

# The Role of Social and Solidarity Economy in Tanzania

Faustine K. Bee

Moshi University College of Co-operative and Business Studies, Tanzania  
Sokoine Road, P. O. Box 474, Moshi Tanzania.

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**ABSTRACT** – *This paper attempts to discuss the role of that Social and Solidarity Economy (SSEs) in developing countries that is increasingly becoming a topical development agenda. However, there is no common definition of the SSEs. For the purposes of this paper SSE refers to specific forms of organizations and enterprises – formal and informal, which includes co-operatives, associations, mutual benefits societies, community – based organizations, social enterprises and foundations. They are distinct organizations that share certain commonalities that distinguish them from public sector and profit oriented enterprises. In some cases it is dubbed many names including the “third sector”, “Non-Profit Organizations”, or “popular economy”.*

*The paper identifies five forms of SSEs that actively operate in Tanzania, namely Co-operatives, NGOs, Associations, Foundations and Community based Organizations. The paper notes that all these forms of SSEs are playing critical roles in the advancement of both economic and social development of individuals, communities, and the nation as a whole through contribution to local development and poverty reduction, employment creation, provision of social services and environmental protection, improved access to financial services, and social protection, and advancement of human rights. Furthermore, they facilitate the promotion of democratic practices and good governance principles in the country.*

*The future of SSEs is bright given the growing social and economic ills of the contemporary world. For this reason, developing countries including Tanzania must create conducive environment for SSEs to grow and operate effectively within the national legal and socially acceptable frameworks. However, SSEs also experiences some problems and challenges as well.*

**Key words** – Social and Solidarity Economy, Co-operatives, Associations, and Tanzania.

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## 1. INTRODUCTION

### 1.1 Background Information

There is a growing consensus that Social and Solidarity Economy (SSE) play an important role in social and economic development in the world and particularly in developing countries. The SSE refers to organizations and enterprises that are based on principles of solidarity and participation, which produces goods and services while pursuing both economic and social goals. SSE encompasses a variety of organizations and enterprises that have certain common social and economic objectives, values and principles. However, the concept of SSE is not well known, organizations that fall in this category are very familiar. These organizations include co-operatives, mutual benefit societies, associations or social enterprises, community-based organizations, and foundations.

In an attempt to popularize it, the International Labor Organization (ILO) is organizing series of seminars throughout the world on Social and Solidarity Economy. Furthermore, it has produced a reader that is expected to stimulate discussions, reflect and share experiences on SSE. This paper, therefore, aims at contributing to this process of popularizing the concept and practices of SSEs by drawing experiences from Tanzania. It further attempts to discuss the role SSEs play in socio-economic development in the developing countries.

### 1.2 The scope, methodology and organization of the paper

The Social and Solidarity Economy (SSE) is a less known concept that is currently being popularized. However, the organizations that constitute SSEs are known, with some having long history and vivid roles in development. Some of them are formalized while there are others that operate informally, thus, creating a slightly complex category of organizations and enterprises.

This paper therefore, attempts to discuss the concept of SSE, examine their roles in socio-economic development by drawing experiences from Tanzania. It is an attempt to contribute to the literature that seeks the understanding of social

enterprises. The sharing of these experiences with other scholars and practitioners will add to stock of literature and knowledge on Social and Solidarity Economy.

The methodology used in the generation of the information and data in this study is primarily based on literature review and drawing on experiences of the author in the sector as co-operative trainer and researcher.

The paper is organized into five sections. Section one contains the introduction, while section two reviews theoretical framework of SSEs. Section three discusses the historical perspectives of SSEs in Tanzania and the regulatory framework governing their operations. Section four discusses the role of SSEs in socio-economic development and finally section five provides some concluding remarks.

## **2. SOCIAL SOLIDARITY ECONOMY**

### **2.1 Theoretical framework for Social and Solidarity Economy**

Theories related to social and solidarity economy are limited and inadequate. Thus, the available literature is unable to explain the evolution of these institutions. In development theories, there are three main contrasting perspectives. There is one that advocates the centrality of the state, while the second brandishes the primacy of the market. The third perspective, which exploits the weaknesses of the two, is the social and solidarity economy perspective. The failure of the state in provision of social services with economic efficiency as a result of limited financial, technical, and managerial capability, among others, led to the advocacy for market economic system. However, the market approach in the allocation of resources is more interested on profit maximization and less interested in the provision of security, law and order, as well as some basic social infrastructures. The market economic system that was championed some years back is proving great failures today and hence increased thinking of an alternative model. Thus, the emergence of social and solidarity economy is a response to address these weaknesses.

There is a growing interest in the study of social and solidarity economy enterprises as a unique sector in many countries. Thus, the debate on the role of social and solidarity economy organizations in development can not be overemphasized. According to Fonteneau, *et.al.* (2010) SSEs are of diverse forms that are distinct organizations from both public and private enterprises and organizations. They have certain common features, which differentiate them from other forms of enterprises that are engaged in the production of both services and goods. In the process of producing services and goods, some of these enterprises produce surpluses that are ploughed back into the growth of these institutions and portion distributed to members according to specific rules governing their operations.

The concept of “social economy” is a relatively new and was first used in France, Latin America and Quebec Canada during the late 19<sup>th</sup>C to describe the evolution of voluntary and self-help associations that were established by workers to address the evils of the industrial capitalism in Europe and North America (Fonteneau, *et.al.*, 2010). Enterprises that conform to social economy principles and values are called “social enterprises”, which is associated with co-operatives, mutuals, and associations. A social enterprise is defined in various ways, but for the purpose of this discussion it may be defined as “organizations seeking business solutions to social problems” (Thompson and Doherty, 2006). Later on the concept of “solidarity economy” was coined to capture new initiatives under the social economy that were emerging as a response to contemporary social problems such as child and elderly peoples’ rights, environmental concerns, sustainable agriculture, democratization processes and human rights issues. Furthermore, the reciprocity mechanisms practiced under social welfare associations and networks that were excluded under social economy were brought in the light under solidarity economy. For this reasons, the concepts such as “popular economy” that was conceived in America focusing on problems of vulnerable groups in societies that share some living conditions; Non-Profit Organizations (that excludes co-operatives) invented by Anglo-America; and “third economy” were coined to describe the social and solidarity economy.

Social and solidarity economy may be viewed as building blocks of social and economic development, which emphasizes uniqueness, and hybrid qualities between state and capitalism. They act as interlocutors between state, society, and economy. Most of the social enterprises falling within the SSEs frameworks are locally embedded institutions/organizations with intrinsic as well as extrinsic motives. Some have evolved through the “bottom-up” social processes with some institutionalized through special policies and legislations, while some operate informally. However, there are others formed through external drive with international support (Evers, 2004). There are instances where social economy is perceived as an economy of the poorest or vulnerable groups. However, social economy arises out of the needs of those people who cannot mobilize sufficient capital or other types of resources to launch and develop economic activities of their choice. Thus, as contended by Defourny (1992) “necessity is often a condition which prompts the emergence of social economy initiatives”. SSEs are membership based organizations founded on common interests, which develop social and solidarity mechanisms needed to cement social cohesion required for a collective action.

## 2.2 Social and Solidarity Economy (SSE) defined

The debates relating to social enterprises have not received adequate attention so far. The United Nations' International Labor Organization has recently started promoting vigorously discussions on this subject matter. Series of workshops have been conducted to come up with a common understanding on SSEs and document experiences of these organizations. European Union ([www:Caledonia.org.uk/papers/EU-Definition-and-Importance-of-the-Social Economy](http://www:Caledonia.org.uk/papers/EU-Definition-and-Importance-of-the-Social-Economy)) underscores the importance of SSEs in the European economic and social context and thus, views it as social movements that have received limited attention in most countries. In some literature these are treated as third sectors of the economy that have become focal points in seeking opportunities amidst constraints (Gonzales, n.d.).

According to Fonteneau, *et al.* (2010) "Social and Solidarity Economy (SSEs) refers to organizations and enterprises that are based on principles of solidarity and participation and that produced goods and services while pursuing both economic and social aims". SSEs are important economic and social actors, which play significant roles in involving citizens fully in their self determinations. According to European Union ([www:Caledonia.org.uk/papers/EU-Definition-and-Importance-of-the-Social Economy](http://www:Caledonia.org.uk/papers/EU-Definition-and-Importance-of-the-Social-Economy)), Social Economy actors have certain unique common characteristics that distinguish them from other forms of organizations and enterprises. These include the following:

- (i) they originate from economic, social, and cultural needs of their members,
- (ii) although they are part of the shareholder economy, their primary focus is not on capital gain, but rather the commons needs of the members and be accountable to them,
- (iii) their democratic decisions follow the principle of "one man one vote" rather than number of shares, etc.,
- (iv) they are flexible and innovative to meet the needs of members as they unfold under changing circumstances, and
- (v) based on voluntarism, membership and commitment.

## 3. THE HISTORICAL PERSPECTIVE OF SSEs IN TANZANIA

### 3.1 The Map of SSEs in Tanzania

Tanzania, like most other countries, has different forms of SSEs operating in various sectors of the society and economy. According to available literature five categories of active SSEs can be identified that include Co-operatives, Non-Governmental Organizations (NGOs), Associations, Foundations and Community based Organizations. However, like in most other countries information and data on SSEs are scarce. Table I below attempts to map out some registered SSEs that operate in Tanzania.

**Table I: Number of Registered Non-Profit Organizations in Tanzania**

S/No.	Category	Number	Percentage
1.	Co-operative Societies	9,596	15.3
2.	NGOs	3,865	6.1
3.	CBOs	20,626	33.0
4.	Sports	15,243	24.3
5.	Culture and Arts	13,407	21.3
	<b>TOTAL</b>	<b>53,141</b>	<b>100.0</b>

Source: Ndumbaro, *et al* (2007)

The table indicates that by 2007 there were 53,141 SSEs that were registered and operating in the country. These exclude those that are not registered, which operate informally. It is clear from the table that CBOs (33%) lead in the category of registered SSEs followed by Sports Associations (24.3%), culture and arts (21.3%), co-operative societies (15.3%) and NGOs (6.1%) in that order.

However, co-operative societies are the most active and most known SSEs in Tanzania. Table II summarizes information relating to co-operative societies in Tanzania.

**Table II: The Number of registered Cooperatives in Tanzania**

<i>S/No</i>	<i>Type</i>	<i>Number</i>	<i>Percentage</i>
1	Agricultural Marketing Co-op. Societies	2,819	30.0
2	SACCOS	5,314	56.0
3	Consumer Coops	108	1.0
4	Industrial coops	161	1.6
5	Livestock Coops	211	2.2
6	Irrigation Coops	114	1.0
7	Fisheries	122	1.2
8	Others	674	7.0
	<b>TOTAL</b>	<b>9,522</b>	<b>100.0</b>
	Secondary Societies (Unions)	71	
	Apex	1	
	Federation	1	

**Source:** Ministry of Agriculture, Food Security and Co-operatives (2011)

The distribution of co-operatives across the country is uneven – between urban and rural and among regions. Apart from primary co-operative societies, there were also 71 active secondary societies or unions, one apex body (Tanzania Tobacco Co-operative Apex) and one Federation (Tanzania Federation of Co-operatives). Examining the distribution of co-operatives by sectors, it is observed that SACCOS accounts for 56%, followed by agricultural marketing societies (30%), while the remaining 14% is made up of livestock, irrigation, housing, mining, services, and industrial co-operatives.

The history of co-operatives in Tanzania is a checkered one – with a good record up to independence as true and genuine co-operatives. The situation changed after the Arusha Declaration in 1967 during the time when co-operatives were highly politicized and finally disbanded in 1976. The Savings and Credit Co-operative Societies (SACCOS) sub-sector is a relatively new one, as most of these were established after the enactment of Co-operative Societies Act, 1991 that coincided with the financial sector reforms introduced under the Banking and Financial Institutions Act, 1991. It was this time when SACCOS were registered as separate form of co-operative organizations from agricultural marketing co-operatives. Prior to this, SACCOS operated as schemes appended to marketing co-operatives.

### 3.2 The Establishment and Growth of SSEs in Tanzania

The history of SSEs in Tanzania can be traced back to colonial times. However, there are great differences in terms of nature, strategies, scope of activities, and the organizations of the SSEs formed during the colonial period from those in operation today. These differences originate partly from the differences resulting from the obtaining socio-economic and political context of the time.

The historical development of SSEs in Tanzania can adequately be categorized into four periods: the colonial period (prior to 1961); period after independence (1961 – 1967); post-Arusha Declaration (1967 to 1985); and the post – liberalization period to date (1985 - ). The introduction of cash crop economy during the colonial period brought about formation of producer associations such as the Kilimanjaro Native Planters Association (KNPA) in Kilimanjaro in 1925, which was subsequently transformed into the Kilimanjaro Native Co-operative Union (Kimario, 1992; Bee, 1996).

The establishment of KNCU in Kilimanjaro sparked similar developments in other parts of the country where cash crops were being cultivated – Bukoba, Arusha and Rungwe (coffee), Songea (tobacco), and Lake Zone (cotton). These co-operatives were formed in order to overcome exploitation of smallholder farmers by private traders. As it can be recounted, these early farmer organizations provided the solid foundations for the present co-operative movement obtaining in the country.

Trade unions, which are important workers' social organization, have their origin during the colonial times too. The establishment of railways, postal services, harbors, plantations and factories, led to the emergence of trade unions in order to protect interest of workers in terms of living and working conditions. Domestic workers such as cooks in settler homes, and hotels also established similar organizations to protect their interests as well (Ndumbaro, 2007).

The other form of SSEs is welfare and social associations. In Tanganyika these included the Tanganyika African Associations (TAA) that was established by civil servants who wanted to advance their own welfare. In addition, there were various forms of social associations that were established and operated informally by mainly immigrants or individuals originating from same places or belonging to same ethnicities living in major cities and towns in order to support one another in social matters that relate to burial services, sickness, education, weddings, to mention a few. Such associations emerged as a response to social insecurity that urban people encountered with. In most cases these were founded on the basis of African culture and traditions.

### **3.3 State Monopoly and the Development of SSEs**

Social organizations – especially co-operative societies, trade unions, sports, and social associations played an important role in the independence struggle in Tanganyika. Tanganyika became independent from Britain in 1961, while Zanzibar Islands became independent in 1963 and in 1964 the two sovereign states united to form the present United Republic of Tanzania on 26<sup>th</sup> April, 1964. However, after independence, most of these social organizations were suppressed by the state in order to give the government autonomy over social and economic development. Subsequently, Tanzania adopted a one party political system in 1965, which saw social organizations as a threat and therefore the ruling party assumed monopoly over societal organization in all spheres (Ndumbaro, 2003).

In another development Tanzania adapted Socialist Policy through Arusha Declaration in 1967. In order to spearhead the implementation of the Socialist Economy, the government enacted the Villages and *Ujamaa* Villages Act, 1975; which was expected to establish *Ujamaa* villages in the rural areas. Subsequently, the government dissolved and liquidated all Marketing Co-operative Societies, including Unions, through a decree on the pretext of inefficiency, corruption, undemocratic, and incurring colossal losses on 14<sup>th</sup> May, 1976. Villages took over the functions of Primary Co-operative Societies as multi-purpose and production oriented co-operatives. On the other hand, activities performed by co-operatives were handed over to state authorities - Crop Authorities, Regional Trading Companies, and the National Milling Corporation. Although the reasons for dissolution of co-operatives might be justifiable, there were other reasons that were mainly political in nature (Ellis, 1988; Hyden, 1980).

Other forms of SSEs were equally suppressed too during the period of state consolidation and institutionalization. Some of SSEs were required to affiliate with the ruling party. This was the case for co-operatives, trade unions, youth and women organizations. Establishment of other forms of civil organizations – such as human rights associations, were suppressed too. The state monopolistic policies adapted by the government in Tanzania killed the spirit and potential for self – organization in the country. The abolition of co-operative movements in 1976, local Government Authorities and Urban Authorities in 1972 and establishment of state authorities brought the mentality of government working for the people and providing everything, thus inculcating a wrong attitude in people's minds to date.

### **3.4 Economic Reforms and Re-emergence of SSEs**

During the late 1970s through 1980s, Tanzania experienced serious economic crises that led to introduction of economic reform measures in mid-1980s. The economic reform measures introduced in Tanzania, brought with it re-emergence of the civil organizations that were mostly registered in the areas of environmental conservation, gender, and professional bodies such as journalists, lawyers, etc. According to some literature (Kiondo, 1995; Caiden, 1991; and Ndumbaro, 2003) the re-emergence of the SSEs was a response to:

- (i) privatization of the parastatal sector that led to massive retrenchments of employees,
- (ii) push by international aid agencies for establishment of civil organizations for self-determination,
- (iii) the need to fill the emerging gap left by the state in the delivery of social services; and
- (iv) concerns by different segments of population over issues relating to gender, youth, environment, human rights, etc.

### **3.5 Regulatory Framework for SSEs in Tanzania**

The operations of SSEs in Tanzania are governed by various policies and regulations. Thus, there is no single law that regulates operations of SSEs despite the recognition of citizens' rights to association and self determination that is embedded in the basic country's law – the constitution.

Currently there are two policies, which relates to the SSEs sector – the Co-operative Development Policy, 2002 and the NGOs Policy, 2002. The Co-operative Development Policy, 2002 provides guidance in establishment of co-

operatives for the purpose of attaining common economic and social objectives through collective action. The policy provides for promotion of autonomous member-based co-operatives based on internationally accepted co-operative principles and values. Subsequently, the Co-operative Societies Act, 2003 and Rules, 2004 were established to provide for the regulatory framework of the sector. In order to revamp the co-operative sector that experienced crises, Co-operative Reform and Modernization Programme (CRMP) was initiated in 2005 that focused on a “comprehensive transformation process of co-operatives to become organizations which are member owned and controlled, competitive, viable, sustainable, and with capability of fulfilling members’ economic and social needs” (URT, 2005).

The National NGOs Policy, 2002 on the other hand, provides for the establishment of the Non-Governmental Organizations in Tanzania. The policy aimed at streamlining the operations of the NGOs sector and to facilitate establishment of mechanisms for coordinating and regulating operations of NGOs. Subsequently, NGOs Act, 2002 was enacted and later amended, provided for the legal framework for establishing and regulating activities of the NGOs sector. The NGOs Act, 2002 defines NGOs as:

*... a voluntary grouping of individuals or organization which is autonomous, non-partisan, non-profit making which is organized locally at grassroots, national or international levels for the purpose of enhancing or protecting economic, environmental, social, or cultural development or protecting environment, lobbying or advocating on issues of public interest of a group of individuals or organization, and includes an NGO, established under the auspices of any religious organization or faith propagating organization, trade union, sports club, political party or CBOs; but does not include a trade union, a social club, or sports club, a political party, a religious organization or a CBO ...”*

In Tanzania, NGOs occupy a special place in civil society as they are attempting to mobilize people to form institutions in order to advance their interests collectively. Civil society (CSO) also known as “Popular Organization” is organizations that are between family and the state, which attempt to democratize the state. CSO, as used in Tanzania, refers to autonomous organizations of people within society, which do not aim at taking state power, but that seek, through different forms of organizations and activities, to control and democratize the state and they are part of the NGOs sector.

There are varied regulatory frameworks for the SSEs in Tanzania. Some of SSEs operate informally though. The formalized ones are governed by varied regulatory frameworks as summarized in the Table below:

**Table III: Forms of SSEs and relevant Regulatory Frameworks**

No.	Form of SSEs	Regulatory Framework
1	Cooperative Societies	Cooperative Societies Act, 2003
2	Non-Governmental Organizations	NGOs Act, 2002
3	Trustees/Foundations	Trustees’ Incorporation Act, Cap. 318 of the Revised Edition of the Laws of Tanzania, 2002
4	Associations	Various legislations, for instance: <ul style="list-style-type: none"> <li>▪ Ranging Associations are registered under Range Development and Management Act, 1964 that is repealed by Land Act, 1999 without being replaced.</li> <li>▪ Agricultural associations are registered under the Agricultural Associations Act, 1964.</li> </ul>
5	Societies	<ul style="list-style-type: none"> <li>▪ Societies Act, Cap. 337 of the Revised Edition of the Laws of Tanzania, 2002</li> <li>▪ Tanganyika Law society registered under the Tanganyika Law Society Act, Cap. 307,</li> <li>▪ Building societies under the Building Societies Act, Cap. 87</li> </ul>
6	Sports’ clubs	National Sports Council Act, 1967, amended in 1971

Source: Surveys, 2011

Some NGOs are not covered by the NGOs Act, 2002 but registered under other forms of legislations. For instance, there are societies which are registered and regulated by the Registrar of Societies under the Societies Act Cap. 337 under the Ministry of Home Affairs.

Associations are regulated by various actors. For instance, Sports Associations are registered by the Registrar of Sports Association under the National Sports Council Act. of 1967 as amended in 1971. This Act regulates all types of sports associations, voluntary amateur, and professional amateur as well. However, the National Sports Council that oversee sports' associations, work very loosely with the Registrar of Sports Association in regulating this sector. On the other hand ranging and agricultural associations are regulated under Range Development and Management Act, 1964 that is repealed by Land Act, 1999 without being replaced and agricultural associations are registered under the Agricultural Associations Act, 1964, respectively.

There is also a significant number of informally operating SSEs that are not regulated by any regulation. There are such institutions in the finance, voluntary or charity based, social welfare, to mention a few.

#### **4. THE ROLE OF SSEs IN SOCIO-ECONOMIC DEVELOPMENT**

Social and Solidarity Economy (SSEs) organizations play significant roles in socio-economic, cultural, and political development in many countries. However, there are scarce data relating to the contributions of SSEs in most countries' statistics. In Europe there is now a move by Social Economy Europe -“the European Standing Conference of Co-operatives, Mutual Societies, Associations and Foundations” founded in 2000, to include statistical information of SSEs in the European Union member states national statistics.

In many studies the roles played by SSEs are clearly documented in the advancement of both economic and social development of individuals, communities, and the nation as a whole through contribution to local development and poverty reduction, employment creation, provision of social services and environmental protection, improved access to financial services, and social protection, and advancement of human rights. The following section attempts to bring out experiences from Tanzania.

##### **4.1 The Role of SSEs in Development**

###### **4.1.1 Economic Growth and Poverty Reduction**

SSEs contribute to local development and hence economic growth in many countries at varying levels. SSEs build partnerships required between the private sector, government, civil organizations, and local authorities in the realization of sustainable development agenda – an effective way for the realization of the Millennium Development Goals (MDGs). Social enterprises that contribute to this noble task include co-operatives, NGOs, associations, foundations and CBOs. These organizations provide significant incomes to households, families, and individual members as well. Although there are limited data on the contribution of SSEs to economic development, some attempts to quantify the contribution of SSEs to national economy estimate it at 2.9% of the Tanzania's GDP (Mhina, 2007). In addition, the sector employs a significant proportion of the workforce.

Co-operative societies in Tanzania are engaged in a broad array of development objectives. For instance, agricultural marketing co-operatives play a significant role in marketing of members' agricultural produce, mobilization of agricultural credit, and provision of social services such as education, and provision of scholarship for orphans and vulnerable children (Bee, 2009). Limited co-operative societies are engaged in provision of productive credit for purchase of farm inputs (seeds, fertilizers, equipment and implement); purchasing of land, financing costs of land preparations, harvesting and marketing.

Co-operative societies contribute to assets building process for collective assets at primary and secondary levels, as well as at personal and family assets of the individual members. SSEs also help to build individual members' asset base that in turn help to enhance confidence among members.

There are also limited value additions taking place in communities through activities being performed by SSEs. Vivid examples are from diary co-operatives, coffee, cotton, beekeeping and processing. These limited value addition enhances the value of members' products facilitating them to earn better incomes.

There are few cases where smallholder producers are exploiting fair trade markets. Although these are niche markets, some societies especially those producing coffee – such as the Kilimanjaro Native Co-operative Union (KNCU), Karagwe District Co-operative Union (KDCU), and Wino Agricultural Marketing Co-operative Society; are exporting

coffee to fair trade organizations where premium incomes earned help producers to improve their incomes and facilitate such societies contribute to certain community development programmes in education, health, and rural communication infrastructure.

#### **4.1.2 Employment Creation and Decent Work Agenda**

SSEs contribute significantly to employment creation and advancement of the ILO decent work agenda. Although there are no clear statistics, it is not doubtful that SSEs provide employment to people. In 2001 the Office of the Vice President of the United Republic of Tanzania estimated about 22,481 workers were engaged as full time employees and an additional 883,193 as part time workers by the Non-Profit Organizations in the country (VPO, 2001).

The co-operative sector contributes significantly to employment creation through many ways. Pollet (2009) identified two main forms of employment creation by co-operatives – direct and indirect. The direct employment are those formal employment generated by co-operative institutions such as those employed by co-operative societies in different positions at various levels from primarily societies up to the federation. There are also those working with co-operative training institutions and other support organizations. The indirect employment, on the other hand, involves those individual co-operative members who owe their self-employment to them being members of co-operatives.

The informal sector, which is a component of SSEs in the developing countries, including Tanzania, constitutes a significant employment provider. According to ILO (1993) between 20% and 60% of the labor force are engaged in the informal sector in urban areas in most of the developing countries. In the rural areas the figures are quite high estimated at around 80%. In Tanzania it is estimated that about 83% of the productive labor force is engaged in rural and 17% in the urban informal sectors respectively (URT, 2002a).

SSE contributes to promotion of the ILO decent work agenda that is based on four strategic objectives namely: fundamental principles and rights at work and international labor standards; employment and income opportunities; social protection and social security; and social dialogue and tripartism – i.e. governments, workers and employers. Since SSEs provide employment and are also platforms for social dialogue, they contribute immensely to these fundamental principles of decent work as advocated by the ILO. Furthermore, the nature of SSEs allows for the promotion of labor standards and realization of labor rights.

#### **4.1.3 Provision of Social services and environmental protection**

Some SSEs are engaged in the provision of social services such as education, health care, communication infrastructures, and environmental protection. These efforts complement government efforts in servicing its people. They add to stock of public services available to local communities. In Tanzania several religious organizations are involved mostly in the provision of education and healthcare. For instance Aga Khan Foundation, Catholic Church, Evangelical Lutheran Church of Tanzania, Christian Social Services Commission, Hindu Mandal Trust, Bahai Society, Baraza la Waislamu Tanzania (BAKWATA), to mention a few. These faiths-based SSEs have worked with the government harmoniously over years in the provision of these highly needed social services in both urban and rural areas.

Environmental protection is key to poverty reduction in Tanzania as most households' livelihoods depend on land for farming and grazing. Furthermore, environmental sustainability is today a worldwide concern. For this reason there are SSEs that are advancing environmental protection agenda to address issues of climate change, sustainable farming and grazing techniques, and renewable energy programmes. Most of these initiatives are performed by NGOs and CBOs; some of which are local and others internationally sponsored. Currently, the Government in Tanzania is working in partnership with more than 150 NGOs in environmental management. Various programmes have been designed in collaboration with stakeholders that promote, strengthen, and sensitize communities and individuals to participate in environmental conservation and management. In addition, there are awareness campaigns, environmental education, and skills development that complement on various issues of environmental conservation and management.

The number of NGOs and CBOs involved in the environmental conservation and management programmes are diverse and on the rise. Some of these include: Environmental Journalists of Tanzania (JET); Envirocare (Tanzania); Tanzania Natural Resource Forum (TNRNF); and Tanzania Environmental Solution (TESO) to mention a few. In addition, there are various localized initiatives with similar initiatives.

#### **4.1.4 Provision of Financial services**

Some SSEs are established to facilitate access to financial services. Those that fall in this category include Savings and Credit Co-operative Societies (SACCOS), co-operative banks, and various informal associations. Most of the informal associations and social welfare associations provide support to members on reciprocity basis. By March, 2011, there were a total of 5,314 registered SACCOS in Tanzania serving 911,873 members. SACCOS operating in urban areas

totaled 2,346 (44%) while in the rural areas there were 2,998 SACCOS (56%). Most of the urban based SACCOS are mostly employee-based who operate bank accounts, whereas most of the members of rural SACCOS are unbanked. In the rural areas SACCOS are the main prevalent form of financial institutions. In addition to SACCOS, there are two Co-operative Banks in operation at the moment, namely Kilimanjaro Co-operative Bank and Kagera Farmers' Co-operative Bank.

Apart from these registered members-owned financial institutions, there are also informal financial institutions. These include Savings and Credit Associations (SACAs), Rotating Savings and Credit Associations (ROSCAS) that are locally known by different names such as “*Upatu*”, “*kibati*”, “*mzunguko*”, etc. There are also other Solidarity Groups (SGs) such as Women Economic Groups, Youth Economic Groups, which also provide access to financial services – savings, credit, insurance, old age support, burial services, money transfer, etc. In addition, there are social welfare associations formed for specific purposes such as burial services, weddings, and other forms of solidarities.

#### **4.1.5 Social protection and Rights**

The concept of human rights emanates from the natural justice that is based on premise that men and women are born free and equal. In Tanzania, the concept and practice of human rights is enshrined in the country's constitution – the Bill of Rights and Duties, which involves the right to life, equality, movement, expression, association, participation in decision making and work. SSEs are advancing human rights and social protection. Some of the rights often contested include - human rights abuses, unjust court system, and marginalization of women, children, disabled, pastoralists, hunters and gatherers.

There are a number of bodies involved in the rights protection in Tanzania. Some of these include: Legal and Human Rights Centre (LHRC); Tanzania Women Lawyers Association; Tanzania Media Women Association (TAMWA); Environmental Human Rights Care and Gender Organization (ENVIROCARE); and Tanzania Gender Networking Programme (TGNP), to mention a few. These NGOs are involved in the advancement of human rights in the country. These organizations help in facilitating justice and fairness to marginalized groups such as pastoralists, hunters and gatherers, women and children. They provide counseling, arbitration, court representation, and education on human rights and literacy. In addition, they are active in lobbying and advocacy in issues relating to human rights abuses.

Furthermore, the SSEs facilitate democratization processes through social dialogue. The term democracy was first used by Bryce in 1888 in describing the French Revolution – where democratization was equated to franchising. However, during the 1960s the perception on democratization process shifted towards democratization process being a gradual process, that involves not only political, but also economic, and social aspects of development. The modern theory of democracy postulates that economic development increases chances for a transition to democracy. Civil society (NGOs, unions, academia, and human rights organizations) are important organizations for democratization – as they give people unity and a common purpose, as well as a social network through which to organize, and challenge the power of the state hierarchy.

SSEs are seen as important institutions in the building of social cohesion among individuals. SSEs are principally founded on the premise of social cohesion and contribute to its advancement. Human beings are able to address social problems better if they have high social cohesion that makes them feel togetherness. In this respect, SSEs are important social regulators that are required to maintain harmony, peace and unity in communities. They complement efforts of the formal local administration processes in place.

#### **4.2 Misuse, Abuse and other Malfunctioning of SSEs**

There are experiences of SSEs being misused and their existence abused for personal gains. Owing to their very nature of being people centered organizations, they are very influential in local politics. In many countries there are examples where co-operatives and to some extent other forms of SSEs being closely associated with political parties. In Tanzania, for example during the one party state politics, co-operatives were made part of the ruling party with the later influencing the election of co-operative leaders through screening. This kind of relationship is referred to as political patronage.

Unfortunately SSEs are also used to advance personalistic prerogatives of individuals – especially leaders for personal gains in amassing wealth, political gains or attaining social prestige. Sometimes these kinds of relationships create discontents between the SSEs and the ruling elites.

Despite the appreciated roles of SSEs in local development, their performances have not been that smooth. They have experienced challenges as well as problems emanating from inadequate financing, mismanagement, and external influence. For instance, the poor performance of co-operatives in Tanzania has often been attributed to management problems, internal weaknesses, governance failures, and inadequate policy and regulatory framework.

## 5. SUMMARY AND CONCLUSIONS

There is a growing realization that Social and Solidarity Economy (SSEs) organizations play significant roles in socio-economic, cultural, and political development in many countries. Their contributions is noticeable in many facets such as contributing to local development, poverty reduction, creating decent jobs, improving rights, enhance social dialogue and providing protection to vulnerable and disadvantaged groups. Despite these significant contributions, there is no common definition of what SSEs are. For the purposes of this paper SSE refers to a specific forms of organizations and enterprises – formal and informal, which includes co-operatives, associations, mutual benefits societies, community based organizations, social enterprises and foundations. SSEs are, therefore, distinct organizations that share certain commonalities that distinguish them from public sector and profit-oriented enterprises.

This paper made an attempt, through survey of literature, to document the role played by SSEs in Tanzania. The paper identifies five categories of active SSEs that include Co-operatives, Non-Governmental Organizations (NGOs), Associations, Foundations and Community based Organizations. In addition, there are several informal welfare and social associations operating in the country. The paper notes that all these forms of SSEs are playing critical roles in the advancement of both economic and social development of individuals, societies, and the nation as a whole. These include contribution to local development and poverty reduction, employment creation, provision of social services and environmental protection, improved access to financial services, and social protection, and advancement of human rights. Furthermore, they contribute to promotion of democratization and good governance processes in the country. SSEs also promote security and peace solidarity, tolerance, guarantee social and gender equity, which constitute part of the Millennium Development Goals.

SSEs have a role to play and have bright future given the growing social and economic ills in the contemporary world. Thus, developing countries must create conducive environment for SSEs to grow and operate effectively within the national legal and socially acceptable frameworks.

There are still challenges that SSEs experiences – such as difficulties in its definition, conceptualization, and measurements of its contributions to development and demarcation of its activities. Furthermore, SSEs have experienced challenges as well as problems emanating from inadequate financing, mismanagement, and external influence. Despite these challenges, the contribution of SSEs is still appreciated in many circles. However, more research into the SSEs and its popularization is called forth, through concerted efforts of academia, civil organization, development partners, and governments.

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