

**Relevance and Key Performance Indicators of Co-operative Unions in Serving Primary  
Co-operatives in Tanzania**

**A Case of Kilimanjaro Native Co-operative Union (KNCU)**

**By**

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**Abstract**

The relevance of co-operative unions to the development of primary co-operative societies in Tanzania is increasingly becoming vague. This is mainly due to the recent phenomenon of some of these societies declining from selling coffee through their co-operative unions, as was traditionally he practiced. Incidentally, such societies have been generally assumed to perform better than before *the* decline. The main objective of this study was to examine the relevance and key performance indicators of a co-operative union in developing primary co-operative societies. The Kilimanjaro Native Co-operative Union (KNCU) Ltd. was taken as a case study. Specific objectives were to identify transaction costs incurred to market per kg of coffee, identify areas where the 'breakaway' primary co-operative societies were performing better than the co-operative union, and establish key performance indicators of a co-operative union. Findings were generated from a survey of 84 randomly selected farmers from six randomly selected primary co-operative societies. Data were analysed using SPSS. Descriptive statistics were used to identify transaction costs and the extent to which primary co-operatives were performing the co-operative unions' role. A regression using a Logit model identified indicators of performance. A farmer selling coffee through KNCU incurred higher transaction costs (TShs 937.39/kg) per kg sold than selling through other arrangements (TShs 882.43/kg). Some co-operative societies were now performing (sometimes better) some roles, hitherto, performed by their unions. In their current operation, co-operative unions have lost their primary objective of reducing cost, hence, losing their relevance to develop primary co-operatives. Consequently, KNCU should consider using least cost alternatives (modern) technologies such as money transfer like "M-pesa" and "Tigo-pesa". Finally, KNCU should provide agricultural inputs, facilitate education and training of members and search for international market.

**Key words:** primary co-operative societies, co-operative unions, performance indicators, logit model,