



International
Labour
Organization

Coop^{AFRICA} Working Paper No. 17

Cooperatives in Zanzibar: Decline and renaissance

Sam Maghimbi



COOP
AFRICA



The Cooperative Facility for Africa (Coop^{AFRICA}) is a regional technical cooperation programme of the ILO contributing to the achievement of the Millennium Development Goals and the promotion of decent work in Africa by promoting self-help initiatives, mutual assistance in communities and cross border exchanges through the cooperative approach.

Coop^{AFRICA} contributes to improving the governance, efficiency and performance of primary cooperatives, other social economy organizations and their higher level structures in order to strengthen their capacity to access markets, create jobs, generate income, reduce poverty, provide social protection and give their members a voice and representation in society.

Coop^{AFRICA}'s approach consists of assisting stakeholders to establish a legal and policy environment conducive to the development of cooperatives; providing support services through identified "Centres of competence"; promoting effective co-ordinating structures (eg. unions and federations) and establishing and maintaining challenge fund mechanisms, for 'services', 'innovation', and 'training'. These funds are accessible through a competitive demand-driven mechanism and a transparent selection of the best proposals.

Coop^{AFRICA} and its network of "Centres of competence" provide different types of services: policy and legal advice; studies and publications; training and education; support to field projects; development or adaptation of didactical and methodological material; networking; advocacy; and promotion of innovative cooperative ventures among others.

Coop^{AFRICA} is located in the ILO Country Office for the United Republic of Tanzania, Kenya, Rwanda and Uganda and is part of the Cooperative Programme (EMP/COOP) of the Job Creation and Enterprise Development Department of the ILO. The programme works in partnership with the International Cooperative Alliance (ICA), the UK Cooperative College, the Committee for the Promotion and Advancement of Cooperatives (COPAC), the International Trade Union Confederation (ITUC-Africa), the International Organization of Employers (IOE) and the African Union Secretariat. Coop^{AFRICA} is a multi-donors programme primarily supported by the UK Department for International Development (DfID). It also receives support from the Swedish International Development Cooperation Agency (SIDA), the Government of Finland, the Arab Gulf Programme for United Nations Development Organizations (AGFUND) and the German Cooperative and Raiffeisen Confederation (DGRV).

ILO Country Office for the United Republic
of Tanzania, Kenya, Rwanda and Uganda
Coop^{AFRICA}
Kazi House, Maktaba Street
P.O. Box 9212
Dar es Salaam
United Republic of Tanzania
Tel: +255.22.2196700
Fax: +255.22.2122597
E-mail: coopafrica@ilo.org
www.ilo.org/coopafrica

International Labour Office
Cooperative Programme (EMP/COOP)
4, route des Morillons
1211 Geneva 22
Switzerland
Tel: + 41.22.7997445
Fax: +41.22.7998572
E-mail: coop@ilo.org
www.ilo.org/coop



International
Labour
Organization

Coop^{AFRICA} Working Paper No.17

Cooperatives in Zanzibar: Decline and renaissance

Sam Maghimbi

2010

Series on the status of cooperative development in Africa

Coop^{AFRICA}
Cooperative Facility for Africa

ILO Country Office for the United Republic of
Tanzania, Kenya, Rwanda, and Uganda

Cooperative Programme (EMP/COOP)

Job Creation and Enterprise
Development Department
(EMP/ENT)

Employment Sector

Copyright © International Labour Organization 2010
First published 2010

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifro.org to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

Maghimbi, Sam

Cooperatives in Zanzibar : decline and renaissance / Sam Maghimbi ; International Labour Organization. - Dar es Salaam: ILO, 2010
1 v. (CoopAFRICA working paper; No.17)

ISBN: 9789221235422;9789221235439 (web pdf)

International Labour Office; ILO Office in Dar es Salaam

cooperative / cooperative movement / cooperative development / Tanzania

03.05

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed in Tanzania

Table of contents

Executive summary.....	vi
1. Introduction.....	1
1.1 The origins of cooperatives in Zanzibar	1
1.2 Cooperative in the 1950 – 1964 period	4
1.3 Cooperatives between 1964 and 1967	5
1.4 The 1979 re-introduction of cooperatives	6
1.5 Methodology.....	8
2. Government support for cooperatives.....	9
2.1 Legislation	9
2.2 Policy.....	10
2.3 Government support	11
2.4 Support from other institutions.....	12
3. Position and situation of cooperatives	13
3.1 Condition of the cooperative movement	15
3.2 Capacity of the apex organizations.....	16
3.3 Services provided to cooperative members.....	18
3.4 Political Influence.....	19
4. Cooperative education	20
4.1 Current status.....	20
4.2 Visibility and quality	21
5. Cooperatives and socially relevant issues.....	22
5.1 Employment, income and poverty reduction.....	22
5.2 Social protection.....	23
5.3 Giving voice	24
5.4 Vibrancy	24
6. Conclusions and recommendations	26
List of references.....	28

List of tables

Table 1: Cooperative development in Zanzibar between 1953 and 1964.....	5
Table 2: Registered cooperatives in Zanzibar between 1980 and 1984.....	7
Table 3: Registered cooperatives in Zanzibar in 1984.....	7
Table 4: The number of people living in poverty.....	11
Table 5: Number of registered primary cooperatives.....	14

List of abbreviations

ASSP	Agricultural services support programme
ASDP-L	Agricultural Sector Development Programme – Livestock
CGA	Clove Growers Association
CCM	Chana Cha Mapiduzi
CUT	Cooperative Union of Tanzania
CUZA	Cooperative Union of Zanzibar
INC	Indian National Congress
JAWAFU	Jumuiya Ya Wafugaji Fuoni
PADEP	Participatory Agricultural Development
MDG	Millennium Development Goal
MUCCOBS	Moshi Cooperative College
SACCO	Savings and Credit Cooperative
SELF	Small Entrepreneur Loan Facility
SME	Small and Medium Enterprise
TANU	Tanganyika African National Union
TFC	Tanzania Federation of Cooperatives
TZS	Tanzania Shilling
USD	United States Dollar
ZPRP	Zanzibar Poverty Reduction Plan
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty
ZSTC	Zanzibar State Trading Corporation

Acknowledgement

The author would like to extend thanks to all those who participated in the baseline study, which provided the data for this paper. The various people and organizations include Hussein Ali Fereshi and Suleiman Amer Mbaruku from the Cooperative Union of Zanzibar (CUZA), the staff of the Department of Cooperatives, Khamis Ussi Alli - the Registrar of Cooperatives, Haji Khatibu Haji - former Cooperative College Moshi tutor, Maisha Bora SACCOs, Mkokotoni Transport SACCOs, Tumeweza Vijana Primary Cooperative Society, Tufikirini SACCOs, Tekeleza Primary Cooperative Society, Jambonia Primary Cooperative Society, Uchumi Imara Primary Cooperative Society, Mwanzo Mgumu Primary Cooperative Society, Unguja South Region Union, Mkocha (South Pemba) Union, Kaskazini (North Pemba) Union, Heri Liwe Primary Cooperative Society, Express Tailoring Cooperative Society, Kumbe Transport Primary Cooperative Society, JAWAFU Primary Cooperative Society and Tuwezani Primary Cooperative Society. Comments, suggestions and other inputs provided by Emma Allen, Sam Mshiu, Elizabeth Mwakalinga, Jan Theron, Kaleshu, Jones Tindyebwa and Philippe Vanhuynegem are gratefully acknowledged.

About the author

Dr. Sam Maghimbi is a professor in the Department of Sociology and Anthropology, University of Dar es Salaam. He obtained his Ph.D. from the London School of Economics in 1990. His area of specialization and research include rural development and cooperatives, peasant economy and society and land tenure. Currently he is Dean of Faculty of Humanities and Social Sciences in the Dar es Salaam University College of Education, which is a constituent college of the University of Dar es Salaam.

Executive summary

Cooperatives in Zanzibar stagnated after the Cooperative Union of Tanzania (CUT), to which the cooperative movement on the Isles had been affiliated, underwent reforms in 1991. As of December 2008 there were 4,761 registered primary cooperatives and 83,734 cooperative members from Zanzibar's total population of 984,625. The evidence that is presented suggests that the apex organization (CUZA) and the cooperative unions in Zanzibar are very weak and over the past decade little work has been done to strengthen the movement. These organizations have not been able to organize many educational or promotional campaigns that sensitize members and potential members to the benefits of cooperative enterprise. Many primary cooperatives are weak and lack support from the cooperative unions and CUZA, both of which have very limited financial and manpower resources. It is indicated that lack of resources in the cooperative movement has contributed to the failure of CUZA and cooperative unions to provide services to primary cooperatives. This has worked in a vicious circle, as weak primary cooperatives cannot financially support the unions and CUZA. It is elaborated that the Department of Cooperatives has some well trained officers, but that visits to primary cooperatives for duties including supervision and auditing are few because the Department lacks the necessary resources, such as vehicles and budget to support the officers when they are out of their duty stations. It is further argued that there is a low level or total absence of cooperative education in Zanzibar. The long term social and economic policy of the government (Vision 2020) targets modernization. It is argued that cooperatives have a central role in implementing Vision 2020. Successful cooperatives are few, and such examples are given in the paper. Nevertheless, the conclusion is reached that much work needs to be done in legal reform, policy formulation and training of cooperative members before cooperatives can have a wider impact in poverty reduction and livelihood improvement.

1. Introduction

1.1 *The origins of cooperatives in Zanzibar*

The history of the cooperative movement in Zanzibar and even its current structure is not well known. There is lack of literature on cooperatives on the Isles. Thus this study is very important as a pioneering examination of the cooperative movement in Zanzibar.

Many cooperatives were established in Zanzibar from as early as 1925, which is when they were legalized by the British colonial government. However, crop marketing cooperatives were not the main type of cooperatives formed, as was the case in Tanganyika (what is now the mainland of Tanzania). The peasantry in Zanzibar was marginalized as a plantation economy from the introduction of cloves Arab colonizers in 1810 (Maghimbi, 1999:89; Sheriff, 1991:112).

There was little chance of a strong crop marketing cooperative movement evolving in Zanzibar as was the case in the other British colonies in East Africa. In Zanzibar there was little space for peasants to grow cash crops and form cooperatives. This is because the fertile land in both islands was alienated by Arabs who created coconut and clove plantations. The African peasants were pushed to the less fertile parts of the islands, such as the stony coral regions of the eastern part of both islands (Maghimbi, 1999:89-90).

The main agricultural commercial crops (cloves and coconuts) were grown in plantations owned by Arab invaders. Subsequently there was no economic base for the peasants to create a strong cooperative movement based on the marketing of agricultural crops.

Cooperatives in Zanzibar were first legalized by the Cooperative Societies Ordinance of 1925 (Cap. 490). The early cooperatives in Zanzibar were formed by clove planters. The British colonial government fostered cooperative marketing among small holders so that the cost of producing cloves would go down and more cloves could be exported (Jabir, 1977:156).

The powerful Clove Growers Association (CGA) was a type of a voluntary cooperative that government agricultural officers helped to organize (Loftchie, 1965:115). The CGA assisted clove and coconut growers on a mutual self-help basis. Nevertheless the CGA strangled the cooperative movement from 1934, when it was given a monopoly to purchase and export cloves (Jabir, 1977:167).

The origin of the CGA association was the Clove Bonus Scheme that started in 1922. It was initiated by the Director of Agriculture of the British colonial government to encourage the planting of new clove trees. In 1924 the Department of Agriculture created an Agricultural Advising Committee which drew its members from the Arab Association; the latter representing landed interests. The Clove Growers

Association was formally formed in 1927 with its roots in the Arab Association. It aimed at regulating the cost of production of cloves by fixing wages. It also aimed at gaining control of the clove market and financing the clove planters. This association functioned as a cooperative and by 1934 it had 9,000 members (Jabir, 1977:158-159).

In 1934 the cooperative business operations were disbanded and clove marketing was kept under the control of the CGA, which had now become a government agent with the monopoly of buying and selling cloves (Jabir, 1977:160). The number of cooperatives which marketed cloves before 1934 is not known. However, they appear to have been many, as the CGA had 9,000 members. One authority in Zanzibar noted that in 1934:

The principal long-range reform was the resuscitation and reorganization of the Clove Growers Association. Previously the CGA had been a kind of voluntary cooperative society which government agricultural officers simply helped to organize. It assisted the growers on a strictly mutual self-help basis. The agricultural reform program of 1934 endowed the CGA with semi-official status. Its main function was still to help clove growers to harvest and market their crops economically; but as a recognized agency of the government; it had a better financial position and was given important regulatory and supervising powers over the entire clove industry (Loftchie, 1965:115).

The monopoly of the CGA association was removed by the British colonial government in 1938. This was after a bitter struggle between the government and CGA on the one side and some Indian merchants on the other. The Indian merchants were those involved in the lucrative business of exporting cloves to India. The monopoly of CGA and governance approach had not only slowed down the growth of the cooperative movement, but had encouraged the formation of cooperatives on racial lines (Loftchie, 1965:121).

When the CGA was given a monopoly to purchase and export cloves, the Indian National Association in Zanzibar sought and received support of the Indian National Congress (INC). The INC was the nationalist movement in India and it organized a nationwide consumer boycott in India of Zanzibar cloves. Arabs in Zanzibar retaliated by organizing a succession of counter boycotts against Indian shops in Zanzibar. They also persuaded African labourers to boycott picking cloves in Indian owned clove plantations. In Pemba cooperatives formed by Arabs came out in support of the CGA. A group of approximately forty rich Arabs in Pemba subscribed funds for the formation of a trading syndicate cooperative. The objective of the cooperative was to eliminate any need for rural Arabs and Africans, and depend on Asian traders (Loftchie, 1965:120-121).

Cooperatives were organized on racial lines in Zanzibar with each race (Africans, Arabs and Indians) having its own cooperatives. This became a legacy and it did not help to strengthen the movement. The clove cooperatives that were dominated

by Arabs were not strong. Many members of these cooperatives were so indebted that they lost farms to their Indian merchant creditors. Actually debt reduced the clove planters who were once the dominant element of the Arab community to a state of permanent insolvency and the Zanzibar political elite was transformed into a debtor class (Loftchie, 1965:111-112). The whole idea of forming the CGA was an administrative measure by British officials to remedy Arab indebtedness. Even before 1928 the British administration formed an agricultural policy that was based on a complex subsidy scheme to provide Arabs with a measure of acquiring ready cash to pay off their debts which were owed mostly to Indian merchants (Loftchie, 1965:112). The problem of indebtedness and land transfer from the Arab planters to the Indian creditors was serious for the British colonizers and their Arab acolytes. In 1934 a whole battery of legislation were enacted to deal with this problem. One of these laws (the Alienation of Land Decree) prohibited the transfer of agricultural land from Arabs or Africans to Indians. It also restricted forms of mortgages and imposed a moratorium on debts (Sheriff, 1991:132-133).

Cooperatives continued to be formed on racial lines after the decline triggered by actions between 1934 and 1938. On May 5th 1938 the British colonial government and the Indian National Association reached an agreement (The Heads Agreement), which aimed at reducing the CGA monopoly over the export of cloves (Loftchie, 1965:125-126; Jabir, 1977:170-171). Nevertheless, the formation of cooperatives continued on racial lines, as the “Heads of Agreement” gave the Arab CGA considerably more power than it received under the 1934 reforms (Loftchie, 1965:125).

According to Loftchie (1965) it was agreed that monopoly over export cloves would cease and that the Indian merchants would be allowed to buy half of the cloves for export from the CGA. However, this agreement left no room for clove marketing cooperation outside the umbrella of the CGA. Those cooperatives formed under the umbrella of the CGA were Arab and this explains why African cooperatives in marketing of agricultural crops (cloves and copra) never developed. There is little data available, but what is available indicates that even those cooperatives formed between the Second World War and the revolution in 1964 were organized on racial lines (Department of Cooperatives, 2008).

One report indicates that in their modern form, cooperatives were formed in Zanzibar from the 1950s. This followed a 1948 decree which was passed to facilitate the formation of cooperatives and the 1950 Kerr Commission that was appointed by colonial authorities to look into the potential of cooperative development in Zanzibar. After considering the socio-economic and political situation in Zanzibar, this Commission recommended the formation of different types of cooperatives in Zanzibar (Mughandila et al., 1985:2). It is reported that the African workers established a cooperative shop in Zanzibar town in 1950 (Sheriff, 1991:135).

1.2 *Cooperative in the 1950 – 1964 period*

In March 1952, the government established the Cooperative Development Office as part of the Provincial Administration. The Registrar of Cooperatives and his staff were appointed and training of staff and registration of cooperatives immediately followed. The first cooperative to be registered after March 1952 was in Ziwani on Pemba Island. The 1952 – 1964 period saw the formation of different types of cooperatives in Zanzibar, which included consumer, marketing, thrift and loan, housing, rural credit, fisheries, coir making, copra production, dairy, ranching, tailoring (Mughandila et al., 1985: 2 – 3).

The most numerous type of cooperative that emerged during this period was the consumer shop. These were formed on racial lines. The Shiraz Association (consisting mostly of Africans from Pemba Island) established their own shops and the Zanzibar Nationalist Party (consisting of Arabs) started its own shops as well. The Shirazi Association opened shops in each of the localities of the Ng'ambo area in Zanzibar town. Each shop had approximately one hundred members, with each member contributing a share capital of forty shillings and by 1960 there were twenty consumer cooperatives in Zanzibar (Mughandila et al., 1985:3).

A small number of housing cooperatives were formed. These were organized on racial/tribal lines like the other cooperatives. Only one Indian Community (Ismailia) is reported to have launched housing cooperatives. Some copra marketing cooperatives were established in the same period. They were created by Africans and were popular among clove pickers (Mughandila et al., 1985: 3).

The period between 1952 and the revolution in 1964 also saw the establishment of some fisheries cooperatives. Nevertheless, it is reported that they did not get much support from the colonial government, which preferred to give more support to rural credit cooperatives. By 1960 there were also two coir-makers cooperatives, whose members were predominantly women. These two cooperatives were supplied with spinning wheels and fiber by the Copra Board. The cooperatives were paid twenty five cents for every pound of yarn spun (Mughandila et al., 1985: 4).

In the period under review, a successful juice canning cooperative was established under the patronage of the Shirazi Association. It produced syrup and juice from fruits such as tamarind. Women tailoring cooperatives were common, but it was reported that they were dominated by the wives of British colonial administrators. Cooperatives that were supported by the Zanzibar Nationalist Party got more financial support from the government than those supported by the Afro-Shirazi Party. The Afro Shirazi Party was a merge of the Shirazi Association and the African Association. The African Association consisted mostly of Africans from the main Island (Unguja). There was even a belief in the Afro-Shirazi Party that the colonial government formed cooperatives as a mechanism for supporting the other political party (i.e. the Zanzibar Nationalist Party dominated by Arabs).

The table below provides some data on the evaluation of cooperatives in Zanzibar in the 1950s and early 1960s.

Table 1: Cooperative development in Zanzibar between 1953 and 1964

Cooperative type	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Marketing	1	1	1	2	2	2	2	2	3	3	16	16
Rural credit	11	8	11	17	18	19	21	26	28	30	14	14
Consumer	2	2	2	2	2	18	19	20	20	20	19	19
Other	2	5	7	14	15	19	25	28	30	40	217	217
Total no. registered	22	16	21	35	37	58	67	77	81	93	266	266
No. of members	835	562	678	957	1187	4073	5161	4523	NA	NA	NA	NA

Source: Mughandila, 1985: 4 – 5

1.3 Cooperatives between 1964 and 1967

In 1961 the British colonial government transferred power to the Arab party (the Zanzibar Nationalist Party) and this meant that there was thus no attempt to modify the tradition of forming cooperatives on racial lines. The Arab leaders allowed the CGA to gain full monopoly again. However, the CGA was abolished on 8th October, 1964 by the Afro Shirazi Party, which emerged the sole and ruling party after the revolution on 12th April, 1964. The duties of the CGA were taken over by the Zanzibar State Trading Corporation (ZSTC), which was created by the state to oversee import and export trade. Both wholesale and retail trade came under state (monopoly) control.

Family shops were created all over Zanzibar and were supplied by the ZSTC. ZSTC still exists today, but operates in a trade liberalized environment. Family shops were (erroneously) conceived as cooperative shops by those in authority. They were an attempt by the government to institute a distribution system. The shops did not have any cooperative character and were de facto government shops (Mughandila et al, 1985: 7).

Cooperatives were rife with embezzlement and political and racial abuses. The movement was disbanded in 1967. By virtue of government Decree No. 9 of 1967 and the Cooperative Societies Decree Cap 154 every cooperative registered was dissolved. The Department of Cooperatives also disappeared and its personnel were placed in other government departments (Mughandila et al., 1985: 7 – 8).

In 1976 there was a relaxation in the abolition. Government Decree No. 4 and No. 5 of 1976 allowed the creation and registration of fishery cooperatives and clove and copra porters' cooperatives. These cooperatives were registered under the Business Names Decree of 1949. However, these cooperatives lacked cooperative characteristics. Their promotion, management and supervision were undertaken

by a government department - the Department of Fisheries in the case of fisheries cooperative and the Department of Equality in the case of the Copra Porters Cooperative Society (Mughandila et al., 1985: 7 – 8). Fishery cooperatives were created from a top-down approach. The Zanzibar government continued to encourage the formation of cooperatives for artisanal fishers in the 1980s. The government also established a public fishing enterprise with modern fishing boats. However, fishery cooperatives involved small fishing units of mostly artisanal fishermen. The government established its fish stalls all over the country in order to sell fish. Fishery cooperatives had to sell their catches through the government controlled channels with fixed prices. In 1975 and 1976 it was observed that some fishermen were taking fish to Dar es Salaam and Tanga markets on the mainland in order to avoid the government fixed prices in Zanzibar. Fisherman considered the government initiated cooperatives as a simple extension of state control and started to abandon the government instituted cooperatives. Some fishermen migrated to the mainland where fishing was private and prices were negotiable (Salehe, 1994: 59 – 61).

1.4 The 1979 re-introduction of cooperatives

Cooperatives were formally allowed again with the enactment of the Cooperatives Societies Decree No. 3 of 1979. The Cooperative Department was also revived in the same year (Department of Cooperatives, 2008; Mughandila, 1985; 8). There followed the registration of many consumer cooperative shops in the 1980 – 1984 period while fishing, agricultural and small scale industrial cooperatives gained prominence (Department of Cooperatives, 2008).

The 1979 decree provided for the registration of primary cooperatives only. However just before the Decree No. 3 of 1979 was enacted, the Revolutionary Government of Zanzibar had asked the apex of cooperatives in the mainland – the Cooperative Union of Tanzania (CUT) to open an office in Zanzibar (Mughandila et al., 1985: 9, 12).

There was much political interference and control of cooperatives in the 1980s. Decree No. 3 of 1979 was arbitrary. For example, the minimum number of members who could legally form a cooperative was 25. This was too high and in many other countries during this time it was ten. The application for registering a cooperative had to be endorsed by a chairman of the ruling party in the area. No person was allowed to be a member of more than one registered cooperative. There was also the assumption that the principles of cooperation and the principles of socialism were interchangeable (Mughandila et al., 1985: 11).

Many cooperatives were formed after the 1979 Decree No. 3. In 1984 the ministry responsible for fisheries allocated TZS 3,700,000 for the importation of fishing gear. It gave priority to fishery cooperatives, many of which received loans after the 1976 Decree No. 4 and 5 which allowed for the establishment and registration of fishing cooperatives and clove and copra porters' cooperatives. By early 1980 only four fishery cooperatives had been able to pay back their loans (Mughandila et al., 1985: 20).

The first cooperative to be registered after the 1979 Decree No. 3 was a consumer shop known as “*Kudanganyana Hakuna*” Cooperative (Literally meaning “*There is no cheating*” Cooperative). This started with a share capital of TZS 9,000 and had 26 members - 17 men and nine women. A total of 1160 cooperatives were registered by the end of July 1980, out of which 1077 were consumer shops. The remaining cooperatives included savings and credit agricultural and industrial cooperatives (Mughandila et al., 1985: 9). The two tables below indicate the rapid growth of cooperatives after the 1979 Decree No. 3.

Table 2: Registered cooperatives in Zanzibar between 1980 and 1984

Year	No. of cooperatives	No. of members	Paid up share capital (TZS)	Reserves/Deposit (TZS)
1980	462	8,680	3,140,415	N/A
1981	707	15,519	5,512,432	19,242
1982	868	23,238	8,316,351	679,647
1983	1,060	31,417	11,777,967	809,540
1984	1,204	38,403	17,115,388	1,122,585

Source: Mughandila et al., 1985:9

Table 3: Registered cooperatives in Zanzibar in 1984

Cooperative type	No. of Cooperatives	No. of members	Paid up Share capital (TZS)	Reserves/Deposit (TZS)
Consumer shop	1084	33,163	15,477,857	N/A
Savings / credit	17	1,046	65,705	502,854
Tree felling	19	515	183,170	N/A
Bakery	8	499	469,000	N/A
Agricultural	12	429	100,840	N/A
Lime making	2	69	11,510	N/A
Tailoring	4	111	80,600	N/A
Show making	1	25	5,000	N/A
Hotels	3	1555	35,500	N/A
Building/Construction	3	85	34,410	N/A
Handcraft	3	102	9,900	N/A
Fishing	12	354	316,136	N/A
Charcoal burning	21	59	13,600	N/A
Transport	1	28	6,600	N/A
Carpentry	2	58	18,500	N/A
Soap making	12	306	365,060	N/A
Total	1,204	38,403	17,195,388	502,854

Source: Mughandila et al., 1985:9

The Cooperative Societies Decree No. 3 of 1979 was repealed in 1986 when the Cooperative Societies Act No. 4 of 1986 was enacted. This Act gave more prominence to the establishment of production oriented cooperatives. It also recognized the Cooperative Union of Tanzania (CUT) as the national cooperative apex for the whole of Tanzania (Mainland and Isles). At this point the cooperative movement of Zanzibar was formally merged with that of the Mainland under the umbrella of the CUT, the latter having been designated as one of the five mass organizations of the ruling party of Tanzania. This party was called the “*Chama cha Mapinduzi*” (CCM) – which literally means “The Revolutionary Party” - was created in 1977, after the merger of the ruling party of Tanganyika (TANU – Tanganyika African National Union) and the ruling party of Zanzibar (Afro-Shiraz Party).

In 1998 (after the reintroduction of a multi party system) some amendments were made to the cooperative societies Act No. 4 of 1986. These were made to enable the cooperative movement to rid itself of political allegiance and interference, and to promote member-owned and member-controlled cooperatives (Department of Cooperatives, 2008).

In 1995 some amendments were made to the Cooperative Societies Act No. 4 of 1986, which provided for the establishment of a cooperative apex organization in Zanzibar known as the Cooperative Union of Zanzibar or CUZA. In the mainland the apex organization which was formed (in 1994) was called the Tanzania Federation of Cooperatives (TFC).

Political reforms of the early 1990s signaled the end of the single party regime. Cooperatives were no longer a “*mass organization*” and suddenly they were no longer an affair of the Union Government. The Zanzibar movement had to separate from the mainland. Historically the movement had been stronger in the mainland and it had accumulated many assets long before the two movements merged in 1979. When the split came, the Isles wanted the assets of CUT to be shared equally. The Mainlanders countered by maintaining that Zanzibar had come in empty handed and that they had contributed nothing to justify their demand for an equal share. What occurred in the late 1990s and early 2000 was a protracted politically charged dispute over the division of property owned by CUT. In Zanzibar the cooperative movement almost came to a standstill. Cooperatives were not used to standing on their own after a considerable period under state patronage. The movement in Zanzibar emerged very weak. Recent efforts are almost tantamount to building the movement from scratch. The dispute between TFC and CUZA ended in a court settlement and Zanzibar was awarded part of what they claimed - two CUT warehouses in Tanga town.

1.5 *Methodology*

This working paper is based on data collected in Zanzibar in February, 2009. Extensive interviews and discussions were held with the Cooperative Union of Zanzibar (CUZA), and with key informants including the Acting Secretary-

General of CUZA. Interviews and discussions were also held with officers of the Department of Cooperative in Zanzibar, including its head - the Director/Registrar of Cooperatives. This is the government department responsible for registering and supervising cooperatives in accordance with the Cooperatives Societies Act, No. 4 of 1986. Interviews and discussions were held with board members of the two cooperatives unions on Pemba Island. There are five regional cooperative unions in Zanzibar and each covers one administrative region. There are two administrative regions on Pemba Island and three on Unguja Island. The acting manager of Unguja South Region Cooperative Union on Zanzibar Island was interviewed. Several SACCOs and other primary cooperatives were visited and interviews and focus group discussions were held with leaders and members.

Some documents were obtained from the Department of Cooperatives in Zanzibar and the Zanzibar Statistical Abstract of 2007. Another documentary source was the library of the University of Dar es Salaam where some books and one dissertation on Zanzibar were obtained.

1.6 Guide to the document

This section has discussed the origins of cooperatives in Zanzibar and the paper's methodological approach. Section 2 focuses on support for cooperatives from government and donors. Section 3 considers the situation of cooperatives and section 4 looks at cooperative education. Section 5 looks at the contribution of cooperatives to development and section 6 provides conclusions.

2. Government support for cooperatives

2.1 Legislation

The current law on cooperatives was enacted on 21st May 1986 and is known as the Cooperative Societies Act, No. 4 of 1986. The introduction of this Act saw the Cooperative Societies Decree No. 3 of 1979 repealed. This law provides for a three-tier system comprised the following:

- The primary cooperative;
- The secondary cooperative (cooperative union);
- The apex organization (cooperative federation/confederation).

Under this law five persons may form any primary cooperative. The law does not put economic viability as a precondition of forming a primary cooperative, however, this condition is partially imposed on cooperative unions as it stipulates in section 73 that:

A cooperative union may be formed for a region, and where it is economically viable, it may, with approval of the Minister, be formed for a district or districts.

This law allows the apex organization to affiliate with any other cooperative institution outside Zanzibar. Nevertheless, the movement in Zanzibar has not forged linkages with other cooperative institutions outside the Islands. The law is not accompanied by rules and regulations that outline the role of the registrar/director of cooperatives. Neither does it give the department of cooperatives the sole authority to provide advice on the formation of cooperatives. This has resulted in a situation that sees various ministries/departments going to the field to organize cooperatives without consulting the cooperative registrar.

Under this law it is very easy to start a cooperative, as economic viability does not need to be proven to cooperative officers. This is part of a current problem that sees many organizations that may or may be registered as cooperatives, advertising that they operate under the principles of cooperative enterprise. Processes for legal reform have begun and the ILO's Cooperative Facility for Africa is involved in this process.

2.2 Policy

In January 2000 the Revolutionary Government of Zanzibar published its long term social and economic plan. The plan, known as Vision 2020, includes the following goals:

- Full employment by 2020;
- Modernization of agriculture;
- Promotion of sustainable tourism;
- Promotion of sustainable fishing;
- Promotion of sustainable industrialization;
- Improving socio-economic infrastructure;
- Sustainable transport and communication;
- The creation of a micro-finance banking system to serve the general public.

Cooperatives can play a big role in implementing the plan, which aims at increasing the life expectancy of Zanzibaris from 48 to 65 years and increasing the per capita income from USD \$200 to that of a middle income country.

To implement Vision 2020, the Zanzibar Poverty Reduction Plan (ZPRP) was launched in May 2002. In January 2007 a four-year follow up plan known as 'Zanzibar Strategy for Growth and Reduction of Poverty' (ZSGRP), was launched. ZSGRP is in line with the Millennium Development Goals (MDGs).

Some achievements have been made toward the ZPRP. For example real growth of the economy was 8.6 per cent in 2002, 5.9 per cent in 2003 and 6.4 per cent in 2004. Per capita nominal income increased from TZS 261,000 (USD \$276) in 2002 to TZS 331,000 (USD \$303) in 2004. However, poverty is still a major problem and cooperatives and other SMEs have to take on further roles within the ZSGRP in order to support acceleration of poverty reduction.

Table 4: The number of people living in poverty

Region	Total population	No. living in food poverty	Per cent	No. living in basic needs poverty	Per cent
Pemba	376,987	75,192	20	229,997	61
Unguja	678,938	63,958	9	288,122	42
Zanzibar 1991/92	878,688	193,311	22	536,000	61
Zanzibar 2004/05	1,055,925	139,150	13	518,119	49

Source: The Revolutionary Government of Zanzibar, (2007): Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP).

Some of the key interventions identified to address challenges and meet targets in ZSGRP include:

- Finalizing and implementing the SMEs policy;
- Creating a conducive legal environment for land allocation and ownership;
- Promoting sustainable use of natural resources and mainstreaming environmental norms and ethics into development activities.

One of the goals of ZSGRP is to promote pro-poor and broad based growth as poverty remains a major developmental challenge. The government is committed to support SMEs in trade policy as well as financial and economic reforms, and has developed a policy on SMEs to support this. However, there is need to clearly state that SMEs includes cooperatives.

The Department of Cooperatives produced a first draft of a cooperative policy in 2009. The policy objectives mentioned in the draft policy include the following:

- To reverse the trend of state controlled cooperatives and promote autonomous self-help cooperatives that are member-based, economically viable and strong;
- To comply with the ICA standards;
- To support the establishment of viable cooperative financial institutions;
- To encourage internal cooperative capital formation;
- To protect cooperative business operations against unfair competition;
- To recognize and support small producer group initiatives so that they can become economically strong cooperatives;
- To support and encourage the provision of cooperative education, training and research services that focus on member empowerment.

2.3 *Government support*

There are not many elaborate institutional structures that support cooperatives in Zanzibar. Institutional support is offered by the government through the Ministry of Agriculture, Livestock and Environment. The Department of Cooperative is under this ministry. The director of this department is also the registrar of cooperatives.

The director of the Department of Cooperatives is assisted by two assistant registrars (one in Unguja and the other in Pemba). Under each assistant registrar is a coordinator and regional cooperative officers. Each district office is headed by a district cooperative officer, who is supposed to be assisted by several cooperative officers. Shortage of staff means that a whole district may have only one staff member in the district department of cooperatives. The Department of Cooperatives has only 78 members of staff. However, even with its shortage of staff and other resources, the Department has supervised primary cooperatives in the preparation of bylaws. CUZA as well as all the primary cooperatives visited had elaborate bylaws.

The Department of Cooperatives has only one motorcycle for Pemba Island and one for Unguja Island. There are two cars in Unguja, but only one is roadworthy. The Department's budget for training in 2008/2009 included TZS 3,600,000 for local training and TZS 1,400,000 for foreign training.

Over the past four years in Pemba only a single five-day training seminar was organized in each region. Participants to the seminar were secretaries and treasurers of SACCOs. The Department of Cooperatives has no capacity to hold seminars as its budget is too small. Due to lack of transport, very little or no inspection of cooperatives is undertaken. Capacity to inspect and audit all cooperatives is available in Pemba, but budget shortfall constrains service delivery. Consequently, the morale of the Department's staff in Zanzibar is generally low. Moreover, it seems that the Department has fewer resources since it was moved out of the Chief Minister's Office in 2000.

The Department of Cooperatives has five sections that cover cooperatives in areas including industrial, women, audit, marketing and tourism. However, due to staff shortage the sections boundaries tend to be blurred. In 2008 the Department of Cooperatives, with technical and financial support from the ILO's Cooperative Facility for Africa prepared a first draft of a cooperative development policy for Zanzibar.

The other institution supporting cooperatives in Zanzibar include the Government of the United Republic of Tanzania. This provides support through training in its cooperative college (the Moshi University College of Cooperative and Business Studies). At the time when this study was carried out five staff members from the Department of Cooperatives were undergoing training at this college.

2.4 Support from other institutions

The only direct donor support mentioned was ILO's Cooperative Facility for Africa, which has been working with the cooperative movement and the Department of Cooperatives in Zanzibar. There has been a big decline in donor support for cooperatives over the past decade. Nevertheless, some local institutions and programmes that support cooperatives appear to receive some donor support. For instance, Small Entrepreneurs Loan Facility (SELF) is a union government facility which gives loans to groups including cooperatives in Zanzibar. SELF has given

short courses to the Department staff for supervision of SACCOs. The last training was administered in 2008. All the cooperative officers of the Department from both Unguja and Pemba received a two week training course, with SELF paying the full cost, including those of two facilitators from Tanzania's Cooperative College (MUCCOBS).

The Agricultural Services Support Programme (ASSP) also uses donor money (plus a counterpart fund of the Revolutionary Government of Zanzibar) to support farmers in training extension. Some of the farmers supported are members of cooperatives. A sister programme to ASSP is the Agricultural Sector Development Programme – Livestock (ASDP-L) which supports extension for livestock among various peasants, including those in membership of cooperatives. The programmes find it easy to deal with groups and have encouraged the formation of cooperatives. Cooperatives of this kind, which are organized in a top-down approach, are problematic. For instance, in one case it was obvious that the peasants were cajoled or pressurized to form a primary cooperative in order to facilitate extension. Some members of this cooperative did not even understand their status as a cooperative. ASSP and ASDP-L are under the same Ministry (agriculture) as the Department of Cooperatives, but there is poor coordination between the Ministry's departments.

Participatory Agricultural Development (PADEP) is another union government project that provides small grants and training to groups such as cooperatives. This project is funded by the World Bank and is under the Ministry of Agriculture. The Marine and Coastal Environment Management Project is another World Bank project that gives small grants for boats, fishing gear and cold storage facilities, among others to groups including cooperatives. It gives grants to fishing groups, but does not restrict itself to fishing groups only. The project started on the Mainland, and extended to Zanzibar in 2005. Tanzania Social Action Fund is a union government presidential fund that promotes growth and poverty reduction. The Fund supports income generating groups, including cooperatives. It was proposed that this fund set up a Cooperative Education Centre in each district of Zanzibar, but this is yet to be implemented.

3. Position and situation of cooperatives

The cooperative movement in Zanzibar is currently weak in comparison to what it was prior to 1991 and in comparison to the cooperative movement of mainland Tanzania. Between 1978 and 1991 cooperatives in Zanzibar were members of the Cooperative Union of Tanzania (CUT), which was transformed in 1991 to create the present day Tanzania Federation of Cooperatives. As part of the transformation, the cooperative movement in Zanzibar broke away from the mainland federation to create its own federation – the Cooperative Union of Zanzibar. This event appears to have thrown cooperative development off course in Zanzibar and currently there is a feeling that the movement needs to be rebuilt from scratch. However even before 1991 the cooperative movement in Zanzibar was not member-based. Cooperatives were created through top-down mechanisms and patronized by the government.

As of December 2008 there were 83,734 cooperative members and 4,751 registered primary cooperatives. In the 2002 Population and Housing Census, Zanzibar had population of 984,625 (622,459 on Unguja Island and 362,166 on Pemba Island). Therefore, less than ten per cent of the population may be affiliated to a cooperative. The breakdown of registered primary cooperatives by sector is outlined in the table below.

Table 5: Number of registered primary cooperatives

Type of primary cooperative		
	2007	2008
Industrial	40	46
SACCO	275	385
Craft	102	118
Other	4002	4202
TOTAL	4,419	4,751

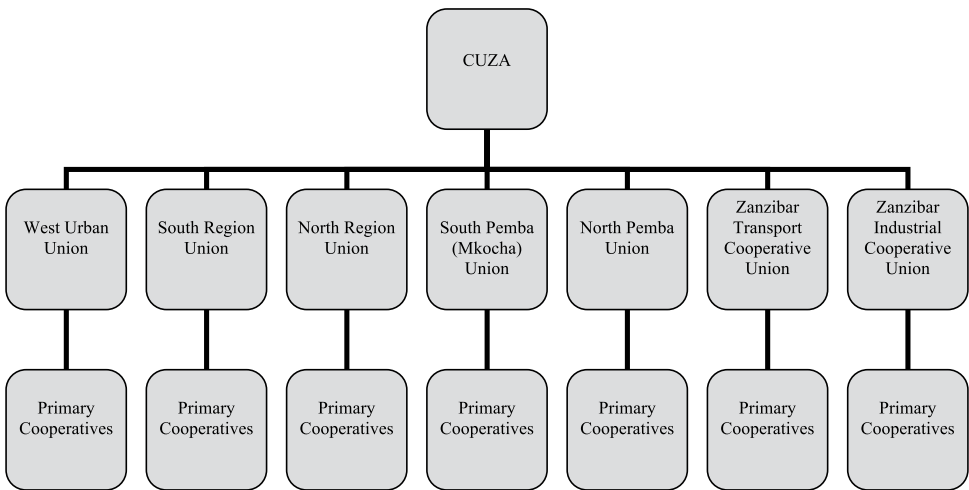
Source: Department of Cooperatives, Zanzibar.

Most cooperative members are adult females and males. Households are large in Zanzibar, with an average household size of 5.3. If every member of a primary cooperative comes from one household it means that 443,790 people or nearly half of Zanzibar's population would be covered by a cooperative. Nevertheless, the experts in the Department of Cooperatives and CUZA indicated that approximately half of the cooperatives that have been registered on Zanzibar are not active. This would still leave nearly one quarter of the population with some connection to cooperatives, thus making the movement the largest economic sector on Zanzibar (at least by numbers).

Apart from the primary cooperatives, there are five regional cooperative unions (one in each administrative region) and two specialized cooperative unions (Zanzibar Industrial Cooperative Union and Zanzibar Transport Cooperative Union). All the regional and specialized unions are members of CUZA. The unions have approximately thirty people working for them on voluntary basis. Occasionally, some are paid small sums as an honorarium when funds are available.

Many primary cooperatives are not affiliated to CUZA. This is because the unions that are supposed to represent these primary cooperatives are very weak. SACCOs are now increasing very rapidly. Indeed, there are more SACCOs currently operating than those registered with the Registrar of Cooperatives. Only one SACCO (DUNLOP) is a member of CUZA. At present SACCOs are also increasing in number more rapidly than other types of cooperatives. The organizational set-up of cooperatives in Zanzibar is outlined in the figure below. However, it is noted that many primary cooperatives are not members of cooperative unions.

Figure 1: The organization set-up of cooperatives in Zanzibar



Source: Author’s own analysis

3.1 Condition of the cooperative movement

The cooperative movement is currently weak in Zanzibar. Many older cooperators were of the opinion that the movement did not “die” but was “killed”. The first cooperative law was enacted in 1925 and early cooperatives were organized on racial basis. In 1967 cooperatives were abolished by a presidential decree. Between 1967 and 1977 the only cooperative type organizations were similar to cooperative shops. From 1978 to 1991 the law and structure of cooperatives in Zanzibar was the same as that of the Mainland.

Cooperatives were fairly strong in Zanzibar in the 1980s and 1990s. The government supported the establishment of transport cooperatives, with one transport cooperative established in each district. There were approximately ten such cooperatives, but none of them exist today. Consumer shops were the most numerous type of cooperative, but most of them also ceased to exist due to the impact of trade liberalization. Consumer cooperatives were to a large extent propped up by the state. It seems that they did not develop the necessary management and leadership capacity to compete effectively in a liberalized market economy; especially when pitted against more skilled, more entrepreneurial private retailers. Agricultural producer cooperatives were not strong, while cooperatives associated with fisheries were only slightly stronger. There were over twenty fishing cooperatives, but only a few remain now.

SACCOs expanded in the 1980s and 1990s, and the infamous Wachukuzi Pwani SACCO, a cooperative of stevedores still exists today. Most SACCOs that are seen today are new, as many of the old ones ceased to exist.

Women’s cooperatives were also strong in the 1980s and 1990s. Some were keeping goats and chicken, while others were involved in grain milling. Approximately

twenty such cooperatives existed, but most are not active now. Other cooperatives (approximately fifteen) were formed with the support of the Ministry of Industries and they loaned hand looms to women. However, these cooperatives no longer exist. Many of these cooperatives were associated with aid programmes at a time when Zanzibar was receiving much more aid from donors. However, there was no adequate training extended to members to enable them to stand on their own after aid from donors and the government was curtailed.

The cooperative movement was more vibrant between the 1970s and 1990s. For example, the Cooperative College from Tanzania mainland even opened two campuses in Zanzibar (one in Unguja and another in Pemba) to support cooperative education. However, these were closed down in 1999.

Cooperatives were more recognized by the people and the authorities between the 1970s and 1990s than they are at present. It also appears that cooperatives had more capital and revenue in the past than they do currently. Some cooperative members did improve their lives as a result of services provided by cooperatives. Examples were cited of members who borrowed building materials (corrugated iron sheets and cement) and money from their cooperatives, thus enabling them to build modern houses.

3.2 *Capacity of the apex organizations*

The Cooperative Union of Zanzibar (CUZA) was officially registered on 16th December 1996 after the transformation of CUT in 1991. Part of the reason why CUZA has not been very successful in fulfilling its institutional obligations relate to conflict between it and the Tanzania Federation of Cooperatives between 1991 and 2005 over division of assets.

It has its own by-laws approved in 2004, which include an elaborate list of functions. However, its institutional capacity is very low because of its very limited financial and manpower capacity. At the end of 2007 CUZA's bank account had only TZS 60,000 and only TZS 20,000 in hand. The financial situation has not improved since then. It is neither able to organize cooperative activities, nor is it able to make itself visible. Many cooperative members said they did not even know that CUZA existed. The institutional weakness of this organization has contributed to the weakness of cooperative unions.

The services that CUZA provides to cooperative unions and primary cooperatives have drastically declined since the 1990s. Cooperative unions are not able to make annual contributions or any other support to CUZA because they have no income. The businesses of unions folded in the 1990s after the introduction of trade liberalization and transformation of CUT. For example, Mkocha (the regional union for the southern region of Pemba) had a shop in front of its office and a profitable kerosene business, both of which were closed down. Mkocha was also running the airport restaurant in Pemba, a business that was making profit, but this was put to tender and given to another business. Tanzania Breweries Ltd agency was

granted to Mkocha and Micheweni Primary Cooperative Society and later taken over by CUZA. CUZA later gave up the business after running it for some time. The Northern Region Cooperative Union in Pemba also had a kerosene business that was making profit, but this business was also put to tender and lost.

CUZA is a very weak organization, although it covers a very elaborate list of functions that include disseminating cooperative education and information on cooperative organization, principles, values and practice through outreach programmes that include seminars, meetings and the mass media. The cooperative unions are equally weak, which makes the work of CUZA very hard, as it lacks a link to primary cooperatives. Given the acute shortage of resources that CUZA faces, it cannot deal directly with all the 4,751 primary cooperatives on the Isles. Moreover, the Union has a temporary staff of only four people; these are the Acting Secretary General, the Treasurer, the Planning Officer and an office attendant.

The entry fees, shares and member contributions associated with membership of CUZA were listed as unreliable and not providing a stable source of income. CUZA's only reliable source of income is the rent it collects from two warehouses (part of its share of assets from CUT), located in Tanga town on the Mainland. The current building that houses CUZA belongs to the Revolutionary Government of Zanzibar. CUZA is still negotiating for the building to be formally transferred to its ownership. The organization also owns a plot of land in Zanzibar town, but lacks money to develop it.

The regional cooperative unions have no resources to carry out any commercial or promotional cooperative work. The Unguja South Regional Cooperative Union (USRCU) has been operating without an office for a long time. From 1979 to 1992 it was given an office by the ruling political party, "*Chama cha Mapinduzi*" (CCM). These were the days of single party rule, when the party considered USRCU as one of its strongholds (i.e. a mass organization of the party). In 2004 the government gave USRCU a building with four rooms to use as an office. No rent is charged for the building, but USRCU also has no money to renovate it either. In 2007, the District Council provided USRCU with one room to use as an office, rent free.

Only eight to ten primary cooperatives pay their annual fees to USRCU (TZS 5,000/= per annum per cooperative) in spite of there being forty primary cooperatives under USRCU (five agricultural, four fishing, 26 SACCOs, two transport cooperatives and three consumer shops). There were many cooperative shops under USRCU (over 100), but they eventually died away following the introduction of free trade in the 1990s.

USRCU has no money for its statutory subscription to CUZA. Conversely, USRCU gets no material support from CUZA (or any other sources). However, CUZA visited USRCU in 2008 with representatives from the ILO's Cooperative Facility for Africa. Three primary cooperatives that were members of USRCU also received visits, as part of CUZA's initiative to revive and strengthen the movement.

The two cooperative unions in Pemba (Mkocha and Kaskazini) do not have offices either. Despite paying rent, Mkocha's office was taken over by the authorities and rented out to other private enterprises and a trade union branch. Kaskazini's office in Pemba was given to a government agency (Zanzibar AIDS Commission), with the cooperative's office material still inside the office. Both the cooperative unions were operating various enterprises, including a consumer cooperative, an airport restaurant, kerosene retailing, supply of firewood to public institutions (schools and hospitals) and marketing of beans from smallholders. However, these businesses eventually folded after the Isles' movement separated from CUT. The board members of these unions claimed that their businesses were "killed", that is, the decline of cooperatives came from outside and not from within the movement. They cited the handing over of some cooperative enterprises to private business persons. The cooperative unions now have no income, and cannot employ permanent staff. These events have caused the stagnation of the cooperative movement. Today virtually no cooperative activities are organized by CUZA or the cooperative unions.

3.3 *Services provided to cooperative members*

Board members of the three cooperative unions that were visited indicated that the cooperative unions provided virtually no services to primary cooperatives. They have no resources, not even the basic ones to conduct revival seminars and rent offices. Needless to say, the unions have no resources to employ well trained permanent staff. Similar trends are observed throughout cooperatives, and the lack of capacity and ability to offer services is a central constraint to development of the movement. Some cooperators expressed that it was hard for the regional unions to offer services to members because they were not specialized. They felt that if reform was to take place, specialized unions should be encouraged and each economic sector should have its own union (e.g. fisheries, finance, industry, and agriculture, among others).

The failure of the federation and unions to provide marketing and other services to their members has contributed to the slow growth in the improvement of cooperative members' income in Zanzibar. Poverty alleviation among members is slow. The cooperative unions and CUZA have not been able to introduce the practice of fair trade in Zanzibar. Even at local level cooperative members are losing resources. For example, in the banana trade middlemen earn four times as much as the members of agricultural cooperatives who produce the bananas. The cooperative unions, which can be instrumental in marketing and price negotiations do not have the capacity to perform their role. Commodities which have considerable potential within international markets (such as seaweed) could fetch very handsome prices under a fair trade label if the necessary initiatives were taken by cooperative unions and CUZA.

At the local level, cooperatives, especially SACCOs, are quite visible. However, their institutional capacity is weak. The cooperative unions and federations are less visible. Many "cooperatives", including those in seaweed farming and savings and

credit services are “cooperative-like” rather than actual cooperatives. Many of them, especially SACCOs, were initiated by wealthy individuals with ulterior motives – mostly to garner political support. A group of organized people, such as cooperative members, can be mobilized to provide local political support. It is possible that many cooperatives are started before elections, though such organizations also tend to die shortly after elections, the reason being that they are not founded upon the needs and interests of members. Procedures such as feasibility studies, pre-formation education, member commitment and leadership development have been ignored in such circumstances.

Women’s cooperatives are very visible in Zanzibar and, as was indicated earlier, overall there are more females than males in the movement. The Waridi SACCO is a very large cooperative with female members. In the discussion held with members of Tekeleza Primary Cooperative Society in Pemba, there were more females than males, and the women appeared to be more active than the men in their poultry business.

Many cooperative-like organizations exist in Zanzibar and Pemba. Nevertheless these cooperative-like organizations are not advised by the authorities to form cooperatives. The law does not require cooperatives to undertake feasibility study before registration. It takes more time to register cooperatives-like organizations (such as a Community-based organization) than to register a cooperative. Thus some cooperatives may have been formed as a short-cut to creating organizations that can support members’ activities or provide required services.

3.4 Political Influence

There appears to be little political influence by the movement, despite the chairman of CUZA being a retired member of the House of Representatives. It is hard for the CUZA Secretary General to see the Chief Minister, though the Principal Secretary is accessible. The Department of Cooperative was located in the Chief Minister’s office up to 2000, and then it was moved to the Ministry of Agriculture, Livestock and Environment. Few resources have been made available since this change. The Department of Cooperatives seems to be a minor department within the Ministry of Agriculture, Livestock and Environment.

CUZA now has no influence to raise capital, but in the 1980s cooperatives were influential and they got the support of those in political authority. For example, Jembe Primary Cooperative Society, which was successful in rice production in the 1980s and was loaned a lorry by the government. CUZA had an insurance agency that ceased to exist in 1998, as it could not raise the capital of TZS 100,000,000 demanded by law. CUT used to pay the salaries of union staff such as union secretaries. When CUT ceased the unions’ offices literally closed down and the institutional gap led to loss of political influence and institutional stability. The separation of the CUT into two bodies ended the spoon-feeding and the movement in Zanzibar remained more weakened than ever.

There is some evidence that SACCO have been politicized in some cases. For instance, in some cases politicians support the start up of SACCOs so that they can get political support. The politically motivated creation of SACCOs as a means of accessing donations is a phenomenon that has been accelerated by the presence of money from the Tanzanian and the Zanzibar governments. This money, popularly known as double K, (so named after the first letters of the surnames of the presidents of Tanzania and Zanzibar - Kikwete and Karume), is allocated on a regional basis. Each region in Zanzibar has been allocated TZS 100,000,000 by each presidential fund, except for the Urban West region which has been allocated TZS 200,000,000 in the Tanzanian Presidential Fund as it has a larger population. Key informants suggested that some SACCOs have been created to capture these funds. Board members of cooperative unions in Pemba claimed that all new SACCOs are run by government officials who are not from the Department of Cooperatives.

4. Cooperative education

4.1 Current status

Zanzibar has always depended on the Moshi Cooperative College (now MUCCOBS) for training its cooperative staff. In 1979 the Cooperative College opened two campuses in Zanzibar, one in Unguja and another in Pemba, which were dedicated to cooperative field education in Zanzibar. Each campus (called a “Wing”) had two permanent tutors employed by the Cooperative College.

After the separation of the Mainland and Isles cooperative movements, the board of the Cooperative College suggested that the Union and Zanzibar governments should each contribute TZS 3,000,000 per year for running the campuses in Zanzibar. The Zanzibar government was not prepared to provide the capital and the then Chief Minister (now in opposition) declared that it was up to the union government to administer cooperation in Zanzibar. Subsequently, the campuses were closed down in 1999. The Cooperative College had been allocated a five-acre beach plot of land in Mbweni in Unguja for the purpose of establishing a campus on the Isles. From this campus the College had plans to offer certificate and diploma courses, so that only those officers pursuing degree courses would have to study at the main campus in Moshi. However, the plot was later taken back by the government.

Since the closure of the college, cooperative education has declined in Zanzibar. That is why the older cooperative members indicated that young people in Zanzibar know little about cooperatives.

Currently the Department of Cooperatives in Zanzibar trains its staff at MUCCOBS. If the movement gains momentum, it is possible that MUCCOBS may start some cooperative education programmes in Zanzibar and perhaps open up its campuses again. Such a decision will not rest solely with MUCCOBS, but also with the Government of Zanzibar and the Union Government. The movement can only gain momentum if there is an elaborate system of education and training on the Islands.

4.2 *Visibility and quality*

Training is not currently visible and there is little networking in training. In the Express Tailoring Cooperative Society (registered in 1992), the chairman indicated that the last cooperative education seminar that was attended by their cooperative was held in 1995. The people who received training had left the cooperative. It was reported that the last time officers from the Department of Cooperatives visited the cooperative was in the 1990s.

This cooperative provides security to young apprentice tailors that have no capital with which to start their own businesses. Young people went to school for half the day and spent the other half of day learning tailoring. Parents liked the training programme as it provided an opportunity for youth to engage in meaningful activities and it offered a fall back option for those that did not excel in matriculation exams. While apprentices acquired skill in tailoring, they did not emerge with knowledge of cooperative principles and values. Indeed, the whole idea of shares, profit, membership and dividends was obscure to them. The master craftsman / chairman of the cooperative collected a fee for services from apprentices, but was not forthcoming about how surplus was shared with cooperative members.

When institutions are weak, the quality of training is not likely to be high and provision of training inconsistent. It appears that many cooperatives are registered without proper education of members. One primary cooperative which was visited, Uchumi Imara Primary Cooperative Society, received a one day seminar as part of its registration process in 2008 in Chakechake District. The chairman of the cooperative did not even attend the seminar because he was guarding the cooperative's banana farm against devastation from the cattle of neighbouring herdsmen. The chairman, secretary and treasurer of this cooperative have not received any training related to cooperatives.

This cooperative has no bank account and when bananas are sold all the money is divided among members. It has twenty members (five men and fifteen women) who are all related. This is a clan or lineage cooperative and the chairman is the patriarch. Despite the lineage nature of this cooperative, its members are willing to accept new members and support the principle of open membership. However, potential members must be thoroughly vetted before being admitted.

Members of this cooperative did not know of CUZA or the regional cooperative union. The cooperative has shared money eight times since it started in 2007 with each member receiving TZS 100,000 each time. The members plan to expand their 11 acre farm to 20 acres and start raising chicken, ducks, guinea fowls and possibly goats at a later stage. Although this cooperative showed some success, member's knowledge of cooperative enterprise was limited. For example, no proper records or accounting books were kept and the chairman could sell one or two bunches of bananas on his own as his "salary". The members also use their bananas for their own subsistence, as they do for the maize that is also grown. Some cassava is also

grown and sold. The cooperative has no title deed or certificate of occupancy for the land it cultivates. These are some of the weaknesses that member education could help minimize. Cooperative members must understand properly rights for their own economic security.

Mwanzo Mgumu Primary Cooperative Society is another example that suggested that members have low levels of cooperative education. This cooperative started in 2006 as a SACCO. Eleven members were invited to be key informants during interviews and it was learned that their secretary could not be seen for an interview as he was a civil servant and was at work. However, it was later revealed that he was actually not a civil servant. The eleven members were not even sure if their cooperative was registered as a SACCO.

An extension officer from the Department of Agriculture had visited this cooperative over five times to provide extension services on poultry keeping. The members had decided to venture into chicken farming because they thought their SACCO was not productive due to lack of loan issuance. However, the chicken business was not doing well, and many chickens were not surviving. No cooperative education had been received by the members. Some basic education and training on the veterinary and economic aspects of chicken rearing could have helped. The extension officer's visits seemed not provide the type of assistance that the cooperative required.

5. Cooperatives and socially relevant issues

The number of registered primary cooperatives (4751 in 2008) is known to the Director/Registrar of Cooperatives. However, the actual status of each cooperative is not known and it is estimated that more than half of these cooperatives could be inactive. Currently there are no programmes to empower cooperative members. Cooperatives have not been consulted in the policy development process of major initiatives, including ZSGRP, Vision 2020, ZPRP, the Small and Medium Enterprises (SMEs) Development Policy. However, cooperative stakeholders were consulted throughout the development of the new cooperative development policy, both directly and through their apex representatives and through the Cooperative Leaders and Stakeholders Conference that was held in June 2009, which included government ministries, NGOs, workers' and, employers' representatives, women's organizations, training institutions, financial institutions and many more.

5.1 Employment, income and poverty reduction

The number of people directly employed by cooperatives appears to have declined since the 1990s, as many strong cooperatives have dissolved. Unions and the apex organizations used to employ permanent staff, but this ceased in the 1990s. Primary cooperatives, such as Jembe, used to employ permanent salaried staff in the 1980s and 1990s.

Currently nearly all cooperatives that employ labour (i.e. non members) use temporary contracts and only provide allowances ("posho"). For example, Miamboni Primary

Cooperative Society pays allowances for its shop attendants that work on a six months cycle in its cooperative shop. This cooperative shares profit to members often.

A sizeable number of people (in the tens of thousands) depend on cooperative activities that support their (self) employment. A portion of these people would not have been able to carry out their current economic activities without the support of their primary cooperatives.

Income for members of the more successful primary cooperatives is high and is above the income of their neighbours who are non-members. Cooperatives have also enabled members to attract some capital from programmes such as PADEP. For example, in the Tuwezani Primary Cooperative Society - a banana growing cooperative that started in 2006, each member was able to raise TZS 50,000/= and was given support of TZS 100,000/= by PADEP. The money was put in the cooperative's bank account and given to the members for their banana growing businesses. The members have benefited and have produced profitable harvests. This cooperative has also made the provision of extension services by the Ministry of Agriculture accessible and regular, as the twenty members can receive extension services more easily than separate individuals. In order to increase income, this primary cooperative had plans to build dormitories to be rented out to students of Zanzibar University. Members of the cooperative have land and certificates of occupancy (title deeds) to support this activity. Toward the end of 2008 they approached CUZA to help them write the proposal, but so far they have not received any technical support or advice from the apex body.

The poor peasants that are members of Uchumi Imara Primary Cooperative Society receive comparatively good income from banana and cassava sales. As mentioned earlier, they have shared money from banana sales eight times and each member has received TZS 100,000/= each time. This cooperative was only registered in 2008 and it started with only eight people and now they are 20.

Jambonia Primary Cooperative Society has also increased the income of members and are able to pay the monthly rent for a building that houses the cooperative (TZS 50,000/= per month). They have shared profit many times and each time member received between TZS 30,000/= or TZS 40,000/= each.

5.2 *Social protection*

Cooperatives in Zanzibar have no elaborate social protection schemes. Nevertheless, members of strong cooperatives will always cushion each other through provision of monetary contributions that cover misfortune, such as disease, death, and social functions, such as weddings. Income from cooperatives is also used to educate children and cover family health requirements. For example, members of Jambonia Primary Cooperative Society indicated that their income from the cooperative is used to educate their children and pay their health bills.

5.3 *Giving voice*

There is little lobbying undertaken by the cooperative movement now and cooperatives are not particularly influential in local politics and power circles. One of the reasons for this is that many cooperatives have dissolved over the past ten to fifteen years. This has contributed to the decline of the cooperative unions and the federation. For example, the Mkocha Union (the Union for Pemba South Region, Registration No. 459, 1985) had 45 cooperative shops under it and all are now closed. There were three tailoring cooperatives, two fishing cooperatives and one agricultural cooperative. All these have closed down. Its weakened position was exacerbated when Mkocha lost its offices in Chakechake town and when it lost its businesses, including firewood tenders for public schools. The movement lacks charismatic leaders that can maintain contact and dialogue with government and other potential business partners.

Some older members of cooperatives were of the opinion that cooperatives cannot have a voice if their cooperative union is weak. Weak cooperative unions and the apex body's structure have not been able to give voice to the movement, with the result that cooperatives are virtually unknown outside the Isles. The last cooperative volunteer from Holland worked in Unguja between 1991 and 1996. The last volunteer from Canada worked in Pemba between 1988 and 1995.

The transport union is not as prominent as it used to be as many transport cooperatives have folded. Between the 1980s and 1990s each district had at least one transport cooperative. This means that there were approximately ten transport cooperatives, almost all of which have now been dissolved. Fishing cooperatives that should be vibrant in a fishing nation are not noticeably present. Previously there were over twenty strong fishing primary cooperatives, but now they are nearly all dormant.

Currently women seem more active than men in primary cooperatives. In many cases women are the bread winners and social protectors of families. Many of them have faith in their cooperative, both in terms of enhancing income and social protection. Strong women primary cooperatives, such as Waridi SACCO and Jambonia Primary Cooperative Society, are leading the way. Women are also active in seaweed farming, although it is not easy to determine if the seaweed groups in Kisiwa Panza and Mchokocho are cooperatives or cooperative-like groups.

5.4 *Vibrancy*

Many primary cooperatives that were once strong appear to have closed down or become dormant in the 1990s. Many cooperatives are not active and these could account for more than half of all registered primary cooperatives. Unions and the apex are not vibrant. However, old and new cooperative members remain highly motivated.

Some primary cooperatives are particularly active and successful. Among these is Kumbe Transport Cooperative Society in Uzi Island. The cooperative was formed in 1979 and has approximately forty members who jointly own two buses from

whose operations they make a profit that is shared among the members. They had earlier owned two other buses (i.e. lorries converted to carry passengers and goods), but these went out of service when they wore out.

Other primary cooperative that can be considered active and successful include:

- Kuoni (dairy);
- Kwa Dawa Kichimba Chambani (salt and fish farming);
- Miamboni (shop);
- Miamboni (grain milling);
- Heri Liwe (poultry);
- Uchumi Imara (banana);
- Jambonia (tailoring and weaving);
- JAWAFU (dairy).

JAWAFU started as an animal husbandry cooperative in 2003 with 64 members (41 males and 23 females). The main source of income comes from dairy cows, which are individually owned by the members. The cooperative is concerned with the marketing of milk and the cooperative also has some savings and credit operations.

The JAWAFU (“Jumuiya ya Wafugaji Fuoni”) primary cooperative undertakes joint vaccination services and collective procurement of inputs (animal feeds, salts, and oils, among others). These services reduce costs due to the benefits of increased economies of scale in purchasing and transport. The same is the case in selling milk. The collective selling of milk has pushed the price of a 750ml bottle from TZS 150 to TZS 600.

JAWAFU has influenced the adoption of a common unit measure for milk. Producers are now shifting from using the 750ml bottle to a 1500ml bottle.

JAWAFU adopts the best recommended animal husbandry practices and all the members have adopted zero grazing. The inclusion of a savings and credit programme has enabled the members to make regular monthly savings. The members have agreed to make a compulsory monthly saving of TZS 4,000 each from milk sales. JAWAFU is gender sensitive and three out of the nine members of its committee are female.

This cooperative has enabled other programmes to join in the interventions. The members had a number of training sessions on topics including:

- Best cattle keeping practices (by PADEP);
- Entrepreneurship skills (by the Ministry of Labour, Women and Children Affairs);
- SACCOs organization and management (by the Department of Cooperatives);
- Preparation of multi-nutrient urea molasses blocks (extension services of the Ministry of Agriculture).

JAWAFU has bought a vehicle for delivering milk, a deep freezer for storing milk, and is now building a modern house that will act as an office and milk collection centre.

JAWAFU has its own SACCO that uses member contributions and savings as its capital. It has received a grant of TZS 200,000 from the Uhuru (Independence) Torch contribution and TZS 500,000 from the Member of Parliament from the area.

The average income of each member of JAWAFU after the statutory deduction is TZS 231,455 per month. The member with the highest proportion received TZS 498,300 and the lowest received TZS 5,500 per month as at the end of February 2009. The member receiving the highest proportion indicated that of the TZS 498,300 monthly income 65 per cent (TZS 323,895) went to family expenditure (food, medication, clothing, etc); 20 per cent to children's education; while 15 per cent went towards savings, loan repayment and discretionary spending.

6. Conclusions and recommendations

Much work needs to be done in Zanzibar to support cooperatives in their realization of cooperative principles and values. While surplus earnings belong to members, we have seen that in some cooperatives the idea of voluntary and open membership is not well appreciated. Democracy is not likely to flourish in such cooperatives, nor in cooperatives that are initiated on political criteria. There is virtually no cooperation among cooperatives in Zanzibar or between cooperatives on the Isles and those in other countries. This is not good for the prosperity of the movement, as it limits the circulation of cooperative information received by the movement in Zanzibar and localizes their outlook and innovativeness.

The cooperative unions are prescribed in the law, regardless of whether they are needed or viable. Registration of cooperatives is usually not preceded by thorough feasibility studies or business plans. Legal and policy reform must address these problems.

One of the most serious problems noted in the paper is the low level of training of cooperative members. This is a result of the shortage of resources and the closure of the campuses of the Cooperative College Moshi in Zanzibar. Nevertheless, this is a problem which the authorities should address immediately. The cooperative movement is not likely to advance in Zanzibar when members' level of cooperative education and other skills is low or totally lacking. Much work needs to be done in providing cooperative members with cooperative education, in order to advance their business and technical skills. There is enough evidence from the successful cooperatives mentioned, and from other movements, to indicate that the cooperative is the necessary organization for the social and economic advancement and self-empowering of the small-fisher, peasant, trader wage earners, transporter and artisan, among others. There are a few successful cooperatives in Zanzibar, but

the number of successful cooperatives needs to increase so that cooperatives can achieve a wider impact in poverty reduction.

Cooperatives in Zanzibar have not attained economic efficiency and member control. Cooperative members are still very economically and socially impoverished, and may have no control over their local cooperative because of limited training in cooperative matters. Constraints on cooperative members must be used to explain why cooperatives in Zanzibar have not realized their potential. The most important recommendation that can be made here is to increase and improve training for cooperative members. Enlightened cooperative members are in a better position to overcome constraints that face cooperative development. When this is backed by sound cooperative policies and laws that promote competition between cooperative members and non-members, cooperation will flourish. The government should not shy away from investing in the movement. A strong cooperative movement means higher incomes for many people and more tax revenues for the government. Improvement in training must also target cooperative leaders. Leadership development is a necessary condition for cooperative development in Zanzibar.

List of references

- Department of Cooperatives (2008) *The State of Cooperative Policy and Legislation in Zanzibar* (unpublished short report), Zanzibar, Department of Cooperatives.
- Jabir, M. H. (1977) *The Plantation Economy During the Protectorate Period in Zanzibar (1890-1964)*, M. A. dissertation (unpublished), Dar es Salaam, University of Dar es Salaam.
- Lofchie, M. F. (1965) *Zanzibar Background to Revolution*, New Jersey, Princeton University Press.
- Maghimbi, S. (1999) “Revolution and Stagnation in the Peasant Economy of Zanzibar”, in Forster, P. G. and S. Maghimbi (Eds) *Agrarian Economy, State and Society in Contemporary Tanzania*, Aldershot, Ashgate.
- Mughandila, E.P. et al (1985) *Cooperative Development in Zanzibar - Report of a study by the International Cooperative Alliance on Strengthening of Cooperatives in Zanzibar*, Moshi, ICA Regional Office for East, Central and Southern Africa.
- Office of Chief Government Statistician (2008) *Zanzibar Statistical Abstract 2007*, Zanzibar, Office of Chief Government Statistician Zanzibar.
- Revolutionary Government of Zanzibar (2000) *Vision 2020*, Zanzibar, Revolutionary Government of Zanzibar.
- Revolutionary Government of Zanzibar (2007) *Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP)*, Zanzibar, Revolutionary Government of Zanzibar.
- Revolutionary Government of Zanzibar (2008) Mkuza, Annual Implementation Report 2007/08, Zanzibar, Revolutionary Government of Zanzibar.
- Revolutionary Government of Zanzibar, Ministry of Tourism, Trade & Investment (2006) *The Zanzibar Small and Medium Enterprises, (SMEs) Development Policy*, Zanzibar, Revolutionary Government of Zanzibar.
- Salehe, M. A. (1994) The Impact of Changing Conditions on the Fishing Industry in Zanzibar Islands, *The IMF Journal of Finance and Management*, Vol. 2 No. 2.
- Sheriff, A. (1999) “The Peasantry under Imperialism,” in Sheriff, A. and Ferfuson, A. (Eds), *Zanzibar under colonial rule*, London, James Currey.

Cooperatives in Zanzibar: Decline and renaissance

Sam Maghimbi

The cooperative movement in Zanzibar is extensive. However, cooperative development stagnated after the Cooperative Union of Tanzania underwent reforms in 1991, which saw the Isles' movement break away from the mainland federation to create its own structure. Currently, the organization and support structures of the cooperative movement are quite weak. Virtually no primary cooperatives provide financial contributions to the cooperative unions, and the cooperative unions in turn are not able to make annual financial contributions to the federation. Further, the cooperative movement in Zanzibar has no support institution for training and there is little donor support. Cooperative enterprises that were previously strong have withered, but there are a few primary cooperatives that have managed to survive and even flourish within this austere situation. Recent policy and legislative measures taken seek to breathe life back into the cooperative movement and provides some optimism for its revival.

ILO Country Office for the United Republic
of Tanzania, Kenya, Rwanda and Uganda
COOP^{AFRICA}

Kazi House, Maktaba Street
P.O. Box 9212
Dar es Salaam
United Republic of Tanzania
Tel: +255.22.2196700
Fax: +255.22.2122597
E-mail: coopafrica@ilo.org
www.ilo.org/coopafrica

International Labour Office
Cooperative Programme (EMP/COOP)
4, route des Morillons
1211 Geneva 22
Switzerland
Tel: + 41.22.7997021
Fax: +41.22.7996570
E-mail: coop@ilo.org
www.ilo.org/coop

ISBN 978-92-2-123542-2



9 789221 235422