

**INTENSITY AND PROFITABILITY OF PARTICIPATION IN THE WAREHOUSE
RECEIPT SYSTEM -THE CASE OF SMALLHOLDER COFFEE FARMERS IN KYERWA
DISTRICT, TANZANIA**

BY

MICHAEL NYANDA

Reg. No. 2021/HD02/1888T

Student No. 2100701888

ABSTRACT

Smallholder farmers' social and economic conditions can be transformed through the intensity of their participation in agricultural marketing, such as the Warehouse Receipt System (WRS). However, in order to effectively access such markets through the system, these smallholder farmers must overcome various obstacles and challenges that limit their participation. Hence, this study focused on determining the level of intensity of participation in the WRS, identifying determinants of farmers' intensity of participation, assessing profitability, and exploring determinants of profitability for the WRS users. The study employed a cross-sectional design. Multi-stage sampling and stratified proportionate sampling procedures were used to draw the study sample, and a structured questionnaire was employed for data collection from 360 respondents in Kyerwa district, Tanzania. Data were analyzed using descriptive analysis, the WRS Participation Index, and the Heckman two-stage model. The finding revealed low intensity of smallholder farmers' participation in the WRS. Distance to the market and marital status each significantly influenced both intensity of participation and profitability, while credit services and yield were determinants of the intensity of participation, whereas education and quantity produced were also significant determinants of profitability of coffee in the WRS. Understanding the factors of both intensity of participation and profitability helps policymakers reform the policies that guide the WRS. Then, the government should support investments in the agricultural sector to enhance coffee productivity and improve rural infrastructure to facilitate market-orientated production. Awareness creation, education programs, and microfinance services must also be strengthened to improve smallholder farmers' participation in the WRS.

Key words: Kyerwa, WRS, coffee, profitability, intensity of participation