NOT FOR PUBLICATION

INSTITUTE OF CURRENT WORLD AFFAIRS

IMW-4
Coffee: Meru Cooperative Union

Safari Hotel
Arusha, Tanganyika
12 September 1961

Mr. Richard H. Nolte
Institute of Current World Affairs
366 Madison Avenue
New York 17, N.Y.

Dear Mr. Nolte:

It is said that over six hundred years ago a goatsherd in Abyssinia complained to his master that his goats became very frolicsome when they had eaten the berries of a certain tree. The master decided to try the berries himself, and he found they made him quite happy. He then boiled them and made a drink which he used when he wanted to stay alert. Thus coffee was discovered, and now it ranks high in international money transactions.

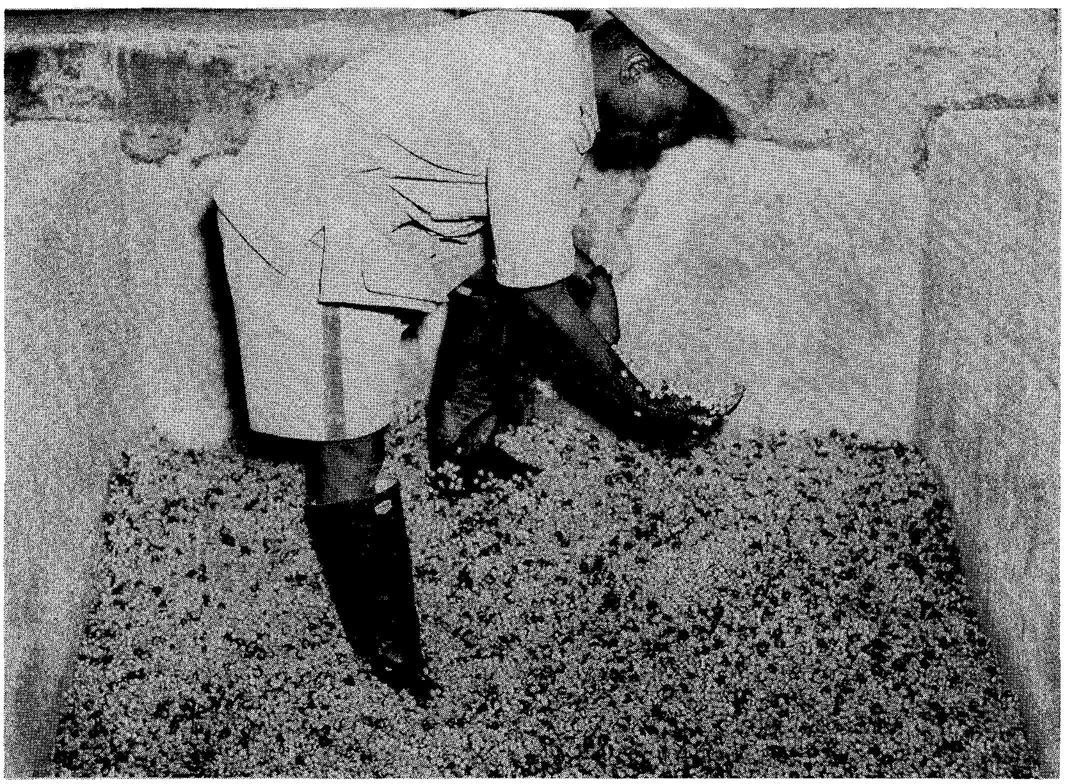
Save among the Arabs of the coast, coffee as a drink is not popular in East Africa. In Uganda Africans chew the berries on certain ceremonial occassions, but in general they prefer tea, if only because coffee is too difficult to prepare. For most growers it is a cash crop which brings in a few extra shillings each year. Those few who do drink coffee prefer to buy Nescafe or Maxwell House. Although Tanganyika contributes only about 2½% of world production, coffee is assuming an ever increasing role in her economy as a major foreign exchange earner. In order to enlarge the benefits coffee brings, there have been major efforts recently to improve its quality so that it will be able to compete more effectively in a market where prices have fallen steadily in recent years. Tanganyika produces two types of coffee (arabica and robusta), but arabica is of higher quality, and it is this type which is grown in the Northern Province around Kilimanjaro by the Chagga and Meru tribes, among others.

Coffee was introduced in Tanganyika over fifty years ago by a Roman Catholic mission at Kilema on Kilimanjaro. The Chagga began cultivating it early in the century, and by 1916 they owned 14,000 trees. In 1925 Chagga growers joined together to form a cooperative to market their coffee. This has since grown into the Kilimanjaro Native Cooperative Union (KNCU) which now controls the sale of all Chagga coffee. The Meru began growing coffee under the aegis of German missionaries, but they have not been as progressive as the Chagga, and until recently their only attempt to form a cooperative at Government "suggestion" in 1935 backfired when the organizer skipped town with the entire cash assets of the cooperative in his pockets.

More recently the Meru had a serious land shortage as a result of land alienations which began under the German

(above): A young grower brings her berries to the factory for processing.
(below): Leaving the pulping machinery, coffee beans go into fermentation tanks where they are kept for about three days.

(Photos courtesy of Kenya Information Services)



administration and continued until after the Second World War when their area was surrounded by European farms, cutting off their natural expansion. In 1946 Government appointed a commission to investigate the Meru grievances, and the Wilson Report was published in 1947 which resulted in the forceful removal in 1951 of about 10% of the tribe to inferior land. This caused a period of political, economic and spiritual crisis for the Meru, because the evictions had not only deprived them of the major part of their grazing land but it had left them with little incentive to improve their coffee (at a time when prices were rising, Meru production fell from 247 tons in 1951 to 99 tons in 1953). Moreover, Government had insisted they sell their crop to a Government appointed agent who charged them considerably more than European coffee growers in the same area. Since Tanganyika is a United Nations Trust Territory, individual Tanganyikans are entitled to present petitions to the Trusteeship Council, and in November 1952 the Meru sent Kirilo Japhet to New York to protest the British action. There he met an American, Anton Nelson, who had long been active in the cooperative movement in the United States. After Kirilo Japhet returned home, the Meru invited "Ax" Nelson to come to Arusha to help establish a cooperative and improve the quality of their coffee.

Ax Nelson is forty-three, a Californian, and an inveterate mountaineer. With several others he made the first two ascents of Lost Arrow in Yosemite Valley (one of which took five days of solid rock climbing). Today he is the President of the Mountain Club of Tanganyika and holds the record for climbing Kilimanjaro in 17½ hours (the usual route takes five days). Nelson drove to Tanganyika with his wife and three children (no mean feat in 1954). Soon after his arrival the Meru Cooperative Union came into existence, moral picked up, and there were record crops almost immediately.

There are three types of coffee <u>shamba</u> (farm) in Meru land: 1) big shambas of from four to five acres with a production worth up to 20,000 shillings* a year, 2) small shambas of less than one acre whose production is marginal, and 3) the average shamba of from one to two acres of good coffee. In order to provide shade and mulch for the coffee trees, they are usually cultivated with bananas, the staple food. Each grower pulps, ferments and dries his own coffee, some doing it well, but many poorly. It takes only a few poorly prepared beans to lower the quality of a large quantity of coffee when it is sold.

The MCU is a marketing cooperative, although it does provide a few things its members need for the proper cultivation of coffee (i.e. insecticides). There are approximately 4000 producer-members, and assuming each denotes a family of five, this represents between one-half and two-thirds of the tribe.

---

* All prices are quoted in East African shillings (of 100 cents) which are at par with Sterling (seven shillings equal one dollar).

The MCU is empowered to control the sale of all Meru coffee and to make deductions for their costs. Hulling and marketing is done by the Tanganyika Cooperative Trading Agency (TACTA). The MCU pays taxes directly to the local government in lieu of personal income tax. All in all the MCU in 1959/60 deducted 25¢ per pound (out of 1/91 gross per pound).*

Although the price of coffee is now only about one-half of what it was at its peak in 1953/54, the average income from coffee of Meru growers is about four times what it was then (in 1955 the average grower received about 250 shillings a year, in 1960 he received 1000). The following run-down of coffee crops between 1950 and 1961 gives an idea of the advances made since the MCU was established in 1954:

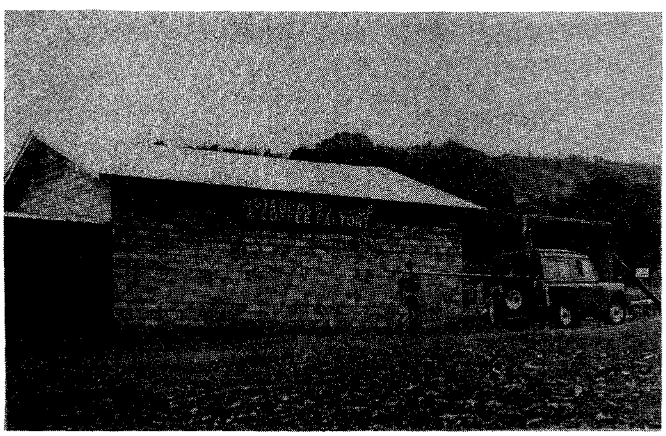
| Year | Tons (2240 lbs.) | Auction price (£ per ton) | net value for farmers (approx.)‡ |
|---|---|---|---|
| 1950/51 | 247 | 199+ | 1,100,000 |
| 1951/52 | 186 | 225+ | 840,000 |
| 1952/53 | 99 | 367 | 726,000 |
| 1953/54 | 171 | 463 | 1,377,000 |
| 1954/55 | 190 | 292 | 1,108,000 |
| 1955/56 | 341 | 442 | 2,780,000 |
| 1956/57 | 239 | 501 | 1,968,000 |
| 1957/58 | 431 | 376 | 2,999,000 |
| 1958/59 | 500 | 307 | 2,413,360 |
| 1959/60 | 760 | 318 | 4,635,000 |
| 1960/61 | 800+ | 285+ | 4,000,000 |

‡ East African shillings
+ approximate figures

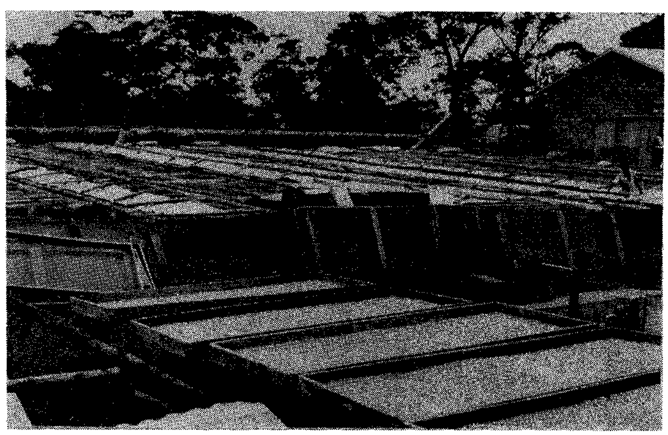
Ax Nelson estimates that if the Meru maintain their present rate of improvement in quality and quantity over the

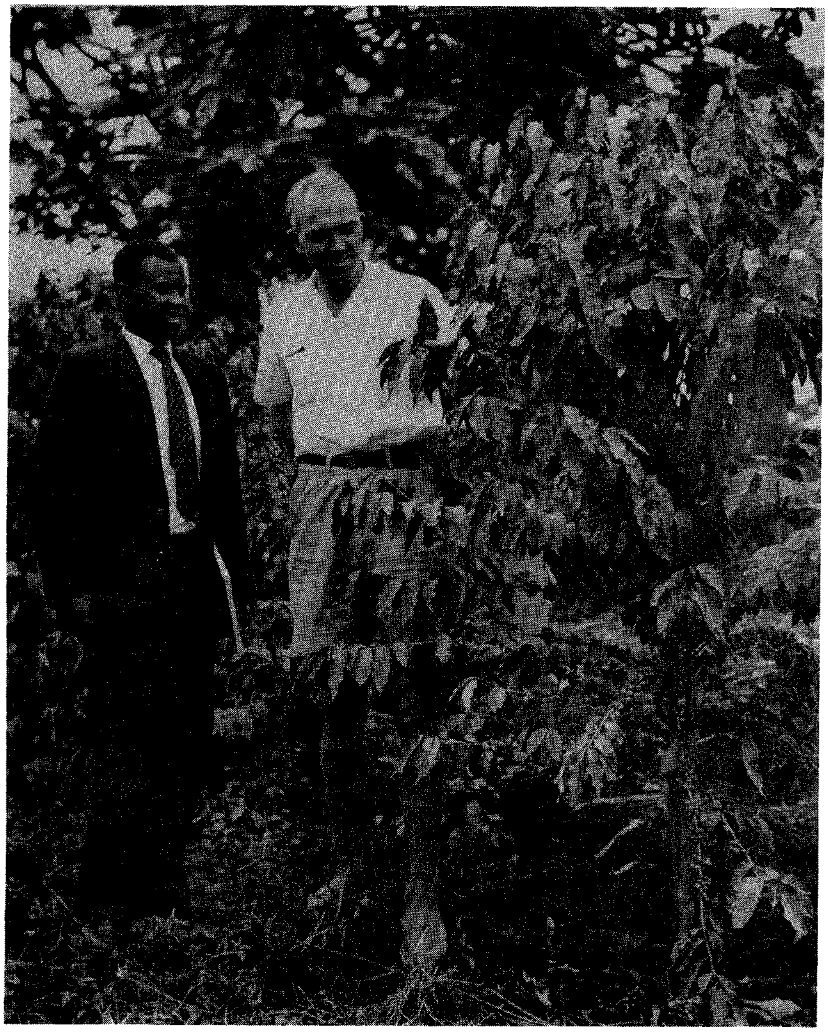
* The specific deductions made per pound of unhusked coffee

Ngyani-Meru Coffee Factory



Coffee drying in the sun





Anton Nelson and Ndesario Kaaya (Secretary-Treasurer of the MCU) inspecting a demonstration coffee tree at their experimental station.

---

next five years, they will be producing 2400 tons, a net value of 11 million shillings or 2200 shillings per farmer. This assumes the present price level will remain constant. Nelson considers this improbable, however, and he estimates that prices will fall perhaps as much as 50% before they become stable. Thus in order to maintain only a slight increase in net value to Meru growers, they must increase both quantity and quality and interest the quality coffee markets of Germany and Switzerland. Ax Nelson is quite frank and calls his job a holding operation until there is greater stability in the coffee market.

By 1961 the Meru Cooperative Union had grown into five primary societies. The Ngyani -Meru primary society has built a coffee factory, the Ngyani-Meru Central Coffee Factory. This is the only African-owned coffee factory in Tanganyika and here the job of pulping, fermenting and drying coffee can be done efficiently by trained personnel. It is hoped this factory will contribute not only to a higher average quality of Meru coffee, but also to its uniform reliability. The following

---

in 1959/60 are as follows:

| | |
|---|---|
| TACTA | 5¢ |
| The primary society's levy | 5¢ |
| The MCU's levy | 9¢ |
| MCU education fund | 1¢ |
| Local government tax (to be discontinued in 1961/62) | 5¢ |
| TOTAL | 25¢ |

extracts are from a report on the first year's operation of the factory. The factory was not in full production this year as it processed only 78 tons of unhusked coffee, although it is hoped to process 200 tons this year and 400 tons in 1962/63. Therefore costs will undoubtedly decrease in the near future with a more economic volume.

Those Ngyani-Meru growers processing their own coffee last year sold it for an average of 1/46 a pound (net), while factory processed coffee brought 1/71 per pound to each grower. The use of the factory resulted in a net gain of 25 cents per pound (gross profit was 35 cents per pound, but factory costs were 10 cents). The factory ran on a budget of 17,830/- and resulted in a total net profit of 44,580/- on 178,315 pounds of unhusked coffee.

The economic benefits of this are obvious, and the plans for expansion to 400 ton capacity by 1962/63 call for capital needed for construction and equipment of around 110-120,000/-. The annual increased profits due to the central factory, however, may be nearly twice the original cost. In 1961/62 with a volume of 200 tons, the profit is expected to be in the neighborhood of 110,000/-, and in 1962/63 with a volume of 400 tons, a profit of 220,000/-. All investment to date has been financed by Africans themselves. The project to increase the factory's capacity, however, will be assisted by a five-year loan.

Ax Nelson and his colleagues hope to convert all Meru coffee to the central factory system. This would entail eight to ten factories processing 2000 tons of unhusked coffee. Under such circumstances there could be a net income to farmers of about 1,000,000/- due entirely to central factory processing. Nelson concludes his report with these words: "In the face of the challenge of the International Coffee Agreement and falling world coffee prices, especially for our traditionally low grade arabicas, I feel there is real urgency in helping our Tanganyika coffee farmers--- AS SOON AS THEY ARE READY AND WILLING---to shift from present every-man-for-himself methods of ruining quality to the central factory system, which conserves and encourages quality."

Very sincerely yours,

Ian Michael Wright

Ian Michael Wright

Received New York September 18, 1961