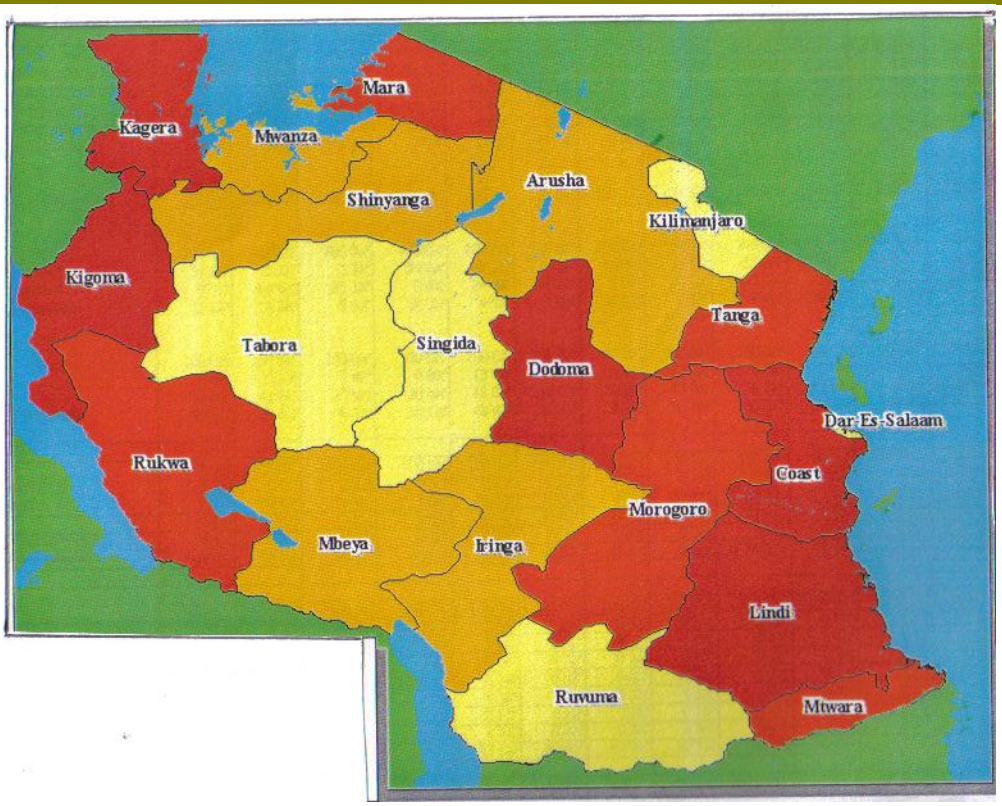
MEMBER PARTICIPATION IN TANZANIAN SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES



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DECLARATION

I certify that I am the sole author and that the substance of this thesis has not already been submitted for any degree and is not being currently submitted for any other degrees.

I certify that to the best of my knowledge any help received in preparing this thesis, and all sources used, have been acknowledged in this thesis.

[redacted]

Rashid O. Mnette

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ABSTRACT

Microcredit is now in fashion, peaking in 2005 which was the UN Year of Microcredit. However since starting in Europe, co-operatives have been offering savings and credit services for more than a hundred and fifty years. Native Tanzanians welcomed their first agriculturalists' co-operative as long ago as 1925. Tanzanian Savings and Credit Co-operative Societies (SACCOS) have been active since independence and by 2005 there was a total of more than 1,620 SACCOS but only 62 NGOs active in microfinance.

In theory, co-operatives offer more benefits to the poor than microcredit schemes. The major purpose of this study is to critically examine the extent to which SACCOS in Tanzania are indeed following co-operative principles based on self-help, mutuality and common bonds and thus providing a pathway for participative development for the poorest members of Tanzanian society. The context of relationships between the co-operative movement and the government is also a focus, since, without a knowledge of this chequered history, it is impossible to understand the development trajectory and current roles of SACCOS in Tanzania.

The methodological approach of the study involves a critical in-depth analysis of the workings of three selected SACCOS with a particular focus on how they were established, the nature of member participation and empowerment and relationships with government entities. These three case studies are built up employing a qualitative research approach to generate understanding of the dynamics of SACCOS roles in providing services and personal opportunities to individual members. Data was collected

both through in-depth interviews and documentary evidence. Data analysis included a critical examination of tensions, contradictions, divergencies and ambivalence in the data since perceptions of the process of co-operative development often varied depending upon the status of the observer.

The findings of the study indicate that within the three SACCOS, facilitation of participation and empowerment by their members is narrow and basically instrumental or representative, rather than transformative. Because of the limited involvement of the majority of members in decision making, the critical aspects of participation and empowerment in the identification, implementation, monitoring and evaluation of savings and credit services are mostly dominated by a group of leader members and a few SACCOS staff. Overall, the extent of co-partnership between SACCOS, government and other financial institutions is limited. Where these other financial institutions are present, their participation and empowerment is generally informal. Little collaboration with the government occurs because of perceived governmental delays in acting on matters of urgency which leads to SACCOS going it alone with very little consultation with government departments at the district level. Because of the top-down development approach exhibited by the three case study organisations, co-operation between SACCOS and the Savings and Credit Co-operative Union League of Tanzania (SCCULT) is poor. Credit services have suffered because the members have very little of the co-operative education that should have been provided by SCCULT. The thesis concludes with recommendations for future action to bring co-operative practice closer to their wise theory for the benefit of the poorest members of Tanzanian society.

LIST OF ABBREVIATIONS AND ACRONYMS

BCU	-	Bukoba Co-operative Union
BoT	-	Bank of Tanzania
CCD	-	Co-operative Centre of Denmark
CMMB	-	Co-operative Movement and Marketing Boards
COASCO	-	Co-operative Audit and Supervision Corporation
COPAC	-	Committee for the Promotion and Advancement of Co-operatives
COSATA	-	Co-operative Supply Association of Tanganyika
CRDB	-	Co-operative and Rural Development Bank
CUF	-	Co-operative Union of Federation
DCD	-	Department of Co-operative Development
DCDO	-	District Co-operative Development Officer
ECU	-	European Community Union
ERP	-	Economic Recovery Program
EUROCOOP	-	European Community of Consumer Co-operatives
FAO	-	Food Agency Organisation
FSDT	-	Financial Sector Deepening Trust
GDP	-	Gross Domestic Product
GNI	-	Gross National Income
GoT	-	Government of Tanzania
HBS	-	Household Budget Survey
HRDS	-	Human Resource Development Survey
HRS	-	Human Resource Survey
ICA	-	International Co-operative Alliance
IDB	-	International Development Bank
IFAD	-	Internal Fund for Agricultural Development
IFCD	-	Irish Foundation for Co-operative Development
IFI	-	International Financial Institutions
ILO	-	International Labour Organisation
IMF	-	International Monetary Fund
JGRFSCB	-	Japanese Government's Rural Financial Services Community Base
KCB	-	Kilimanjaro Co-operative Bank
KNCU	-	Kilimanjaro Native Co-operative Union
KNPA	-	Kilimanjaro Native Planters Association
MACM	-	Ministry of Agriculture, Co-operatives and Marketing
MEMCOOP	-	Member Empowerment and Enterprise Co-operative Program
MKUKUTA	-	Is a Swahili Acronym for the "National Strategy for Growth and
	-	Reduction of Poverty". (Mkakati wa Kukuza Uchumi na
	-	Kupunguza Umasikini Tanzania).
MUCCBS	-	Moshi University College of Co-operative and Business Studies
NACP	-	National AIDS Control Program
NAPB	-	National Agricultural Products Board
NCBA	-	National Co-operative Bank of America
NGC	-	New Generation Co-operatives
NGO	-	Non-Government Organisation

NMB	-	National Microfinance Bank
NORAD	-	Norwegian Agency for Development Co-operation
NORCOOP	-	The Royal Norwegian Co-operative Program
NSSF	-	National Social Security Fund
NSGRP	-	National Strategy for Growth and Reduction of Poverty
PCS	-	Primary Co-operative Societies
PHDR	-	Poverty and Human Development Report
PPA	-	Participatory Poverty Assessment
PRIDE	-	Promotion of Rural Initiatives Development Economy
PRSP	-	Poverty Reduction Strategy Paper
RCDR	-	Rural Co-operative Development Reform
REPOA	-	Research on Poverty Alleviation
SACCOS	-	Savings and Credit Co-operative Society
SAP	-	Structural Adjustment Program
SCCULT	-	Savings and Credit Co-operative Union League of Tanzania
SHERFS	-	Southern Highlands Economic and Rural Financial Services
SIDO	-	Small Industry Development Organisation
STC	-	State Trade Corporation
TFC	-	Tanzania Federation of Co-operatives
TNCB	-	Tanzania Native Co-operative Boards
Tshs	-	Tanzania Shillings, A Tanzanian currency
UCDO	-	Uru Community Development Organisation
UNDP	-	United Nations Development Program
UNESCO	-	United Nations Education and Science Organisation
UNRISD	-	United Nations Research Institute for Social Development
UPATU	-	Is a Swahili Acronym for the “Rotating Savings and Credit
	-	Associations”.
URT	-	United Republic of Tanzania
USB	-	Universal Serial Bus
VFCU	-	Victoria Federation of Co-operatives Union
WB	-	World Bank
WBRFIP	-	World Bank Rural and Finance Institutions Project
WCARRD	-	World Conference of Agrarian Reform and Rural Development
WIDEP	-	Women’s Initiative for Development and Environmental
	-	Protection
WOCCU	-	World Council of Credit Unions

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