth. With regard to cooperatives, the SAPs stipulated reduced government support and deregulation, thereby compelling cooperatives to operate independently in a competitive market (Lofchie, 2014).

Although these reforms aimed to enhance the efficiency and sustainability of cooperatives, their outcomes have been mixed. For some AMCOS, reforms facilitated expanded market access, improved operational independence, and empowered members by strengthening their bargaining power (Puttermann, 1995). Conversely, many AMCOS encountered significant obstacles, including financial instability, governance challenges, and limited capacity to compete effectively within a liberalised market environment (Birchall & Simon, 2010; Maghimbi,

2010). Accordingly, there is a need to comprehensively analyse the full spectrum of AMCOS experiences throughout the reform period, including both successes and ongoing challenges. This research endeavours to fill this gap by exploring how AMCOS have adapted, thrived, or struggled under Tanzania's economic reforms, thereby providing a holistic understanding of their trajectory.

The principal aim of this study is to evaluate the development of AMCOS in Tanzania over a span of four decades (1984 to 2024) of economic reform. Specifically, this investigation seeks to identify the key successes of AMCOS in adapting to policy shifts and market dynamics, examine the challenges of sustaining operations and supporting members amid these reforms, and derive lessons from the cooperative sector's experiences that may inform future policy formulation and cooperative development. By analysing these aspects, the study aims to offer a comprehensive perspective on how AMCOS have navigated the intricate economic landscape over the past four decades.

The following research questions guided this study:

- i) What successes has AMCOS experienced over four decades of economic reforms in Tanzania?
- ii) What challenges and failures have AMCOS encountered during the four decades of economic reforms?
- iii) What lessons can be learned regarding AMCOS development in four decades of economic reforms that inform future cooperative policies and practices?

This study makes an original contribution by moving beyond fragmented historical accounts to provide a systematic, longitudinal synthesis of how Agricultural Marketing Cooperative Societies (AMCOS) in Tanzania have responded to four distinct waves of economic and institutional reforms between 1984 and 2024. Unlike earlier studies that examine isolated reform periods or single organisational challenges, this research integrates evidence across multiple decades to identify patterns of institutional endurance, cycles of decline and renewal, and the cumulative effects of policy shifts on cooperative sustainability. The study generates new knowledge by developing an integrated reform–response framework that links specific policy reforms to organisational adaptations,

governance changes, and performance outcomes within AMCOS. Through this approach, it reveals previously underexplored dynamics, including how repeated policy reversals shaped dependency, how digital reforms reconfigured accountability structures, and how institutional pressures influenced cooperative legitimacy over time. Practically, the findings provide evidence-based guidance for policymakers, cooperative regulators, and development practitioners by identifying which policy mixes have strengthened cooperative resilience and which have unintentionally weakened institutional capacity. The study, therefore, offers a transferable analytical model that can inform the design of more balanced, sustainable cooperative policies not only in Tanzania but also in comparable Sub-Saharan African contexts.

## **LITERATURE REVIEW**

Institutional Theory guided this study. It originated in the social sciences and has become a foundational framework for examining organisations and their behaviour within specific contexts (DiMaggio & Powell, 1983). Rooted in the work of early sociologists like Max Weber, who examined bureaucracy and the role of institutions in structuring societies, the theory evolved with contributions from Meyer and Rowan (1977), who introduced the concept of institutional isomorphism. This concept explains how organisations within similar environments often adopt comparable structures and practices to gain legitimacy. Institutional Theory has grown over the decades, particularly in fields such as sociology, organisational studies, and political science, as it provides a lens for understanding how external environments, norms, and pressures shape organisational structures and behaviours (Berthod, 2016).

In examining the development of AMCOS in Tanzania, the theory is particularly relevant as it helps explain how these cooperatives have responded to changing economic policies and external pressures over the past four decades. The theory offers insights into how AMCOS adapted to SAPs and subsequent policy reforms aimed at liberalising the agricultural sector (Berthod, 2016). The theory can shed light on how AMCOS conformed to new regulations and market norms, attempting to gain legitimacy and support in a competitive environment. By applying this framework, the study can analyse both the successes and challenges AMCOS experienced, considering not only its economic strategies but also its responses to institutional pressures and policy shifts in Tanzania.

Empirical studies on agricultural cooperatives, particularly in Tanzania's context, have highlighted a range of outcomes regarding the development and performance of AMCOS. Studies, such as those by Maghimbi (2010) and Cooksey (2003), examine the impact of economic liberalisation policies on cooperatives, noting mixed outcomes in terms of organisational sustainability and effectiveness. Maghimbi (2010) found that liberalisation efforts enabled AMCOS to access broader markets, thereby improving their financial performance in some cases. However, the same studies indicate that market liberalisation also introduced competitive pressures that many cooperatives struggled to manage, leading to operational challenges and, in some cases, dissolution.

Further research by Birchall & Simmon (2010) explores how SAPs transformed the cooperative landscape, with many cooperatives experiencing financial strain due to the reduced state support they had previously relied on. Their study indicates that while some AMCOS managed to adapt to the new policies through diversification and improved management practices, others faced considerable challenges, including reduced access to credit and limited capacity to compete in a liberalised economy. Similarly, Mruma (2014) highlights that AMCOS' resilience to market fluctuations and policy changes varied widely depending on internal governance, leadership, and member commitment, suggesting that these factors played a crucial role in determining cooperative success or failure.

In the context of cooperative effectiveness and governance, some studies (Kweka et al., 2024; Msuya, 2024; Anania et al., 2020) provide insights into the internal challenges faced by AMCOS, including leadership issues, transparency problems, and member disengagement. Their findings underscore the need for AMCOS to strengthen internal governance mechanisms to enhance resilience and maintain member trust. This study complements Chambo's (1991) findings on the role of government regulations in shaping cooperative practices, showing that while regulatory oversight can help ensure compliance and accountability, excessive control can limit cooperative autonomy and adaptability.

Despite a substantial body of literature on agricultural cooperatives and economic reforms in Tanzania, existing studies remain fragmented,

period-specific, and largely descriptive. Most prior research, including that by Msuya (2024), Mruma (2014), Birchall & Simmon (2010), Maghimbiri (2010), and Sizya (2001), focused on isolated reform phases, such as the immediate effects of Structural Adjustment Programmes, market liberalisation, or governance challenges within specific cooperatives. While these studies have generated valuable insights, they have not systematically traced how AMCOS have evolved across multiple, sequential waves of reforms as an interconnected historical and institutional process. Moreover, these studies tend to document events rather than analyse patterns of institutional endurance, adaptive capacity, and cumulative organisational transformation over time. Little attention has been paid to how repeated policy reversals, shifts in state–market relations, and changing regulatory regimes have jointly shaped the long-term sustainability trajectories of AMCOS. As a result, there is limited empirical understanding of why some AMCOS have demonstrated resilience while others have stagnated, collapsed, or become dependent on external support across different reform periods.

This study addresses this gap by developing a longitudinal, reform-linked analytical framework that connects specific policy reforms with organisational responses and outcomes of AMCOS between 1984 and 2024. Rather than reproducing historical narratives, it synthesises evidence from policy documents, institutional reports, and academic studies to identify recurrent patterns of success, failure, and adaptation. The study introduces a cumulative reform–response model that demonstrates how institutional pressures under successive reforms reshaped governance structures, market strategies, and organisational legitimacy within AMCOS. By doing so, the study contributes new knowledge in three key ways: first, it provides a structured, comparative understanding of AMCOS performance across four decades rather than within isolated timeframes; second, it empirically links policy shifts to organisational behaviour using an institutional theory lens; and third, it generates transferable lessons that can inform the design of more balanced cooperative policy frameworks in Tanzania and similar Sub-Saharan African contexts.

## **METHODOLOGY**

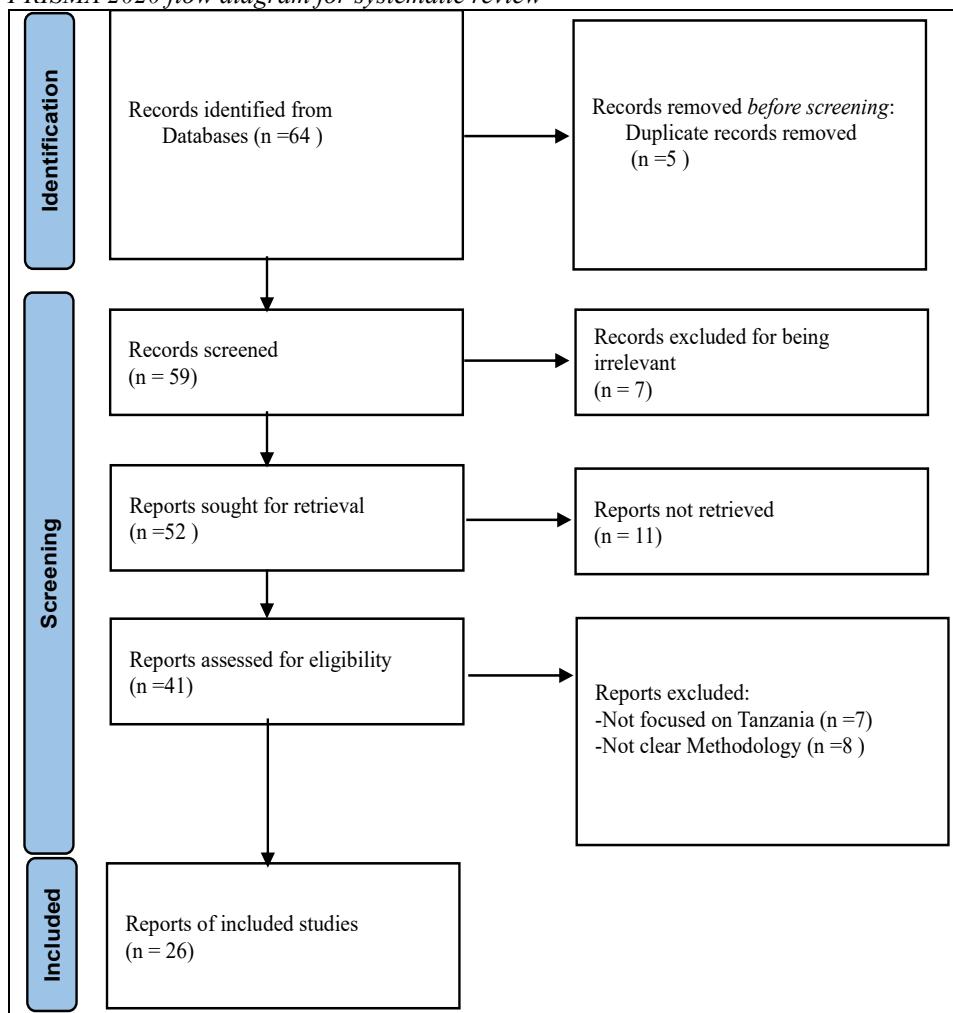
The Systematic Literature Review (SLR) method was used to analyse the successes, failures, and lessons learned in the development of AMCOS

over four decades of economic reforms in Tanzania. A systematic literature review is a rigorous approach that involves clearly defined processes for locating, evaluating, and synthesising existing research on a particular topic. By applying this methodology, the study aims to identify, evaluate, and synthesise findings from a wide range of sources, providing a comprehensive understanding of the factors influencing AMCOS development from 1984 to 2024.

The SLR process used in this study included steps for defining the review scope, selecting relevant studies, assessing the quality of the sources, and synthesising the results. A comprehensive search strategy was employed to identify relevant studies, using a combination of keywords and Boolean operators. Primary search terms included “Agricultural Marketing Cooperatives,” “economic reforms in Tanzania,” “AMCOS development,” “cooperative successes,” “cooperative challenges,” and “Tanzania.” Boolean operators such as “AND” and “OR” were used to refine searches further. The search spanned multiple academic databases, including Emerald, Moshi Cooperative Repository, Tanzania Cooperative Development Commission Website, Google Scholar, AJOL, Taylor & Francis Online, and ScienceDirect, ensuring a robust collection of relevant articles and reports from scholarly journals, government publications, and reputable organisational reports. Search strings were continuously refined to ensure relevance and focus on AMCOS development under Tanzania’s economic reforms.

The inclusion and exclusion criteria were applied to narrow down the initial 64 documents to a final set of 26 articles and reports that were both highly relevant and methodologically sound. The inclusion criteria were established to ensure that selected studies provided relevant insights into AMCOS development within the context of economic reforms. Criteria included: studies published from 1984 to 2024 to capture four decades of reforms; those focused on Tanzania to maintain contextual relevance; and peer-reviewed journal articles, government reports, and credible organisational studies.

**Figure 1**  
 PRISMA 2020 flow diagram for systematic review



Exclusion criteria included studies focusing on non-Tanzanian cooperatives, publications outside the specified time frame, and studies lacking a clear focus on agricultural cooperatives. These criteria helped to filter out irrelevant or low-quality sources and maintain the review's coherence. To evaluate the quality of the selected studies, each article was assessed based on methodological rigour, clarity of findings, relevance to the research questions, and credibility of the sources. Studies were included based on their alignment with the review's objectives, ensuring that the final pool of literature comprised high-quality, reliable sources.

A structured data extraction form was used to gather relevant information from each selected study. Extracted data included study objectives, methods, main findings, limitations, and conclusions regarding AMCOS' successes, challenges, and lessons learned. The extracted data were then organised into thematic categories aligned with the research questions. The synthesis process followed a thematic analysis approach, wherein common themes and patterns were identified and grouped into categories such as "success factors," "challenges," and "lessons learned".

The analysis synthesised findings from the 26 selected studies, with themes including "success factors," "challenges," and "lessons learned," offering a structured comparison of study findings. The thematic categorisation enhanced understanding of the successes and constraints AMCOS faced over the period, addressing both convergent and divergent findings in the literature.

## **FINDINGS AND DISCUSSION**

The study findings are organised in four categories: SAPs and AMCOS in the 1980s; liberalisation and cooperative autonomy in the 1990s; renewed cooperative reforms in the early 2000s; and contemporary reforms (2010s-2020s). Successes, challenges, and lessons learned are presented in each category.

### **SAPs and AMCOS Development in the 1980s**

This section examines the successes, challenges, and lessons derived from the experiences of AMCOS during the implementation of Structural Adjustment Programmes (SAPs) in Tanzania in the 1980s. The findings are drawn from a systematic analysis of policy documents, government reports, and peer-reviewed studies identified through the systematic literature review process.

#### ***Successes of AMCOS in the 1980s***

The study revealed that, despite the disruptions caused by SAPs, some cooperatives successfully facilitated farmers' access to local and regional markets, thereby sustaining agricultural livelihoods. Cooperatives in cash crop sectors such as coffee and cotton continued to provide essential market linkages, although their resources were significantly constrained (Maghimbhi, 2010). The removal of cooperatives' monopoly in agricultural

marketing further opened the sector to private traders, creating opportunities for smallholder farmers to sell their produce to buyers offering competitive prices. This market diversification enabled farmers to benefit from better pricing mechanisms and fostered a more dynamic agricultural market (Sizya, 2001).

### ***Challenges faced by AMCOS in the 1980s***

The removal of subsidies under SAPs deprived cooperatives of essential funding, severely affecting their ability to procure critical inputs such as fertilisers and seeds. This loss of support significantly reduced agricultural productivity and placed cooperatives in a precarious financial position (Birchall & Simmon, 2010).

Liberalisation policies introduced under SAPs encouraged private sector entry, forcing AMCOS to compete with financially robust private traders. These traders, who offered faster payments to farmers, captured significant market share, leading to a decline in membership among many cooperatives (Sumelius et al., 2013). Furthermore, the elimination of subsidies and fixed pricing structures increased AMCOS's operating expenses, rendering many cooperatives financially unsustainable and leading to closures across the sector (Maghimbiri, 2010).

The shift to self-governance exposed weaknesses in management, as reduced external oversight led to widespread mismanagement in some cooperatives. Deficiencies in record-keeping and financial administration eroded member trust, undermining cooperative functionality (Birchall, 2003). Concurrently, state-controlled marketing systems persisted, demoralising small-scale farmers who perceived that cooperatives were still under significant state influence, limiting their autonomy and growth potential (Chambo, 2016).

Farmers also faced significant knowledge gaps, lacking access to market information, education, and entrepreneurial training. Although limited training was provided to board members, most farmers remained confined to subsistence farming without exposure to innovative practices or modern market dynamics (Hyden, 1980).

Political interference further exacerbated governance issues. The 1985 CCM directive automatically enrolled all party members into

cooperatives regardless of their commitment or contributions. This approach undermined governance by diluting member ownership and accountability (Chambo, 1991). These challenges collectively illustrate the difficulties AMCOS faced during the SAP era and highlight the need for balanced policies and capacity-building initiatives to ensure cooperative sustainability.

### ***Lessons Learned from AMCOS' Successes and Challenges in the 1980s***

AMCOS's experience during the 1980s underscores the vital importance of establishing resilient market linkages. Despite a decline in government support under SAPs, certain cooperatives succeeded in facilitating access to local and regional markets, thereby exemplifying the value of diversified and adaptive market strategies. This highlights the necessity for cooperatives to invest in enhancing their capacity to secure and maintain market access amidst fluctuating economic conditions. The role of cooperatives as community support networks during periods of crisis demonstrates the significance of fostering strong local collaborations. By pooling resources, cooperatives mitigated the effects of subsidy withdrawal, enabling agricultural production to persist in many regions. This indicates that strengthening cooperative structures as safety nets can be crucial during economic transitions.

Nonetheless, governance and financial mismanagement emerged as notable challenges, particularly as external oversight diminished. The inability of some cooperatives to adapt to self-governance underscores the imperative to equip cooperative leaders with skills in financial management and accountability. Implementing structured training programs and establishing robust governance frameworks are essential for ensuring the sustainability of cooperatives and maintaining member trust.

An additional lesson pertains to the critical importance of access to information. The deficiency of market and price data limited farmers' capacity to make informed decisions, rendering them susceptible to exploitation. This underscores the need for cooperatives to develop systems that provide timely and accurate market intelligence to their members. Furthermore, while autonomy enables cooperatives to operate independently, it must be complemented by capacity-building initiatives for leaders and members to enhance competitiveness and operational efficiency.

The period also revealed the delicate balance required between government support and cooperative independence. While excessive state control hindered innovation and decision-making, a complete withdrawal of support rendered cooperatives vulnerable to market shocks. A balanced approach combining strategic government assistance with policies that promote self-reliance is vital for the development of cooperatives.

Finally, political interference, such as the automatic enrollment of CCM members into cooperatives, weakened member commitment and undermined governance integrity. This highlights the importance of maintaining political neutrality to foster a sense of ownership and accountability among members. Future reforms should delineate clear boundaries between cooperative governance and political agendas to enhance operational independence and sustainability.

### **Liberalisation and Cooperative Autonomy in the 1990s**

Additionally, the study examined the successes, challenges, and lessons learned from AMCOS experiences in the 1990s. The results are based on a thorough analysis of policy documents, government reports, and peer-reviewed studies identified through a systematic literature review.

#### ***Successes of AMCOS in the 1990s***

The study delineated several notable successes attained by AMCOS throughout the 1990s, underscoring their adaptability and expansion amidst a period of economic transition. A principal achievement was the augmentation of decision-making autonomy conferred upon cooperatives as a consequence of diminished government intervention. This autonomy empowered cooperatives to independently establish pricing, marketing strategies, and membership policies, thereby facilitating better alignment with market dynamics and enhancing member engagement (Sizya, 2001).

Another salient accomplishment was the enhancement of access to export markets. With increased independence, certain cooperatives commenced negotiations directly with international buyers, particularly within sectors such as coffee and tea. This direct access enabled cooperatives to secure competitive prices, subsequently elevating member incomes and augmenting their overall economic influence (Maghimbiri, 2010).

The period also witnessed successful innovation in cooperative management practices. Some AMCOS adopted alternative governance models inspired by private- sector managerial practices, which improved operational efficiency and fostered trust among members. These innovations contributed to increased productivity and the sustained viability of the cooperatives (Chambo, 2016).

Furthermore, the legislative and policy framework supporting cooperatives was substantially reinforced during the 1990 s. The enactment of the Cooperative Societies Act Number 15 of 1991 and the Cooperative Development Policy of 1997 reemphasised the principle of voluntary membership, representing a pivotal step in empowering cooperatives as autonomous, member- driven organisations (Chambo, 2016).

The study additionally documented significant growth within the cooperative movement during this era. The number of cooperative unions rose from 27 in 1990 to 45 in 1994, concomitant with the registration of four crop- based apex organisations. Other non- crop agricultural cooperatives, such as those operating within fisheries and livestock sectors, were also established. Moreover, the Tanzania Federation of Cooperatives (TFC) was officially registered as an umbrella organisation, to which the crop- based apex bodies, the Savings and Credit Cooperative Union League of Tanzania (SCCULT), and the Tanzania Industrial Cooperative Union (TICU) were affiliated (Sizya, 2001).

### ***Challenges faced by AMCOS in the 1990s***

The study identified challenges encountered by AMCOS during the 1990s, emphasising the difficulties of operating within a liberalised economic environment. A principal issue was the inadequacy of management skills among cooperative members. With diminished oversight from the state, many AMCOS lacked the capacity to manage finances and operations independently. Poor financial management practices, coupled with instances of embezzlement, eroded member confidence and compromised the sustainability of these cooperatives (Anania et al., 2020). Leadership and governance issues also emerged as significant impediments. The newfound autonomy often precipitated internal conflicts among members and leadership disputes within cooperatives. These challenges were exacerbated by the absence of well-

defined governance structures, resulting in operational inefficiencies and further disruptions to cooperative activities (Kweka et al., 2024).

The limited regulatory oversight permitted under the liberalized framework facilitated the proliferation of corruption in certain cooperatives, thereby diminishing transparency and eroding trust. The lack of comprehensive mechanisms for accountability and supervision rendered AMCOS vulnerable to malpractice and governance failures. Additionally, many cooperatives faced difficulties in adjusting to the demands of liberalised markets due to inadequate marketing expertise and weak leadership capacities. The persistent reliance on government support continued to hinder their ability to operate competitively (Mruma, 2014). Furthermore, the liberalised environment resulted in substantial structural and operational setbacks. Competition from private traders and firms led to the demise of many crop-based apex organisations and cooperative unions, with some ginneries in the Lake Zone ceasing operations entirely (Chambo, 1991). By 1994, the number of primary agricultural marketing societies had declined from 8,978 in 1990 to 4,316. Cooperatives experienced a significant loss of market share, with the Kilimanjaro Native Cooperative Union (KNCU) losing approximately 20% of its coffee purchases to private traders by the 1996/97 crop season (Sizya, 2001).

Economic pressures further exacerbated these challenges. The failure of cooperatives to provide price incentives, alongside rising costs of agricultural inputs, demoralised members and led to decreased participation. Farmers in regions such as Kilimanjaro shifted from traditional cash crops, like coffee, to alternative crops such as beans and tomatoes, due to declining prices (Omari, 1993). Moreover, government-imposed debts totalling 44 billion Tanzanian shillings were ultimately forgiven, reflecting the severe financial difficulties faced by cooperatives during this period (Birchang & Simmon, 2010). The reintroduction of government control through the 1991 Cooperative Act further impeded cooperative independence. This legislation reinstated significant decision-making authority to the Registrar of Cooperatives, undermining the autonomy previously granted to AMCOS. Political patronage and state intervention contributed to demoralising members, negatively influencing their attitudes towards cooperative participation and governance (Maghimbiri, 2010).

## ***Lessons Learned from the Successes and Challenges of AMCOS in the 1990s***

The successes and challenges experienced by AMCOS in Tanzania during the 1990s provide valuable insights for cooperative development. Primarily, the significance of establishing strong management capacity is apparent. The transition toward greater autonomy revealed that many cooperatives lacked essential management skills, especially in financial oversight and operational governance. The resultant mismanagement, including cases of embezzlement, highlights the importance of continuous investment in managerial training and the implementation of effective financial control mechanisms to ensure long- term viability.

An additional crucial lesson pertains to the necessity of clear and effective governance structures. Although autonomy permitted certain cooperatives to better respond to market demands, it also precipitated internal conflicts and leadership disputes due to the absence of well- defined governance frameworks. The importance of transparent decision- making processes and the role of strong leadership in mitigating internal disagreements became evident, emphasising the need for cooperatives to adopt well- designed governance models to maintain operational stability and foster member trust.

The experience of AMCOS further illustrates the importance of maintaining a balanced approach between autonomy and regulatory oversight. While increased independence has facilitated innovation and access to new markets, it has also exposed vulnerabilities such as corruption and a lack of accountability. This underscores the imperative of establishing a regulatory framework that ensures cooperatives remain accountable without compromising their autonomy. Appropriate oversight is essential to prevent resource misuse and to uphold the cooperative' s commitments to its members.

Finally, the challenges faced by AMCOS in adapting to a liberalized market environment underscore the importance of developing marketing and business competencies necessary for effective competition. Cooperatives are advised to invest in market training, financial literacy, and business development initiatives to sustain competitiveness and meet the ongoing needs of smallholder farmers. These lessons demonstrate that achieving enduring cooperative success requires a combination of strong

management, transparent governance, regulatory support, and adaptability to dynamic market conditions.

### **Renewed Cooperative Reforms in the Early 2000s**

Furthermore, the study examined the successes, challenges, and lessons learned from AMCOS experiences in the early 2000s. The findings are derived from a comprehensive review of policy documents, government reports, and peer-reviewed research identified through a systematic literature review.

### **Successes of AMCOS in the Early 2000s**

The renewed cooperative reforms in Tanzania during the early 2000s marked a significant period of success for AMCOS. One of the key achievements during this time was increased government support, which helped enhance cooperatives' internal management capacity. Training programmes introduced as part of the reforms enabled AMCOS to add value, which in turn improved their bargaining power and contributed to increased profits. These programmes helped cooperatives diversify their operations, particularly through value-added activities such as coffee and cashew processing (Maghimbiri, 2010).

Furthermore, the reforms improved AMCOS' financial access by providing provisions for cooperative financial support. This access to credit allowed cooperatives to invest in value addition and expand their operations. Studies have shown that this credit access enabled significant investment in processing activities, particularly in key agricultural sectors such as coffee and cashews, thereby improving the economic viability of cooperatives and enhancing their ability to support farmers (Birchall & Simmon, 2010). The government concurrently promoted an increase in cooperative membership during this period. Through augmented financial assistance and improved access to markets, farmers recognised the tangible advantages of cooperative support, thereby leading to a rise in membership. This growth in membership subsequently contributed to the strengthening of AMCOS, empowering them to serve the agricultural community more effectively (Sizya, 2001).

In accordance with these initiatives, the development of the Cooperative Policy in 2002 and the subsequent enactment of the Cooperative Societies Act of 2003 established a foundation for a more organised and

economically sustainable cooperative sector. The policy was aligned with the 1995 ICA Statement of Cooperative Identity and Principles, highlighting the necessity for financial sustainability and economic viability within cooperatives. Notably, the 2003 Act introduced a code of conduct dedicated to upholding the integrity of cooperative leadership and the qualifications of executive personnel, thereby ensuring that cooperatives operated with enhanced accountability. Furthermore, the establishment of the Cooperative Reform and Modernization Program (CRMP) between 2005 and 2015 provided additional momentum to the development of the cooperative sector, delivering supplementary support to reinforce cooperative practices across diverse sectors (Maghimbiri, 2010).

### ***Challenges faced by AMCOS in the Early 2000s***

The study identified several key challenges encountered by AMCOS in Tanzania during the early 2000s. One principal challenge was their persistent reliance on government subsidies, which obstructed the development of self-sufficiency within the cooperatives. Despite renewed governmental support, many AMCOS continued to face difficulties in operating profitably without such subsidies, thereby restricting their ability to attain financial independence and sustainability (Chambo, 2016).

Another significant challenge highlighted in the study was the sluggish rate of adoption of modern technologies among AMCOS. Numerous cooperatives were hesitant to integrate contemporary production and management technologies, which hampered their capacity to compete effectively with private traders who had adopted digital tools and technological innovations. This reluctance to embrace technological advancements contributed to operational inefficiencies, further disadvantaging AMCOS in a liberalised market environment (Anania et al., 2020).

The research also revealed disparities in support across various agricultural sectors, with some cooperatives, particularly those engaged in cash crop cultivation, receiving more substantial benefits from the reforms than those in non-cash crop sectors. This resulted in inequalities in cooperative development, leaving certain agricultural subsectors

underdeveloped and struggling to derive benefits from the reforms (Mruma, 2014).

Furthermore, the financial stability of numerous cooperatives was found to be precarious, as evidenced by their considerable debt loads. By 2001, AMCOS in mainland Tanzania was recorded to owe a total of TZS 17. 8 billion to financial institutions. Despite governmental initiatives aimed at supporting cooperatives, a prevailing perception among cooperative specialists was that the government continued to exert control over cooperatives, thereby diminishing their autonomy and hindering their capacity for optimal growth (Maghimbiri, 2010).

### ***Lesson Learned in the Early 2000s***

The study highlights several key lessons from the successes and challenges of AMCOS in the early 2000s. Firstly, it emphasises the importance of balancing external support with self-sufficiency. While government aid helped AMCOS improve their internal management and expand operations, it also created dependency. The main lesson is that, although financial aid and capacity-building are vital, cooperatives must develop sustainable, self-reliant business models to succeed in the long run. Secondly, adopting technology proved to be essential for competitiveness. AMCOS that were slow to adopt technological advancements faced operational inefficiencies and struggled to compete with private sector counterparts. This underscores the need for targeted investment in digital tools and technical training as crucial parts of cooperative development, ensuring that cooperatives remain relevant in a rapidly changing market. Moreover, the study shows that sector-specific support should be a priority.

The uneven distribution of reform benefits across agricultural sectors resulted in disparities among cooperatives, especially between cash crop and non-cash crop sectors. This stresses the necessity for tailored support that recognises the unique needs and potential of different agricultural subsectors, fostering balanced growth and development. Lastly, the issues of high debt levels and government control highlight the need for improved financial management and greater autonomy. AMCOS should focus on financial stability and independence, decreasing reliance on external funding and adopting sound financial practices to secure their

sustainability. Additionally, a clearer regulatory framework is needed to promote cooperative autonomy while ensuring accountability.

### **Contemporary Reforms (2010s – 2020s)**

Finally, the study determined the successes, challenges, and lessons learned from AMCOS experiences in the early 2000s. The findings were derived from a comprehensive review of policy documents, government reports, and peer-reviewed research identified through a systematic literature review.

#### ***Successes of AMCOS in the 2010s to 2020s***

A notable achievement from the study is the digital transformation of AMCOS. Implementing digital platforms like the Electronic Management Information System for Cooperative Societies, MUVU (*Mfumo wa kielektroniki wa Usimamizi wa Vyama vya Ushirika*), greatly enhanced financial transparency and operational efficiency in cooperatives. These tools allowed for more precise financial tracking and reporting, reducing mismanagement risks and boosting accountability. Beyond streamlining daily activities, digital adoption also increased trust among members by offering real-time access to financial data (TCDC, 2023).

The study further determined that sustainability initiatives contributed significantly to the growth of AMCOS during this period. Through participation in sustainability programs such as fair trade and organic certification, cooperatives were able to access niche markets characterised by higher profit margins. These initiatives facilitated an increase in the revenue of participating AMCOS and enhanced their visibility within both local and international markets. The integration of sustainable practices into cooperative operations proved to be a strategic approach for ensuring long-term financial viability (Kweka et al., 2024).

An additional notable accomplishment of this period was the policy support for market access. The reforms implemented by the government established opportunities for AMCOS to penetrate both local and international markets, thereby directly benefiting cooperative members. Evidence suggests that this improved market access resulted in increased incomes for members and higher agricultural productivity, as AMCOS were able to negotiate better prices and broaden their market reach (Rwekaza & Anania, 2021; Mruma, 2014).

Furthermore, the Cooperative Act of 2013 and the subsequent Cooperative Regulations of 2015 played a crucial role in shaping the cooperative landscape. These reforms facilitated the establishment of member-based cooperatives and enabled the creation of integrated cooperatives and joint enterprises. This legal framework also supported the revitalisation of cooperative industries, particularly in the Lake Zone, where cooperative activities had previously been dormant. The reforms underscored member empowerment through training and capacity-building initiatives, ensuring that cooperatives could operate effectively within a modernised economy (TCDC, 2024; TCDC, 2023; URT, 2015; URT, 2014).

### ***Challenges of AMCOS in the 2010s to 2020s***

The study delineates various critical challenges encountered by AMCOS during the period from 2010 to 2020, which impeded their capacity to fully capitalise on reforms and technological progress. A predominant challenge identified was the digital divide. Despite the deployment of digital solutions such as MUVU, numerous rural cooperatives continue to confront infrastructural and connectivity deficiencies that constrain their ability to utilise these technologies effectively. Research underscores that limited digital access in rural regions hampers the scalability of digital platforms, thereby preventing some cooperatives from fully realising the operational efficiencies and financial transparency afforded by such technologies (Anania et al., 2020).

Additionally, the deregistration of more than 300 inactive AMCOS has been a growing concern, with some cooperatives being removed from the official register. This deregistration undermines the legitimacy and operational capacity of affected cooperatives, leaving them vulnerable to reduced support and resources (TCDC, 2024). Finally, the continued weakness of primary societies, particularly the lack of strong foundational cooperative structures, has made it difficult for many AMCOS to function effectively and achieve sustainable growth (CRMP, 2005).

### ***Lessons Learned in the 2010s to 2020s***

The successes and challenges encountered by AMCOS during the period from the 2010s to the 2020s offer several significant lessons for their future development. One principal lesson identified is the critical importance of bridging the digital divide. The implementation of digital

platforms such as MUVU has demonstrated improvements in operational efficiency and financial transparency within AMCOS. Nevertheless, persistent challenges related to limited digital access in rural areas emphasise the necessity for targeted infrastructure investments. It is essential that all cooperatives, especially those in remote regions, gain access to reliable internet and digital tools to ensure the scalability and sustainability of technological solutions. This situation underscores the need for both government and private sector initiatives to address the digital disparity and foster inclusive technological adoption.

Another lesson is the necessity of diversified access to finance. While some cooperatives have benefited from access to credit, many still struggle to secure financing due to a lack of collateral. This situation points to the need for more innovative financing mechanisms, such as government-backed loans or cooperative-specific financial products that do not rely solely on traditional collateral. Encouraging financial institutions to develop tailored credit products for cooperatives could significantly enhance their ability to invest in growth and innovation.

Finally, the fortification of primary societies emerges as a crucial lesson. Fragile organisational frameworks continue to compromise the sustainability and effectiveness of numerous AMCOS. It is imperative to allocate resources towards capacity-building initiatives for grassroots cooperative structures to ensure sustainable development. Providing training in cooperative management, leadership, and governance at the primary society level will empower cooperatives to become more resilient and autonomous, thereby enhancing their capacity to address local and global market challenges.

## **CONCLUSION AND RECOMMENDATIONS**

This study provides a thorough analysis of the successes, challenges, and lessons learned from the development of AMCOS in Tanzania over four decades of economic reforms. It highlights the crucial role that AMCOS have played in supporting agricultural livelihoods, improving market access, and fostering rural economic stability, despite various obstacles. The successes recorded across each period, from the 1980s to the 2020s, show how AMCOS have adapted to changing policy environments, technological advancements, and market conditions. However, these successes have often been hindered by issues such as inadequate

management skills, dependence on government support, regulatory uncertainties, and limited access to financial resources.

The study emphasises the importance of ongoing policy support, capacity building, and infrastructure development to ensure AMCOS's sustainability. The findings indicate that for AMCOS to succeed in a competitive, globalised marketplace, it must adopt technological innovations, strengthen its internal governance structures, and expand its financial access. Furthermore, a stable regulatory framework and increased investment in rural infrastructure are essential for overcoming obstacles related to digital transformation and credit accessibility.

Based on the findings of this study, several key recommendations are proposed to enhance the effectiveness and sustainability of AMCOS in Tanzania. Firstly, capacity building and management training are crucial for the continued growth of AMCOS. Leadership and membership training programmes should concentrate on improving governance, financial management, and operational efficiency. These programmes should highlight modern cooperative management techniques, financial literacy, and the use of digital tools to support better decision-making and operational transparency. A well-trained leadership team can help AMCOS to make informed decisions and prevent financial mismanagement, which has been a challenge in the past.

Secondly, improving access to credit and financial resources is essential for the development of AMCOS. Many cooperatives face difficulties in securing loans due to a lack of collateral, which limits their ability to invest in growth opportunities. To tackle this, the government and financial institutions should collaborate to develop financial products tailored to the specific needs of cooperatives, such as low-interest loans or grants for infrastructure development, value addition, and expanding markets. This would help strengthen the financial viability of AMCOS and enable them to compete more effectively in both local and international markets.

Thirdly, it is essential to strengthen infrastructure for digital transformation. Although some AMCOS have adopted digital solutions such as MUVU, many rural cooperatives still encounter infrastructural and connectivity issues. To close this digital gap, efforts should focus on

improving internet connectivity, offering digital literacy training, and subsidising access to digital tools. By enabling AMCOS to use digital platforms for financial management, market access, and member administration, cooperatives can boost their operational efficiency and transparency, ultimately lowering the risks of mismanagement.

Furthermore, maintaining a consistent and transparent regulatory framework is vital for the stability of AMCOS. The government should establish and uphold policies that provide clear guidance on the formation, operation, and governance of cooperatives. This regulatory consistency will help cooperatives address challenges posed by a liberalised market and protect their interests as they enter global markets. Clear policy frameworks will also foster an environment of trust, transparency, and accountability within the cooperative sector.

Another recommendation is to promote diversification and market access. AMCOS should be encouraged to diversify their activities and products, especially in non-crop sectors such as livestock and fisheries. The government can play a key role in supporting this diversification by facilitating access to both local and international markets through trade facilitation programmes, market information platforms, and participation in international certification schemes such as fair trade and organic certifications. In this way, cooperatives can enhance their market visibility, increase revenue, and improve member incomes.

Furthermore, fostering public-private partnerships can provide essential support to AMCOS. Collaborations between the government, private sector, and development partners could help strengthen the cooperative movement. These partnerships might concentrate on joint ventures, value chain development, and providing technical support and resources that cooperatives need to succeed. Public-private partnerships can also create platforms for AMCOS to access market information and financial resources.

Finally, it is crucial to carry out regular monitoring and evaluation of cooperative performance. A comprehensive framework should be established to measure progress and identify challenges faced by AMCOS. Periodic assessments will help pinpoint areas in need of improvement and ensure policies and interventions effectively support the

cooperative sector. By systematically monitoring performance, the government and stakeholders can make informed, data-driven decisions to revise policies and provide timely assistance to AMCOS.

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