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## Coop<sup>AFRICA</sup> Working Paper No. 6

# Fair Trade - Fair Futures: The Kilimanjaro Native Cooperative Union scholarship programme for children made vulnerable by AIDS

Faustine K. Bee





The Cooperative Facility for Africa (Coop<sup>AFRICA</sup>) 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.

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Coop<sup>AFRICA</sup> is located in the ILO Office for Kenya, Somalia, Tanzania 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 Organisation of Employers (IOE) and the African Union Secretariat. Coop<sup>AFRICA</sup> 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).



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The ILO-Sida programme on HIV/AIDS prevention and impact mitigation in the world of work in Sub-Saharan Africa is an innovative programme addressing different dimensions of the HIV/AIDS response through a common strategy led by different ILO departments. The programme aims to reduce the impact of the epidemic in Sub-Saharan Africa by addressing the world of work vulnerabilities and strengthening the application of the policy and legal frameworks for the protection of infected and affected workers. The programme started in December 2005 and is funded by the Swedish Development Cooperation Agency (Sida) over the course of four years and comprises three components: 1) The transport sector through a corridor approach aiming to increase knowledge on HIV/AIDS and minimize risk behaviours 2) The informal economy and cooperatives to mitigate impact of HIV/AIDS and improve working conditions in informal settings 3) Enhanced legal and policy compliance.

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Faustine K. Bee

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## List of abbreviations

AIDS	Acquired Immunodeficiency Syndrome
CBO	Community Based Organization
CRMP	Cooperative Reform and Modernization Programme
CSO	Civil Society Organizations
DHS	Demographic and Health Survey
FBO	Faith Based Organizations
FLO	Trade Labelling Organizational International
GDP	Gross Domestic Product
HBC	Home Based Care
HIV	Human Immunodeficiency virus
ILO	International Labour Organization
ILO/AIDS	The Programme on HIV/AIDS and the World of Work
ICA	International Cooperative Alliance
IPRD	Information Publicity and Public Relations Department
KCMC	Kilimanjaro Christian Medical Centre
KIWAKUKI	Kikundi cha Wanawake Kilimanjaro cha Kupambana na UKIMWI
KNCU	Kilimanjaro Native Co-operative Union
KNPA	Kilimanjaro Native Planters Association
KSP	KNCU Scholarship Programme
MDG	Millennium Development Goal
MKURABITA	Mpango wa Kurasimisha Biashara na Mali
MVC	Most Vulnerable Children
NACP	National AIDS Control Programme
NBS	National Bureau of Statistics
NMSF	National Multi Sectoral Strategic Framework on HIV/AIDS
NGO	Non Government Organization
OVC	Orphans and Vulnerable Children
PLHIV	People Living with HIV/AIDS
RCH	Reproduction and Child Health
SME	Small and Medium Enterprise
Sida	Swedish International Development Cooperation Agency
TACAIDS	Tanzania Commission for AIDS
URT	United Republic of Tanzania
VCT	Voluntary Counselling and Testing
VCU	Vuasu Cooperative Union

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## About the author

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## Executive summary

The HIV/AIDS epidemic remains to be a major development challenge for most developing nations, including Tanzania. The epidemic has seen the number of children who are orphans and/or vulnerable increase, consequently demand for services to support these children has also been increasing. In addition to government responses, many community based initiatives have emerged to address this social challenge. The cooperative movement, which is comprised of member-based organizations, has developed some innovative programmes to address the plight of the orphan and vulnerable children. The Kilimanjaro Native Co-operative Union (KNCU), in the northern Kilimanjaro Region of Tanzania, has been the first to pioneer initiatives in this area. KNCU has designed a seven year scholarship programme (2006 – 2012) that meets secondary educational expenses of the Orphans and Vulnerable Children (OVC) of its members. The programme is financed through premium revenues KNCU generates from sales of members' coffee through Fair Trade.

There are several lessons that can be learnt from this case study. For instance, cooperatives as member-owned democratically controlled enterprises can play a vital role in supporting OVC in the communities. Further, due to the democratic, economic, and social dimension of cooperatives, they can provide a very relevant and effective platform for the management of the HIV/AIDS epidemic facing communities. The programme has opened the door for girls' participation in secondary education, hence reducing their social vulnerability. The programme is engaging OVC in education, as it is understood that enhancing the educational attainment of children can potentially improve understanding of HIV/AIDS and also improve the communication and negotiation skills of young people. Education, particularly for girls, is one of the most powerful tools for reducing vulnerability and risk of becoming HIV positive. This is because access to education tends to enable economic independence, delay marriage and increase use of family planning, while also raising awareness about how to prevent HIV/AIDS (Beegle et al., 2008).

The KNCU scholarship programme has created an opportunity for 'public private partnerships' to respond to the needs of OVC in Tanzania. This is an important achievement, as it realizes that responses to OVC and HIV/AIDS are not problems that just concern the family unit – nor is it a problem that should rely on responses derived from traditional mechanisms. A holistic approach that involves all actors in society is required. As the social mandate of cooperatives drives these organizations to respond to the economic, social and cultural needs of members, responding to social problems is often natural for cooperatives. Moreover, as cooperatives are essentially networks of community members, many of whom are in the informal sector, the involvement of cooperatives in programmes that support OVC opens up access to a new network of people that can increase OVC service access and increase OVC access to opportunities.

One of the innovative components of the KNCU scholarship programme is that KNCU sought to address the needs of members through developing farming trade relationships with fair trade organizations. The benefit of engaging with the fair trade movement is that the movement focuses on delivering a greater proportion of value within the chain of production to producers. Accessing this market generated revenues that have enabled KNCU to establish a seven year scholarship programme for OVC associated with their member cooperatives. This is a prime example of how the cooperative value of self-help can be mobilized to improve the livelihood of their members.

## 1. Introduction

### 1.1 *The purpose of the case study*

The increasing presence of children made vulnerable by AIDS is a developmental concern that cannot be dealt with only at the family unit level. All layers of government, as well as community organizations, need to join efforts to respond to HIV/AIDS and support the rights and overall development of OVC. Therefore, the ILO/Sida programme on HIV/AIDS prevention and impact mitigation in the world of work in Sub-Saharan Africa (2006/09) is assisting cooperatives and community based organizations to respond to HIV/AIDS.<sup>1</sup> One of the approaches developed by the programme includes increasing the knowledge about innovative initiatives implemented by organizations in the social economy that are responding to HIV/AIDS.

The Kilimanjaro Native Co-operative Union (KNCU) acknowledges the impact of HIV/AIDS on the welfare of its members and their families and has developed an innovative scholarship programme for orphans and other children made vulnerable by HIV/AIDS. The purpose of this paper is to document the experiences and implementation of this scholarship programme. KNCU involvement in the scholarship programme is particularly relevant due to the affects that increasing educational attainment can have on the vulnerability of orphans and vulnerable children - and their risk of becoming HIV positive. This case study is thus relevant for cooperative leaders and managers, cooperative members, cooperative development practitioners, HIV/AIDS workers, fair trade organizations, governments and non-government organizations. KNCU's experiences reveal that the cooperative model<sup>2</sup> is able to combine the activities of enterprise with the provision of social services.

### 1.2 *An overview of the KNCU scholarship programme for orphans and vulnerable children*

The Kilimanjaro Native Co-operative Union (KNCU), which is one of the oldest coffee cooperatives in Tanzania, is located in the north-eastern region of Kilimanjaro. KNCU has initiated a programme to support the educational needs of orphans and vulnerable children (OVC). The seven year (2006 – 2012) programme is known as the KNCU Scholarship Programme (KSP) for OVC. The programme assists in payment of school fees for selected OVC who are associated with primary cooperative members. The programme is funded through the premium proceeds earned from sales of coffee through Fair Trade arrangements.

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<sup>1</sup> The ILO/Sida programme is also involved in HIV/AIDS prevention and impact mitigation in the transport sector; and strengthening legal and policy provisions and improving occupational safety and health.

<sup>2</sup> The ILO adopts the International Co-operative Alliance (ICA) definition, recognising that cooperatives are, “*an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise*”.

The programme was designed to cover all five districts under the KNCU's jurisdiction, namely Moshi Urban, Moshi Rural, Rombo, Siha, and Hai. The programme targets 92 primary cooperatives, but at the moment it is serving only 66 primary cooperatives. The programme, which started in 2006, is expected to have supported approximately 307 OVC by 2012.

KNCU deals with coffee marketing, and to a lesser extent, supports coffee production through provision of seedlings and extension services. It exports coffee to Fair Trade partners and other conventional coffee buyers. Its Fair Trade partners include Twin Trading and Café Direct - both from the United Kingdom (UK); TransFair USA and Oxfam from The Netherlands. Coffee exports from KNCU are certified by the Fair Trade Labelling Organization International (FLO), which guarantees the end consumers of the source and quality of coffee sold.

The objective of the scholarship programme is to pay the secondary educational expenses of OVC of its members. Key activities include assessing needs of the OVC and granting them scholarships. Each student is sponsored based on the application submitted, which are examined and approved by their respective primary cooperatives. The scholarship amounts vary from TZS 20,000 (approx. \$15.40 USD) to TZS 70, 000 (approx. \$54 USD).<sup>3</sup> Legal guardians are required to top up any additional expenses that are over the amount provided by the grant. However, the scholarship offered by KNCU is limited to children studying in public secondary schools, where fees payable fall between TZS 20,000 (approx. \$15.40 USD) and TZS 80,000 (approx. \$62 USD) per annum.

Some of its notable achievements since programme inception include the following:

- (i) a total of 278 children of whom 125 are orphans and 153 are vulnerable children have been supported by KNCU paying their secondary educational expenses;
- (ii) 11 children have completed their ordinary secondary school education and three are now in high schools;<sup>4</sup>
- (iii) the scholarship has extended support to both male and female children without discrimination - 138 are boys and 140 are girls;
- (iv) the initiative has created the necessary conditions for formation of public private partnerships to help manage the HIV/AIDS epidemic;
- (v) the KNCU initiative is in line with the government's medium term development strategy, which is focused on poverty reduction through enhancing the education of members of society (URT, 2005).

### *1.3 The methodology*

This case study was conducted in the Kilimanjaro region and focused on the Kilimanjaro Native Cooperative Union (KNCU). The KNCU covers five districts,

<sup>3</sup> The average exchange rate is USD \$ 1 = TZS 1,300

<sup>4</sup> Tanzanian secondary education is divided into a four-year ordinary secondary education and two years high school or advanced secondary education.

namely Moshi Rural, Hai, Siha, Moshi Urban, and Rombo. The methodology used in this case study involved semi-structured interviews based on a purposive sampling strategy, with participants drawn from KNCU Management and Managers/Secretaries of selected primary cooperatives. Other key informants interviewed include representative members of primary cooperatives and the children benefiting from the programme. Furthermore, the case study also interviewed teachers from selected schools in the region, government officials from the Cooperative Development Department, hospitals and selected Non Government Organizations (NGOs).

A total of 137 people were involved in data collection. Respondents were drawn from the union and selected primary cooperatives - 15 from Moshi Rural, 15 from Hai, and six from Siha districts. The list comprised of three staff from KNCU and the Chairperson of the Board, 36 Managers/Secretaries of Primary Cooperatives, 36 representatives of Board Members of Primary Cooperatives and 72 ordinary members. Other key informants included ten children and five teachers from selected schools, three cooperative officers, five staff of NGOs operating in Moshi town,<sup>5</sup> and two staff from the Kilimanjaro Regional Hospital and Kilimanjaro Christian Medical Centre respectively. The case study also involved five individuals who are not members of rural cooperatives in order to provide a cross reference for the data collected and to ensure that the views of the general community were represented.

The data was collected over ten days in November 2008. Individual and group semi-structured interviews were guided by a check list of issues that were drawn from the methodological guide for the case study on cooperatives, community based organizations and micro small and medium enterprises in the informal economy responding to HIV/AIDS.<sup>6</sup> The major issues in the interviews included KNCU and its scholarship programme for OVC. Questions considered funding, sustainability and impact. Other questions considered the demographic profile of the region, including economic, social and labour market characteristics. Apart from semi-structured interviews, the case study also benefited from review of literature, use of data and other available records.

#### 1.4 Organization of the report

This study is organized into six sections. The following section provides a contextual overview of Kilimanjaro region, giving consideration to economic and social issues, with particular focus given to HIV/AIDS and cooperatives. Section three discusses the scholarship initiative – highlighting the organization of KNCU and the scholarship programme, as well as the programme’s target group and beneficiaries, and the programme activities. Section four, discusses the programme’s performance and its achievements. It assesses the main achievements, narrates expectations, management and impact. Section five provides views from actors and

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<sup>5</sup> These include Angaza, Elizabeth Glaser Paediatric AIDS Foundation, Kinshai, and *Kikundi cha Wanawake Kilimanjaro cha Kupambana na UKIMWI* (KIWAKUKKI)

<sup>6</sup> The Methodological Guide for case study research was provided by the ILO as part of the Terms of Reference.

beneficiaries that give insight into the programme’s relevance, institutional setting, outcomes and achievements, impact and areas for improvement, and sustainability. Finally section six contains conclusions and lessons learnt.

## 2. Social and economic context

### 2.1 Demographic profile

The Kilimanjaro region, which covers an area of 13,209 square kilometres, is one of the smallest regions in Tanzania. It is located in the north eastern part of Tanzania Mainland. The region compasses seven districts, namely Rombo, Hai, Siha, Moshi Rural, and Moshi Urban, all of which are served by the KNCU. The other two remaining districts in the Kilimanjaro region (Mwanga and Same) are served by the VUASU Co-operative Union (VCU).

As can be discerned from Table 1, the Kilimanjaro region had a total population of 1,381,149 in 2002 (URT, 2002). This constituted only four per cent of the national population. The average household size for Kilimanjaro was 4.6 people, as opposed to 4.2 in Dar es Salaam or 4.9 nationally. The average growth rate per annum stood at 1.6 per cent, as compared to 4.3 for Dar es Salaam Region and 2.8 per cent nationally. Available statistics for population density ranks Kilimanjaro region as third most populous region, after Dar es Salaam and Mwanza regions. The population distribution patterns in the region are largely influenced by land fertility and climatic conditions, which explains the reasons why there is a high concentration of people in the highland areas.

**Table 1: Demographic profile of Kilimanjaro**

Population Indicators	Tanzania mainland	Dar es Salaam Region	Kilimanjaro Region
Population	34,569,232	2,497,940	1,381,149
Household size	4.9	4.2	4.6
Average growth rate (per cent)	2.9	4.3	1.6
Population density	39	1,793	104

**Source:** URT (2002) Population Census

The Kilimanjaro region has the highest out migration of all the regions in Tanzania (URT, 2002). The explanations for this trend relate to the relatively high population density of Kilimanjaro, coupled with inadequate economic opportunities to absorb excess labour. Furthermore, the region is experiencing a shortage of arable land for agricultural activities and also suffers from weak industrial development. Consequently, the Chagga people, who are the main inhabitants of the Kilimanjaro region, migrate to other parts of the country in order to support their livelihood.

## 2.2 *Economic profile*

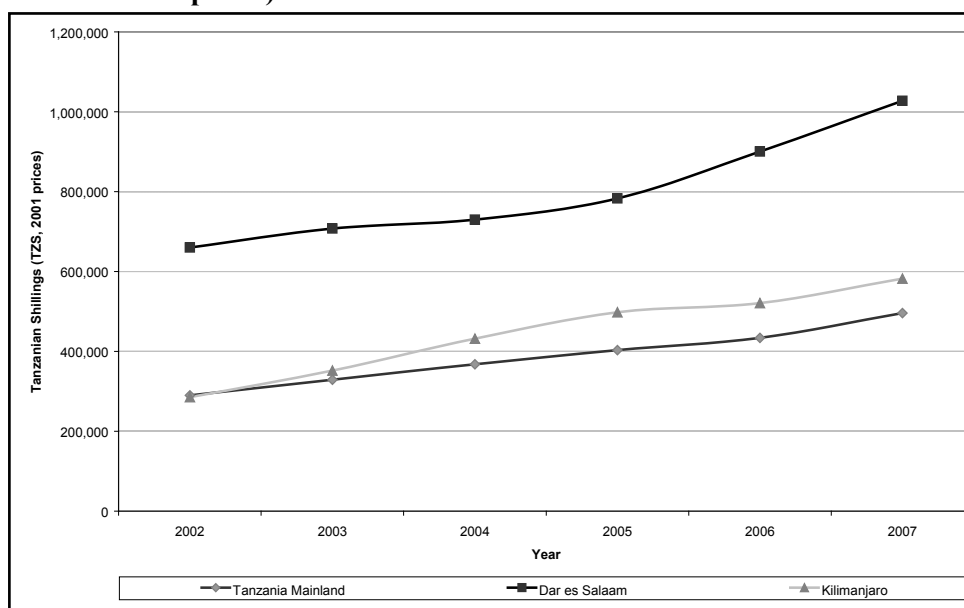
Approximately 75 per cent of the Kilimanjaro region's population lives in rural areas and depends largely on agriculture and animal husbandry for their livelihood (NBS, 2002; Author's own analysis). The main cash crops grown include coffee, which is grown on plantations and by smallholder farmers. Wheat and barley are grown by large scale farmers, especially in the west Kilimanjaro area. Other crops that are gaining importance include cardamom, cotton, sunflower, and groundnuts. Food crops, which also earn income when produced in surplus, include maize, beans, potatoes, bananas, paddy, vegetables and fruits. Of the total arable land, approximately 70 per cent is owned by smallholder farmers, while the remaining 30 per cent is cultivated by estate growers. Smallholder farmers own an average of 0.5 hectares in the highlands and 1.5 hectares in the lowland areas.

Animal husbandry (including dairy farming) is the second most common economic activity after agriculture. Livestock kept include cattle, goats, sheep, pigs, chicken and poultry. Most households practice a combination of agriculture and animal husbandry. Due to land shortage, households in the highland areas stall feed their animals, while those in the lowlands are engaged in traditional grazing. Agriculture and animal husbandry constitute important economic undertakings in the Kilimanjaro region. These activities are responsible for approximately 60 per cent of the region's Gross Domestic Product (GDP).

Other important sectors include manufacturing and trading activities, tourism, services, and carpentry. The Kilimanjaro region has a weak manufacturing sector, which is mostly limited to food processing, leather, chemicals and wood products. In addition, there are few small and medium scale industries that include milling, oil mills, and metal works. However, these manufacturing activities provide limited salaried employment. Kilimanjaro together with the Arusha and Manyara regions also constitute the northern tourist circuit, which is the one of the main destinations of tourists in the country. Mount Kilimanjaro and native wildlife provide tourist attraction in the region. Important national parks include Kilimanjaro National Park and Mkomazi Game Reserve.

Figure 1 below provides comparative figures for the GDP per capita for selected regions of Tanzania between 2002 and 2007. Between these years, the GDP per capita for Kilimanjaro has generally been above the national average per capita GDP. However, in previous years volatility in international coffee prices has had adverse consequences on coffee producers in Kilimanjaro and caused decline in productivity due to inadequate purchasing power for agricultural inputs (Mpango, 2008: 66). However, entering into other business activities, diversification into other agricultural crops as well as effective use of savings and credit has allowed the region to maintain growth and strengthen its entrepreneurial culture.

**Figure 1: Average per capita GDP for selected regions in Tanzania (at 2001 TZS prices)**



**Source:** Planning Office, Regional Commissioner Kilimanjaro

The regional contribution of the Kilimanjaro region to the national GDP ranged from 4.1 per cent to 4.9 per cent between 2002 and 2007. The trends for selected regions are illustrated in the Table 2 below.

**Table 2: Regional average contribution to GDP for Tanzania, 2002-2007**

Region	2002	2003	2004	2005	2006	2007
Kilimanjaro	4.1	4.4	4.7	4.9	4.8	4.7
Dar es Salaam	16.9	16.2	15.1	15.0	15.5	15.6
Mwanza	9.7	8.5	8.5	8.4	8.6	8.7
Dodoma	3.5	3.31	3.11	3.0	3.1	3.0

**Source:** Planning Office, Regional Commissioner Kilimanjaro

When compared to other regions in Tanzania, economic infrastructure - including roads, rail networks, air transport, electricity, and telecommunication - is well advanced in the Kilimanjaro region. The road network is generally good and adequately serves population clusters in the region; hence public transport is widely available.<sup>7</sup> The region is well connected with other parts of the country through roads, rail, air transport and telecommunication.

<sup>7</sup> Although it was not possible to get statistics on percentage of rural population who live within two kilometres of an all season passable road as an access indicator, Kilimanjaro region has a good rural road networks that are passable almost throughout the year.



### 2.3 *Social aspects*

The residents of the Kilimanjaro region have relatively greater access to social services and utilities, such as water, health services and education when compared to other regions in the country. Thus, the residents of the Kilimanjaro region have better socio-economic indicators when compared to the Tanzanian average.

Educational indicators reveal an overall increase in primary and secondary school enrolment in Tanzania. Data from the Household Budget Survey shows that 84 per cent of children aged between seven and 13 are in primary school (NBS, 2007). The national enrolment rate for 14 to 17 year olds was 15 per cent in 2007 (13.9 for boys; 16.5 for girls).

School attendance is lower amongst vulnerable groups, including OVC. For instance, a survey with 191 OVC made vulnerable by AIDS found that 23.6 per cent of single or double orphans had never attended school (Semkiwa, et al., 2003: 26). A further 37.7 per cent had stopped going to school. Many OVC report that costs associated with education are prohibitive. In addition to this trend, many students in Tanzania enter school late, with only 66 per cent of seven year olds in school (NBS, 2007). There are disparities in terms of the quality of education offered as well as regional and district enrolment disparities. For instance, only 57.4 per cent of students in Kilimanjaro passed their primary school leaving exam (Ministry of Education and Culture, cited in Bastien, 2008: 399). There are many supply side factors - such as poor infrastructure, high teacher-student ratios, teacher absenteeism – that can help to explain this situation.

The overall mean distance to the nearest dispensary is 3.6 kilometres in Tanzania. However, there is discrepancy between urban and rural areas, with rural households being an average of 4.6 kilometres away from the nearest dispensary. While there are some improvements in the construction of dispensaries, health centres and hospitals throughout Tanzania, access to services are constrained by inadequate drugs supply, a cost sharing policy and inadequate skilled personnel. In 2000, the Kilimanjaro region had 361 dispensaries, 18 health centres, six hospitals - of which four are district hospitals, one regional and one referral hospital.

Access to clean and safe drinking water is also limited. Nationally, some 34 per cent of household have access to piped water and another 18 per cent use another protected source of water (NBS, 2007). Households in the Kilimanjaro region have relatively better access to piped and protected water, with an access rate of approximately 30 per cent and 17 per cent respectively. A major constraint in rural areas are the long distances travelled by households to access clean and protected water for consumption, which restricts the amount of time that can be spent on income generating activities.

The national Demographic and Health Survey (DHS) shows that between 1999 and 2005, there was a general improvement in infant mortality incidence from 99 per 1,000 live births in 1999 to 68 in 2005 (NBS, USAID & ORC MACRO, 2005). Owing to its well developed social services infrastructure, the Kilimanjaro region reveals a better performance than the national average indicators. For instance, a higher life expectancy rate of 58, infant mortality incidence of 59 per 1,000 live births and an under five mortality incidence of 90 per 1,000 live births, as shown in Table 3 below.

**Table 3: Selected health indicators**

Selected Indicators	Tanzania mainland	Kilimanjaro Region
Life expectancy at birth	52	58
Infant mortality (deaths/1,000 live births)	68	59
Under five mortality rate (per 1,000 live births)	112	90

**Source:** NBS, USAID & ORC MACRO (2005) Tanzania Health Statistics

#### 2.4 Labour market characteristics

According to the Household Budget Survey (NBS, 2007) most Tanzanian households are increasingly diversifying their economic activities. However, agriculture still constitutes the main source of economic activity, absorbing 57 per cent of employed adults. The agricultural sector, when combined with fishing and hunting, employs approximately 68 per cent of employed adults. In Kilimanjaro, agriculture plays a major role, absorbing some 75 per cent of adults. There is an increase in self-employment among the population, accounting for 13 per cent of employed adults. This growth is largely attributable to growth in the informal economy. Those in paid employment (public and private sector) amounted to seven per cent of the total employed adults (NBS, 2007).

The Tanzanian economy is characterized by a duality of formal and informality. Approximately 60 per cent of the country's GDP is associated with the informal economy, where most of the enterprises are unregistered, unlicensed, lack accounting procedures and do not pay taxes (Schneider, 2004, cited in Skof, 2008: 169). As a result, productivity is low and employment conditions are poor. Most of the enterprises operating informally fall in the group of Small and Medium Enterprises (SMEs). The majority of those active in the informal economy are women.

According to National Bureau of Statistics (2009), in 2007 16.6 million adults were classified as employed, while the unemployment rate stood at 11.7 per cent. The rural areas have higher labour market participation (81 per cent) and the lower unemployment rate (8.4 per cent) than urban areas. Based on the age considerations, unemployment is highest among the population below 35 years of age, due to varied factors, including lack of skill or training and inadequate access to financial services.

Youth with no education are mostly engaged in traditional agriculture, informal economy activities or in domestic work. Persons with secondary education plus skills oriented training are in a better position of being employed.

Although child labour is officially prohibited in Tanzania, there is evidence of children being employed in most sectors of the economy. The Integrated Labour Force Survey of 2006 found that 70.4 per cent of children between the ages of 5 and 17 engaged in economic activities (NBS, 2006: xv). The reasons advanced for child labour are many, and include augmenting family income, failure at school and lack of financial resources to afford school fees or training costs. OVC made vulnerable by AIDS are even more exposed as they are compelled to enter the labour market earlier in order to cater for their economic needs (Semkiwa, et al., 2003). Many OVC work as child labourers in exploitative forms of employment in Tanzania. The Kilimanjaro region is no exception and although, there is no data for child labour, it is found in most sectors of the economy, particularly in the agricultural sector and domestic labour.

## 2.5 *Informal economy characteristics*

A large proportion of Tanzania's economic activities are in the informal economy, where a number of SMEs operate.<sup>8</sup> The dualistic nature of the economy poses difficulties in compiling national economic statistics. However, estimates derived from Schneider (2004, cited in Skof, 2008: 169) suggest that Tanzania's informal economy accounts for approximately 60 per cent of the country's gross national income. Skof (2008: 169) further notes that data collected from the Integrated Labour Force Survey in 2000/01 reveals that one in three households was active in the informal economy; compared to one in four households recorded by the same survey in 1990/91.

Informal economy characteristics tend to be different for urban and rural dwellers. For instance, activities in the informal economy usually comprise the main economic activity of a household within urban areas in Tanzania. In rural areas, informal economy activities are usually secondary activities (Skof, 2008: 169). The major reason for growth in the informal economy between 1990/91 and 2000/01 relates to inadequate employment growth in the formal economy, which increasingly saw people seeking to augment their income through alternative avenues. Growth in the informal economy has been largely driven by increases in self-employment and SME development. In Tanzania, the informal economy is characterized by elements including:

- (i) low entry requirements in terms of capital and professional requirements;
- (ii) a small scale operations;
- (iii) skills often acquired outside of formal education;
- (iv) low standard of workplace employment conditions;
- (v) labour intensive methods of production and adapted technology.

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<sup>8</sup> The word SMEs that stands for Small and Medium Enterprises encompasses all enterprises that are micro, small and medium hence sometimes MSME is used interchangeably with SMEs.

Recent trends indicate that the informality rate is declining, owing partly to government regulation initiatives that formalize business access to bank loans and abolition of the license fee for small business (Skof, 2008). The co-existence of both formal and informal activities in the Tanzanian economy is highly diverse, with structural problems and administrative limitations constraining growth and formalization potential.

While formalization offers many benefits (higher tax revenue, increased regulation), the informal economy offers many opportunities to generate income and engage in entrepreneurship at a low start-up cost (Skof, 2008: 171). The informal economy provides many with a way out of poverty and it is important that this avenue for poverty prevention continue to be accessible – just as it is important to provide a policy environment that is supportive of formalization. To progress this, Tanzania has put in place a policy for Small and Medium Enterprises, known as the SMEs Policy 2003. In addition, there is a programme focusing on Formalization of Businesses and Assets known in Kiswahili as “MKURABITA”, a short form for “*Mpango wa Kurasimisha Biashara na Mali Tanzania*” (Calcopietro & Massawe, 1999).

## 2.6 *Cooperative enterprises in Tanzania*

The policy environment that surrounds SMEs, the self-employed and the informal economy is relevant for cooperatives, as many cooperatives operate informally and represent members that are self-employed or owners of SMEs. In Tanzania, cooperatives are most often found in financial services and agriculture (Maghimbi, 2008). To illustrate, the introduction of cooperatives in Tanganyika was associated with the introduction of cash crops: coffee, cotton, and tobacco.

The cooperative movement was first established in Kilimanjaro in 1925, where local communities growing coffee established the Kilimanjaro Native Planters Association (KNPA) to address their coffee marketing problems (Kimario, 1992; Bee, 1996). Initially, the colonial administrators were reluctant to register cooperatives, but later accepted as cooperatives were found to be useful in some ways, especially in improving production of export crops and tax collection. Thus, the first cooperative ordinance was passed in 1932 that led to the formal registration of cooperatives in Tanzania. Consequently, KNPA was registered as the Kilimanjaro Co-operative Union (KNCU), the name that is still in use to date. The registration of KNCU sparked off the establishment of cooperatives in other cash crop growing areas of Ruvuma, Kagera, Rungwe, and around Lake Victoria. The history of cooperatives in Tanzania has been tainted by tight controls associated with repressive policy environments, flawed commodity markets, excessive dependency on governments and donors, poor managerial and financial base (Chambo, et al., 2008; Bee, 1996; Carlson, 1992; Gyllstrom, 1988). With policies to facilitate economic and trade liberalization place, the world is experiencing a renaissance of cooperatives resulting from the abandonment of planned economies in favour of competitive free markets; as well as the emergence of counter-movements, such as the Fair Trade partnerships.

In Tanzania, the government prepared the Co-operative Development Policy 2002 under the framework of a liberalized market environment, thus creating a favourable framework for development of an autonomous and independent cooperative movement (Maghimbi, 2008). This was followed by the introduction of the Cooperative Societies Act, 2003 and the Cooperative Societies Rules, 2004. The policy recognizes cooperatives as private entities that are key actors in the nation’s socio-economic development. Based on the enabling cooperative development policy and legislation, the government designed the Co-operative Reform and Modernization Programme (CRMP), to facilitate transformation of cooperatives into private entities that are truly member owned and controlled, democratic, viable, sustainable and competitive in a liberalized market environment.

In general, there are different forms of cooperatives and their categorizations may be based on the functions they perform. Examples include productive cooperatives, supply cooperatives, marketing cooperatives; or according to sectors – agriculture, mining, and industrial; or according to economic status of members – producers, consumers, workers; or according to areas of operation i.e. rural or urban.<sup>9</sup> The landscape of the cooperative movement in Tanzania reveals that agricultural cooperatives are most predominant, while the second most predominant form of cooperatives are cooperative financial institutions. Other types of cooperatives include industrial, livestock, fishing, housing and transport cooperatives. The detailed picture of the cooperative movement in Tanzania is as summarized in the table 4 below.

**Table 4: Registered cooperatives in Tanzania mainland, 2004/08**

Type of Cooperative	2004	2007	2008
Agricultural Marketing	2,416	2,670	2,614
SACCO	1,236	4,445	4,780
Industrial	232	101	185
Fishery	86	113	129
Consumer	-	96	103
Others	905	726	740
<b>Total primary cooperatives</b>	<b>4,875</b>	<b>8,151</b>	<b>8,551</b>
Unions	44	44	44
Confederation	1	1	1
Federation	1	1	1

**Source:** Maghimbi (2008)

The table indicates that the total number of registered cooperatives in 2008 amounted to 8,597, of which 8,551 are primary cooperatives and 44 unions, one confederation and one federation. Maghimbi (2008) estimates that in Tanzania close to 7,840,000 people depend on cooperatives for their livelihood. However, there is general consensus that the membership of cooperatives is grossly underestimated.

<sup>9</sup> Other forms of categorization may include the levels of operations – primary, secondary, apex or federation; or according to legal status – registered or unregistered; or according to sizes e.g. small or large.

Cooperatives support employment for a great proportion of the country's population. Thus, these are important organizations that are supporting improvement of living and working conditions of their members and families. Moreover, cooperatives provide the necessary infrastructure and services that the public and private investors fail to provide. In terms of realizing the concept of decent work,<sup>10</sup> as advanced by the ILO, cooperatives can:

- (i) promote fundamental principles and rights at work by promoting freedom of association and work-place democracy;
- (ii) provide opportunities for members to secure decent employment and income by enabling members to combine resources, skills and talents;
- (iii) enhance social protection through their policy of open membership and through increasing economies of scale.

Cooperatives have a strong potential for improving the living and working condition in areas where they operate, due to the large variety of commercial and non-commercial activities in which they engage. For example, cooperatives, as enterprises that seek to advance the economic, social and cultural needs and aspirations of their members, implement various social programmes – such as the KNCU scholarship programme for Orphan and Vulnerable Children (OVC). Further, cooperative financial institutions have also been successful in providing credit to persons living below the poverty line (Grell & Klaehn, 2007).

## 2.7 National HIV/AIDS response

The HIV/AIDS epidemic is a major development challenge. The epidemic has seen the numbers of OVC rise, entailing need for additional social support systems for both People living with HIV (PLHIV) and OVC. The government of Tanzania, in collaboration with different stakeholders, has addressed this epidemic through policy and programme formulation. In 1985, two years after the reporting of the first HIV/AIDS case found in Kagera, the National AIDS Control Programme was established to respond to the epidemic. In 2001 the Tanzania Commission for AIDS (TACAIDS) was established and a similar commission was also established in Zanzibar – the Zanzibar AIDS Commission. The National HIV/AIDS Policy was prepared in 2001 and it specifies, among other issues, that HIV testing must be voluntary, and accompanied by pre-test and post-test counselling and that testing for other health conditions must conform to ethical principles, including informed consent (TACAIDS, 2008; Prime Minister's Office, 2001). The policy specifies that community based care and other community initiatives should support OVC as well as people living with HIV.

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<sup>10</sup> According to the ILO, "Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men." <http://www.ilo.org/>

According to TACAIDS (2008), Tanzania is committed to the “Three Ones principle”, which includes:

- one HIV/AIDS coordinating body - TACAIDS;
- one national multi-sectoral strategic framework that provides strategic direction to the implementation of HIV/AIDS programmes by working with stakeholders for policy development;
- one coordination mechanism for multi-sectoral AIDS responses, advocacy and resource mobilization.

Thus, the TACAIDS provides strategic direction on the implementation of HIV/AIDS activities, and one monitoring and evaluation framework to measure the impact of the national HIV/AIDS response initiatives at country level. In addition, the National AIDS Control Programme (NACP) was established under the Ministry of Health and Social Welfare to coordinate and manage the health sector’s HIV/AIDS response, advocacy and resource mobilization.

The National policy on HIV/AIDS set the context for the first national HIV/AIDS multi-sectoral strategic framework (2003 to 2007). A second multi-sectoral strategic framework was launched in July 2007 to cover the period from 2008 to 2012. The second strategic framework on HIV/AIDS builds on the achievements and strength of the first, and focuses on:

- providing an enabling environment for HIV/AIDS policy;
- strategies for prevention;
- strategies for providing care, treatment and support;
- impact mitigation.

The framework seeks support OVC by building capacity for communication of information about sexual and reproductive health within families. It also supports school based HIV education. The framework also seeks to promote programmes against drugs, alcohol and to promote increased access to HIV prevention services. The initiative of KNCU therefore supports many of the goals of the framework.

There has been growth in programmes that address a range of HIV/AIDS related issues, including improving access to health services, distribution of condoms, Voluntary Counselling and Testing (VCT) centres and awareness-raising from both government and non-government agencies. Furthermore, there are emerging programmes in workplaces with policies and guidelines put in place focusing on HIV/AIDS prevention, care and treatment. However, these programmes face challenges. The main challenges relate to sustaining these programmes and to bring VCT services closer to communities, while at the same time protecting the rights of People Living with HIV/AIDS (PLHIV) and supporting OVC.

Table 5 below provides an overview of the HIV/AIDS prevalence in Tanzania. As can be discerned from the table, the HIV/AIDS prevalence in Tanzania mainland was 7.0 per cent in 2004/05 with 6.3 per cent of men and 7.7 per cent of women, aged between 15 and 49 years, infected (TACAIDS, 2008). The 2007/08 statistics reveal that there was an overall prevalence of 6.0 per cent among adults aged 15 – 49 years, with a prevalence of 7.0 per cent among women and 5.0 per cent among men. UNAIDS (2008) estimates that the number adults and children living with HIV was approximately 1.1 million in 2007. Every year approximately 100 people become HIV positive and it is the women that have a greater risk of being infected by HIV (ASAP, 2008).

**Table 5: Regional HIV/AIDS prevalence, 2004/05 – 2007/08 (per cent)**

Region	2004/05			2007/08		
	Total	Men	Women	Total	Men	Women
Tanzania Mainland	7.0	6.3	7.7	6.0	5.0	7.0
Dar es Salaam	10.9			8.9		
Iringa	18.2			14.7		
Kilimanjaro	7.3			1.9		
Kigoma	3.5			0.9		

**Source:** TACAIDS (2008)

Overtime the nature of the HIV/AIDS epidemic has shifted from one that grew fastest amongst those with comparatively higher levels of education to those with lower levels of education. It has also shifted from urban to rural areas (ASAP, 2008). There are regional variations in terms of prevalence: The regions of Iringa and Dar es Salaam have the highest prevalence, where as the region of Kigoma has the lowest prevalence. Kilimanjaro stood at 7.3 per cent in 2004/5 and 1.9 per cent in 2007/8; the decline is partially attributed to intensive educational campaigns (Mawenzi Regional Hospital, 2008). In general HIV/AIDS seems to be declining over time (URT, 2007). This could be partially attributed to increased condom usage during casual sex and the increase in the age of sexual debut.

According to the TACAIDS website (<http://www.tacaid.go.tz>), the key drivers of the epidemic include:

1. sexual behaviour;
2. inter-generational sex;
3. concurrent sexual partners;
4. presence of other sexually transmitted infections;
5. lack of knowledge of HIV transmission.

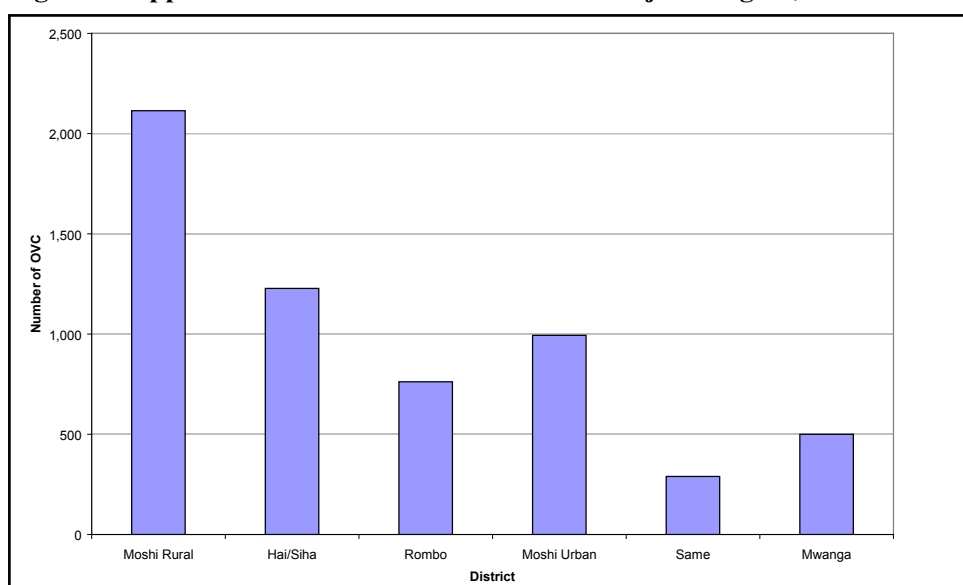
UNAIDS (2008) estimates that the number of children (under 17) made orphans in Tanzania due to AIDS was 610,000 in 2001 and 970,000 in 2007. The number of OVC receiving support has been increasing over time as well. For instance,



community based targeting is being used to identify the vulnerable children in order to support expanded access to services, such as social support through home based care programmes (URT, 2007). The success of this approach is very important, as households that have experienced an adult death associated with HIV/AIDS tend to decrease their consumption, which ultimately increases household vulnerability and decreases the affordability of education for the household's children.

The Kilimanjaro Region is affected by the increase in the number of OVC who need care and support. Figure 2 below illustrates the situation of OVC in the Kilimanjaro Region by district. By the end of 2008 there were a total of 5,888 OVC registered in the Kilimanjaro Region (Elizabeth Glaser Paediatric AIDS Foundation and Kilimanjaro Christian Medical Center, 2008).<sup>11</sup> Moshi Rural district has the highest number of registered orphans (2,114), followed by Siha and Hai. Same district, which is not part of KNCU, had the lowest number of 290 OVC.

**Figure 2: Approximate number of OVC in Kilimanjaro Region, 2008**



**Source:** Elizabeth Glaser Paediatric AIDS Foundation and Kilimanjaro Christian Medical Center (2008)

The presence of OVC is a developmental concern that cannot be dealt with only at the family unit level. All layers of government, as well as community organizations, need to support the rights and overall development of OVC. Potential issues that could arise if OVC are not adequately supported include growing street children populations; a rise in child labour - including commercial sexual exploitation of children and other activities that fall under the worst forms of child labour; increased crime and eventually a growing population of uneducated and unskilled labourers

<sup>11</sup> The government of Tanzania, in collaboration with the United States Government, adopted a regional approach to provision of HIV/AIDS care and treatment services. Elizabeth Glaser Paediatric AIDS Foundation is the regional partner for Kilimanjaro.

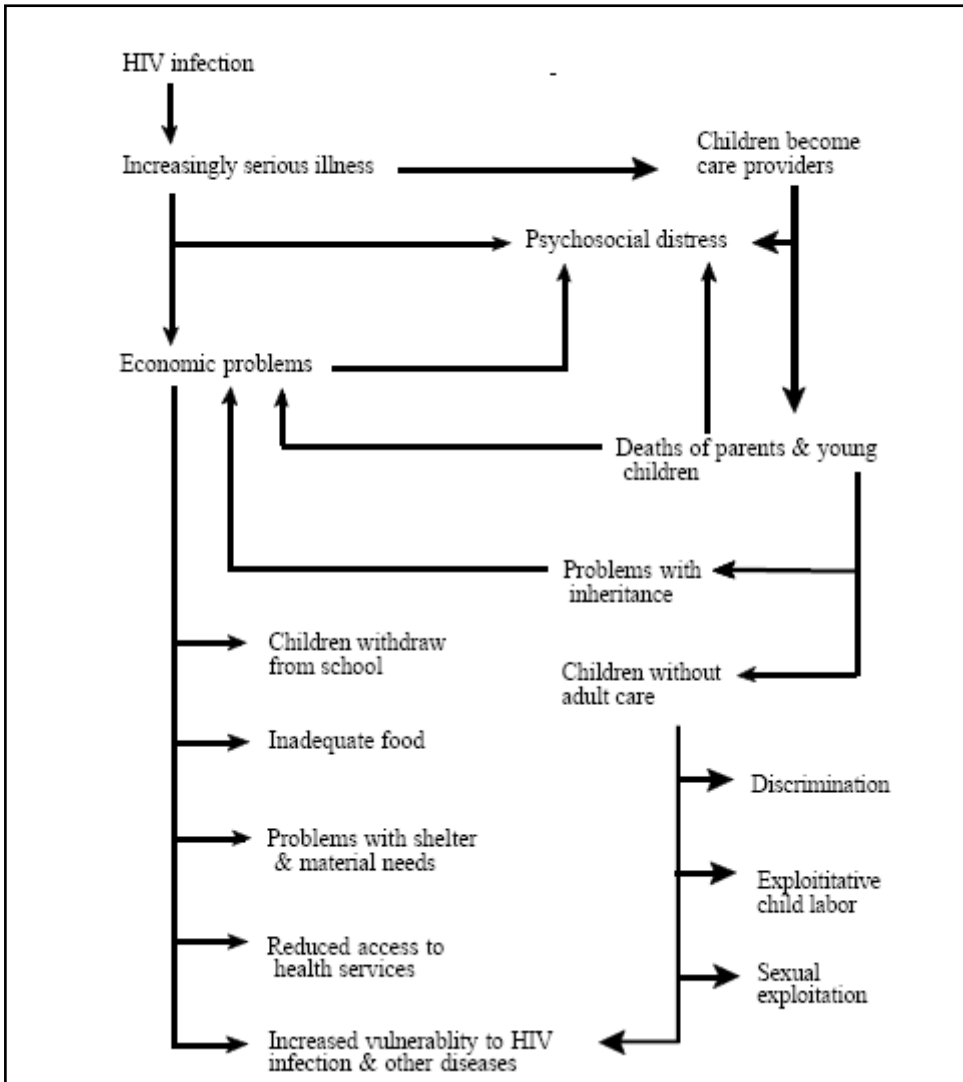
(Semkiwa et al., 2003). Initiatives of the government and other stakeholders that seek to address this problem include scaling up the HIV/AIDS response and ensuring access to essential services for PLHIV and OVC. This has seen the formation of community based targeting mechanisms in districts, wards, streets (in urban areas) and villages, which seek to raise awareness about abuse, neglect and exploitation of OVC and provide care services for OVC (URT, 2007). In addition, a series of awareness raising campaigns, which target local government, community and family members, have been conducted throughout the media, and through seminars and workshops. The link between education (in both formal settings, such as schools, and through informal mechanisms) and health outcomes has also been recognized, as awareness raising and education campaigns can improve the understanding of HIV/AIDS and also improve the communication and negotiation skills of young people.

## 2.8 *Orphaned and vulnerable children*

OVC include children that have lost one or both parents through death or desertion. They can face heightened vulnerability associated with entering the labour market early, leaving school prematurely, increased care responsibilities, lack of guidance, reduced household income, discrimination and lack of access to support services. (Semkiwa, 2003; UNICEF, 2007; Beegle et al, 2008). Vulnerable children can also face higher incidence of mortality and intra household neglect, among others. Being an OVC is considered to be a major determinant of poverty in later life, largely due to foregone investment in human capital.

OVC made vulnerable by AIDS experience higher vulnerability across a number of variables. For example, households affected by HIV/AIDS experience increased need for health care expenditure and reduced labour productivity (of the adults) (UNICEF, 2007). Consequently, both the social and the economic responsibilities of children associated with these households can increase. It has been observed that in such situations children reduce school attendance, increase their labour market activities and increase their domestic responsibilities, including provision of care. OVC made vulnerable by AIDS also lack guidance and support from parents, guardians and other adults, such as teachers (Semkiwa, 2003: 8). The lack of support available puts these children in situations where they become more vulnerable to malnutrition, illness, abuse and the worst forms of child labour. The figure below illustrates the process.

**Figure 3: Challenges faced by children made vulnerable by HIV/AIDS**



**Source:** Foster and Williamson (2000)

Research from Tanzania reveals that engaging in child labour can have a negative impact on the child’s educational attainment and on their future earning capacity (Beegle et al., 2008). Orphans that do attend school tend to be significantly prone to being underweight or stunted (Alderman, Hoogeveen & Rossi, 2005). Beegle, de Weerd and Dercon (2007: 1) reported that maternal orphans in Tanzania were an average of two centimetres short of final height attainment. Their research also suggests that consumption expenditure of maternal orphans is 8.5 per cent lower than average consumption expenditure.

OVC often do not have someone that can negotiate employment conditions on their behalf. Due to their vulnerable situation, OVC can be sexually exploited by employers or may be forced into prostitution, and subsequently be exposed to HIV/AIDS. Many of the jobs that OVC are able to access fall under the ‘worst forms of child labour’, especially hazardous child labour, commercial sexual exploitation and the use of children in illicit activities (Semkiwa et al., 2003: 35). The most common economic activities undertaken include petty trade, food vending and agriculture related work. Engaging in these types of labour market activities can leave OVC that are child labourers more vulnerable to HIV infection. For example, child labourers who are food vendors often work in environments where alcohol is being consumed and subsequently may encounter propositions for sexual services (Baylies & Bujra, 2000, cited in Semkiwa et al, 2003: 17-18).

The vulnerability of OVC can be reduced through several mechanisms, including:

- increasing access to ART to prevent children becoming orphans in the first place;
- awareness raising amongst family and community;
- provision of support through community based programmes;
- provision grants or scholarships for education (URT, 2007).

The Kilimanjaro Native Cooperative Union has chosen to focus on the latter – provision of scholarships for education – in order to help communities cope with the impact of HIV/AIDS.

### **3. The KNCU scholarship initiative**

#### *3.1 The organization: KNCU*

KNCU, which was established in 1925, is one of the oldest unions in Tanzania that deals with coffee marketing. In addition, it also assists its members in the production of quality coffee through distribution of seedlings and provision of extension services. KNCU has 66 primary cooperative members sustaining the union.

The vision of KNCU:

*Sees the small scale coffee farmer in Kilimanjaro as the unique mechanism to produce the best quality coffee. The coffee farmer himself/herself is the owner of KNCU and, therefore, he/she guides the KNCU decision process.*

The mission of KNCU states that:

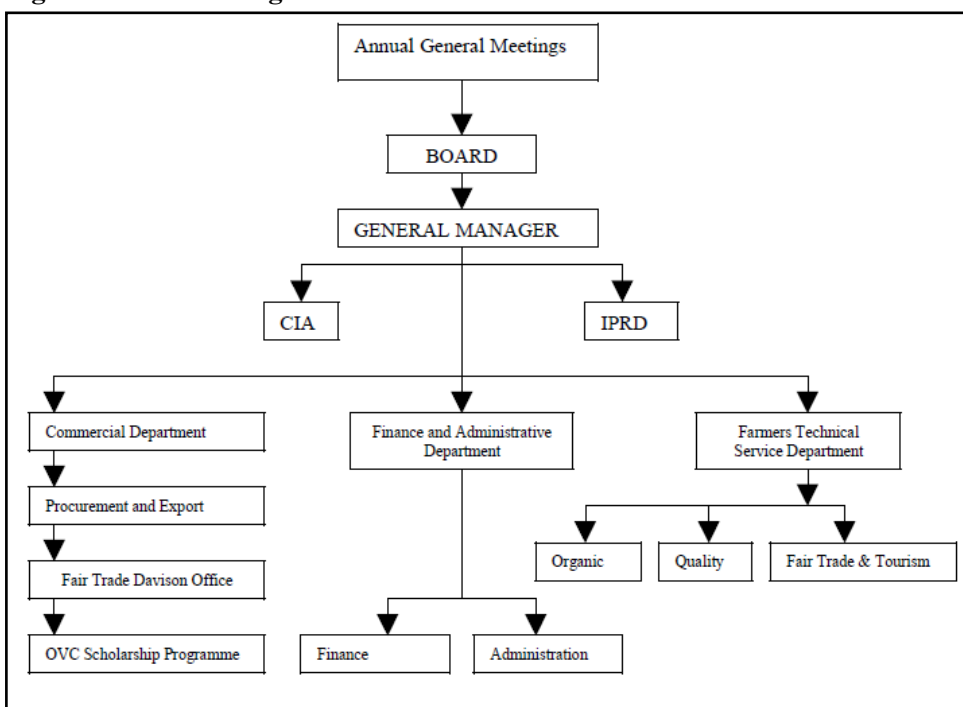
*KNCU will be the best service provider to its members to enable them to produce the best quality coffee to be sold at the highest price at minimum cost.*

In order to realize its mission, KNCU focuses on the following three functions:

- marketing members’ coffee;
- supporting coffee production through supply of inputs, seedlings, and provision of extension services;
- seeking crop finance.

KNCU’s organizational structure has been designed to address these functions. Figure 4 below reflects the structure.

**Figure 4: KNCU’s organizational structure**



**Source:** KNCU; Legend: CIA - Chief Internal Auditor; IPRD - Information Publicity and Public Relations Department

Cooperatives are affected by the HIV/AIDS epidemic in many ways and there have been various national initiatives that have involved cooperatives where KNCU has participated. Following an ILO sponsored regional workshop, titled “The Role of Cooperatives in the Fight against HIV/AIDS”, held in Swaziland in 2001, cooperatives have taken active roles in sensitizing members as well as cooperative leaders on HIV/AIDS. Thus strategies have been adopted for impact mitigation, including holding seminars, workshops, meetings, distribution of leaflets for awareness raising, prevention and control, and increasing the availability of voluntary counselling and testing.

While most cooperative unions have been involved in a series of sensitization workshops and seminars, it is only KNCU that pioneered the development of

an innovative scholarship programme for OVC made vulnerable by AIDS. The programme is funded through premium income earned from sales of coffee through Fair Trade.<sup>12</sup> KNCU's coffee is certified by the Fair Trade Labelling Organization International (FLO), which guarantees the end consumer of quality coffee that has been sold under fair trade terms. Fair Trade buyers pay premium prices, which have then been used by KNCU to:

- (i) establish an education fund to provide scholarships for OVC;
- (ii) finance farming of organic coffee in seven primary cooperatives;
- (iii) finance a coffee quality improvement programme;
- (iv) establish a coffee seedlings nursery to supply farmers with new seedlings;
- (v) acquire shares in the Kilimanjaro Co-operative Bank Limited.

The origin of the idea to establish a scholarship programme for OVC goes back into the history of KNCU. In order to uphold cooperative values and principles that cooperatives advocate, *inter alia*, self-help, self responsibility, care for others, solidarity, and concern for the community; KNCU has been involved in supporting the education of members' children since its inception in 1932. For instance, the Lyamungo Secondary School, which is now owned by the government, was built by the KNCU. According to the KNCU's General Manager, the cooperative union has been providing educational loans to its members to enable members to meet their children's educational costs. Thus, the present scholarship fund is an innovation built on KNCU's historical programmes that supported education.

### 3.2 Target group and beneficiaries

The scholarship programme for OVC is designed to provide scholarships to secondary school children in public schools across the five districts: Rombo, Siha, Hai, Moshi Rural and Moshi Municipality. The target group are children whose parents are members of the rural primary cooperatives that are active in KNCU. According to KNCU's Fair Trade Liaison Officer, the scholarship does not discriminate against anybody, especially with regards to children living with HIV.

*The union's immediate objective is to improve the standard of education of orphans and vulnerable children in order to reduce HIV/AIDS infections and contribute to healthy labour force.*

-Mr. Raymond Kimaro, KNCU's General Manager

#### The Scholarship

Fund is intended to support students who passed their primary examinations and who cannot afford to pay fees for attending public secondary education. Prior to

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<sup>12</sup> Attempts have been made to define what a Fair Trade is, and one of such definition that is widely accepted is "...an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness-raising and campaigning" (DFID, 2000).

this initiative, OVC faced hardships in paying secondary school fees, which often resulted in them not being able to attend secondary education. The children who thus dropped out of school engaged themselves in unskilled work activities, such as domestic work, or migrated to urban centres to seek employment to sustain a livelihood. Such consequences not only denied these children the right to education, but it is also likely that it increased their social vulnerability.

The procedure for applying for grants from the scholarship programme requires the individual parent or guardian of the child to apply for the support by filling in the scholarship application forms, which has to be signed by the Head Teacher of the primary school where the child graduated. Further, the principal of the public secondary school must sign to say that the child is expected to join secondary education. The duly filled application forms are then submitted to the Manager/Secretary of a Primary Cooperative where the applicant is a member. The application must be approved by the Board of Directors of the respective cooperatives. The approved forms will thereafter be forwarded to the Commercial Department of KNCU, where the Fair Trade Liaison Officer will check its accuracy and approve payments to respective schools, so that students may commence their studies. The scholarship programme is managed by the Commercial Department of the KNCU as shown in Figure 4 above.

### 3.3 *Activity plan*

The KNCU conceived the special scholarship programme for the OVC of its members in 2005. A special account was then established for this purpose by the KNCU. The programme started operations in 2006 and is expected to end in 2012. By then a total of 307 students are expected to have benefitted from the programme. When the programme initially started, each primary cooperative was allocated between two-to-three school places for OVC. Due to inadequate funding, positions have been reduced to one per primary cooperative.

Since the aim of KNCU is to enhance coffee farmers' incomes so that members' families are able to meet expenses, such as their children's educational expenses, KNCU is also supporting coffee production through the provision of coffee seedlings and extension services. It is also encouraging experimentation in production of organic coffee among its members. This fact was emphasized by the KNCU's General Manager.

With regard to the scholarship programme, the vision of KNCU is to support young people, who are the children of KNCU primary cooperative members, by providing them with secondary education up to high school level. By so doing the KNCU will have created a pool of young people who could potentially take up professional jobs in the local labour market, including in the primary cooperatives as well as within cooperative unions.

Currently, the KNCU has no formal links with other HIV/AIDS actors in Tanzania, such as TACAIDS. However, the KNCU undertakes some limited HIV/AIDS sensitization activities for its members and leaders. This is done through meetings, workshops, and distribution of information. KNCU also encourages its members to undergo free and voluntary testing and to take advantage of counselling services offered by NGOs, the government and other services in the region. Currently, there are a number of such service providers, including KIWAKUKKI; Kilishai; Elizabeth Glaser Paediatric Aids Foundation; AXIOS; and ANGAZA.

## **4. Performance and main achievements**

### *4.1 Assessment of main achievements*

The scholarship programme has since its inception granted scholarships to a total of 278 children, of whom 125 are orphans of one or two parents and 153 described as vulnerable children. 140 recipients of scholarships were girls and 138 were boys. This equals to five per cent of the total OVC population in the region. Eleven children have thus to date completed their ordinary secondary education and three have joined advanced secondary education.<sup>13</sup> In addition, in Tanzania, OVC who have completed secondary school can be granted full tuition loans by the Higher Education Students Loan Board (HESLB) to pursue their university education.

The scholarship programme has facilitated the access of children to secondary education, while helping to keep children in schools and thus promoting the right to education, increasing access to services and also increasing their opportunities and future prospects of employment. Schools serve as meeting points where children can receive essential health care and nutrition, along with protection and information about increasing quality of life and about accessing the labour market. Through human capital development, the KNCU has introduced a new way to address the issues of OVC, namely by involving the private sector. The innovation itself provides lessons to other cooperatives, CBOs, NGOs and FBOs that can be drawn up to address issues associated with HIV/AIDS comprehensively.

Some interviewed members indicated that the scholarship scheme was intrinsic to the traditional Tanzanian community life, and suggested that the union had responded in ways that their forefathers would have responded to community members in need of a help. In the Tanzania community, the raising of children is seen as a community concern, rather than an individual responsibility. This initiative therefore seems to fit well in the local culture and with cooperative solidarity values. It is a clear example of how local initiatives respond well to local needs.

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<sup>13</sup> The study was not able to locate all scholarship recipients who completed their secondary education and were not able to join high schools.



## 4.2 *Expectations*

It is too early to evaluate whether the expectations of KNCU members have been met, as the long term intention is to support young people to access education, and eventually to improve the livelihoods of future generations. In addition, the KNCU desires to have a pool of young people who can manage cooperative enterprises more efficiently and effectively. However, those who attended secondary education through the programme are yet to engage in commercial farming or join the ranks of cooperative leadership, as most of them are still in training. It is noted that further training in specific skills may be needed before any professional engagement with cooperatives can be undertaken.

The community has high expectations of the children that have received support, and expects that they will undertake further education or follow skilled training to obtain gainful employment. The community views education as having a long-term economic effect on the welfare of the children granted scholarships. After completion of their studies, these children are more likely to be employed, make better farmers or become managers of cooperatives. The education that they receive also means that they are less likely to become infected with HIV/AIDS.

## 4.3 *Management*

The Commercial Department of the KNCU manages the scholarship fund. It has assigned these tasks to the Fair Trade Liaison Officer who handles all applications from primary cooperatives. Since procedures and rules have been established for assessing applications, there have not been any conflicts experienced so far. The policy also allows the Chairperson of the Board, in consultation with the General Manager, to endorse a scholarship grant if found particularly urgent.

The organization and institutional arrangements of the programme are very appropriate, as it is organized by a member-owned organization for the benefit of its members. However, as shown in the organizational structure of KNCU, this activity is coordinated by its Commercial Department. Since the Department has few staff, it is possible that issues of OVC might not be given the weight they deserve. An assessment of the organizational structure calls for additional staff with specialist knowledge of HIV/AIDS prevention, care, and mitigation. Alternatively, such services could be externally sourced from competent organizations. Currently the scholarship fund has no link with other actors that could help address HIV/AIDS issues in an integrated manner. Linking with other actors will facilitate KNCU's access to available services and support elsewhere.

## 4.4 *Impact*

The objectives of the KNCU Scholarship programme are focused on long-term gains. However, in its three years of operation the programme has made some impact. First, the scholarships provided have opened up doors for girls' participation

in education. The grant has been extended to both male and female students equally. To illustrate, 140 girls and 138 boys have received the grant. The support provided to girls should be underscored, as research reveals that educating girls considerably reduces their vulnerability to HIV. For instance, studies have documented that HIV infection rates are at least twice as high among young people that do not finish primary school, when they are compared to those who do (GCWA, 2005). Although, the number of those benefiting is small compared to those in need, it is a step in the right direction - which can be replicated by encouraging more active participation of both public and private stakeholders.

Second, such scholarship programmes help to build up human capital, which is desperately required in Tanzania. A growing number of vulnerable orphans could entail a decrease in the skilled labour force and have implications for development in the future. Some studies have expressed concerns in regard to the long-term costs of AIDS. For instance, a study by the World Bank points out that “...a widespread epidemic of AIDS will result in a substantial slowing of economic growth, and may even result in economic collapse” (Bell et al; 2003). According to this report, the effect of poor education amongst children today can be felt in the long-run, especially through low productivity of labour. Thus, by KNCU investing in child education it is creating a future pool of skilled labourers that can potentially be more productive.

Third, the scholarship fund has supported the reduction of a potential rise in social problems, such as increases in crime rates, prostitution, street children and child labour. Furthermore, with the traditional family networks and kinship ties on the verge of collapse, orphaned children have a greater risk of becoming vulnerable. Education, particularly for girls, is one of the most powerful tools for reducing vulnerability and risk of becoming HIV positive. This is because access to education tends to enable economic independence, delay marriage and increase use of family planning, while also raising awareness about how to prevent HIV/AIDS (Beegle et al., 2008).

Fourth, the scholarship programme has created an opportunity for ‘public private partnerships’ to be formed that can address the issues related to care, treatment, and mitigation of HIV/AIDS epidemic in Tanzania. This is an important achievement, as it realizes that the HIV/AIDS epidemic is not a problem that just concerns the family unit – nor is it a problem that should rely on responses derived from traditional mechanisms. Moreover, as cooperatives are essentially networks of community members, many of whom are in the informal sector, the involvement of cooperatives in programmes that support OVC opens up access to a new network of people that can increase OVC service access and increase OVC’s access to opportunities. This is in line with the Government’s national HIV/AIDS policy and its multi-sectoral strategic framework (NMSF). Furthermore, it also represents a private sector contribution to national poverty reduction initiatives as is outlined in the national medium term development strategy, which is in line with the Millennium Development Goals (MDG).

Fifth, the scholarship programme recognizes and appreciates the presence of OVC in the communities. Increasing OVC access to education provides structure and access to role models that may be missing in their home life. This can contribute towards reduction (in a limited way) of stigma and discrimination that these children experience, as the presence of a scholarship programme that is dedicated to these children also shows that their development is important and valuable for the community. Stigmatization and discrimination create a feeling of isolation and loneliness that is harmful for the mental, physical and spiritual growth of children. Given that many OVC have weak role models and often do not have someone that consistently supports their personal development, initiatives that can increase the support that OVC receive and the perception of OVC in the community are important.

## 5. Views from actions and beneficiaries

### 5.1 Relevance

The KNCU scholarship programme for OVC is timely and relevant. The views of representative actors and beneficiaries concerning the programme were largely positive. Most of the respondents were of the opinion that the government alone can not afford to address the needs of PLHIV or those of the OVC. They thought that communities therefore had a responsibility to provide some of the necessary support. Further, by offering support and investment that can provide a pathway for a better future, the scholarship programme shows that the children are valuable members of society. It increases the well-being and quality of life of these children, and in later life it can provide them with a greater variety of opportunities in the labour market, increase their labour productivity, increase their income levels and improve their overall standard of living. This investment provides the opportunity for these children to play an important role in the long-term growth trajectory of the country. KNCU and the coffee industry in Kilimanjaro may also feel the benefits of their investment in later years, as some of the scholarship recipients may go on to work within the coffee industry.

*The scholarship programme is very relevant as it facilitates children's access to secondary education. If they perform well they have the chance of attending further training that will help them get a good job with a higher income to help both themselves and their families. We are, therefore, initiating our own scholarship programmes to support OVC in our communities.*  
-Secretaries/Managers of Kibosho Central and Masama Mula Primary Cooperatives.

The objective of the initiative is relevant, as it enhances the contribution of cooperatives to community development through collective action. It helps to meet the social and cultural needs and aspirations of cooperative members. It also justifies

the use of premiums paid by international consumers through Fair Trade. In an indirect way, these consumers have also extended support to children of coffee producers in Kilimanjaro.

*The programme supports my secondary education expenses through my primary cooperative, but it does not guarantee me food, shelter, clothing and medical care. Thus, I need a programme that looks into these other needs as well.*

-Benefiting child

For the participating children, they appreciate the support but think that the programme should not only target secondary education, but also include some other support such as skills oriented training to facilitate self employment, or facilitate an apprenticeship programme with SMEs locally. Secondary education is necessary, but education alone is not a sufficient if child labour and other exploitative practices are to be avoided. However, it is noted that education that the children receive in schools can potentially improve understandings of HIV/AIDS and also improve the communication and negotiation skills of young people. This could potentially lower the risk of OVC becoming HIV positive.

## 5.2 Outcomes and achievement

The KNCU view the scholarship fund as part of their obligations, spelled out in their international charter of principles and values – concern for the communities, self help, self responsibility, solidarity, and caring for others.

In the opinion of the KNCU's Fair Trade Liaison Officer, Mr. Shirima, the outcome of the initiative is eminent, though limited. This was a view shared by most respondents interviewed. KNCU

*Our concern is how to help those OVC in our communities through the cooperative system. Cooperatives, as social and economic organizations, must contribute towards addressing members' plight of helping the victims of HIV/AIDS. By supporting the education of such children, the union is investing in its future membership.*

-Mr. Raymond Kimaro the General Manager of KNCU

has put in place a mechanism for supporting OVC by financing their secondary education costs. Members of primary cooperatives and the government all appreciate their efforts, though outcomes are limited due to financial constraints of KNCU.

There are concerns by some respondents that scholarships alone might not help to address the issues of HIV prevalence, and other needs of the OVC in the area. In their view, the programme would benefit from complementary measures, such as HIV/AIDS education and awareness raising, protection of rights to inheritance, enhancing food security and addressing problems of malnutrition, among others. However, most respondents concur that there is clear evidence that those children supported by the programme have been kept away from social problems as they are attending school. It has also opened doors for girls' participation in further education and training.

The non-member respondents expressed that KNCU needed to open up its doors to cooperative non-members in the community. By so doing, it may increase its potential membership in the future. Aside from this, there are also views that this programme should be linked to other programmes, so that these niche initiatives are jointly coordinated in order to achieve greater outcomes.

### 5.3 *Improvement*

The intervention by the KNCU is a worthwhile undertaking that needs to be replicated by cooperatives in similar settings. The limited intervention carries huge potentials for addressing the HIV/AIDS epidemic. However, there are improvements that need to be considered to improve the effectiveness and efficiency of the programme.

First, as explained above, it is the responsibilities of primary cooperatives to apply for the grant. However, KNCU has no mechanism in place to monitor and support the progress and performance of the child. This is required to increase the efficiency and effectiveness of the programme and to ensure appropriate support to the child.

Second, there is a need to establish a database for OVC associated with cooperatives. Primary cooperatives under KNCU can create a grassroots based information system concerning such children and estimate the support they need and the associated costs. This practice upholds the cooperative principle of concern for the community.

Third, there is a need to strengthen collaboration with other stakeholders, especially with TACAIDS, local government administration, other members of the private sector and donors in order to address issues of OVC with a holistic and participatory approach. For such partners, the benefit of working with cooperatives could open up access a new network of people that can increase OVC service access and increase OVC access to opportunities.

*I understand that my life cannot change overnight; hence I must study hard and be patient until when I finish my secondary education. Thereafter, I will be able to attend my college education that will give me a good employment.*  
-A child on the KNCU scholarship.

Fourth, there is a need to include a programme that involves skills development to help break the poverty cycle. Education increases the likelihood of earning a higher income once employed, but this needs to be combined with a skills oriented training programme. Skills oriented training undertaken after secondary education may increase economic returns and therefore help OVC in the KNCU programme to maintain independence and autonomy.

### 5.4 *Sustainability*

Despite the fact that the HIV/AIDS prevalence in the region has gone down, the existing number of OVC associated with cooperative members is still too high

for KNCU to support on its own. It may be that part of the reason for a decline in HIV/AIDS prevalence could be due to death, which could entail an increase in OVC prevalence and an increase in demand for support from the KNCU scholarship programme.

Further, the scholarship fund is established from proceeds of Fair Trade sales, which is not a stable market. The sales of organic coffee through Fair Trade often fluctuate. Since the source of funding is not certain or stable, the sustainability of the KNCU scholarship programme is uncertain.

Table 6 summarizes KNCU's income from Fair Trade between 2004 and 2008. KNCU's income from Fair Trade has been fluctuating over the period. Although it seems that the amount spent on the scholarship programme has increased over time, the percent of Fair Trade income spent on the programme has declined. It is evident from the table that the amount spent on scholarship programme over the three year period declined from 16 per cent of the total Fair Trade income in 2006, to 14 per cent in 2007 and further down to 11 per cent in 2008.

**Table 6: KNCU scholarship programme funded from Fair Trade income, 2004-2008 (TZS)**

	2004	2005	2006	2007	2008
Fair Trade Incomes (FTI)	175,320,894	100,405,690	46,737,302	66,664,822	105,069,272
Scholarship grant (KSP)	-	-	7,532,700	9,041,000	12,041,000
Ratio of KSP to FTI	-	-	0.16	0.14	0.11

**Source:** KNCU files, 2008

While the current funding arrangement is commended, KNCU still can do more to mobilize financial resources. For instance, KNCU could introduce member contributions, fundraise, and apply to donors for support in order to establish a social revolving fund that is sustainable.

Primary cooperatives are currently being encouraged to replicate the KNCU programme by supporting OVC in their own communities and seeking to build external partnerships with local government authorities, TACAIDS, FBOs, CBOs and NGOs. This will help to sustain the programme and help to improve the livelihood of OVC within associated communities.

The District Local Government Authorities are required to establish similar programmes to support OVC, but this has to date not been addressed, as there are no clear instructions or funds associated with the initiative (Berlin, 2008). From 2009 onwards, districts are being allocated funds to address HIV/AIDS issues. However, there are limited efforts by NGOs and FBOs to support OVC in the Kilimanjaro Region.

## 6. Conclusions and lessons learnt

The HIV/AIDS epidemic remains a major development challenge for most developing nations, including Tanzania. As a result there are growing concerted efforts to address this epidemic. Governments, donors and the private sector are joining hands to respond to the challenges. Some programmes, such as the ILO/Sida programme on HIV/AIDS prevention and impact mitigation in the world of work in Sub-Saharan Africa (2006/09), are mobilizing cooperatives and community based organizations in order to address the epidemic.

The purpose of this study has been to document experiences of the KNCU in addressing the challenges of HIV/AIDS within their union through enabling access to education by OVC in the Kilimanjaro region. The initiative by KNCU is an important initiative of member-based enterprises, seeking to promote a healthy and economically productive future, both for KNCU and for future generations in the community. KNCU's scholarship programme is an example of an innovative initiative that supports OVC made vulnerable by AIDS and other organizations in society can use the KNCU concept to develop their own responses to HIV/AIDS in Tanzania.

The number of orphans and other children made vulnerable by AIDS continues to be high. Subsequently, there is a great need for programmes, such as the KNCU scholarship programme, to support OVC and help improve the situation. The KNCU scholarship programme for OVC was established with income generated through Fair Trade coffee sales. The programme meets secondary school educational expenses of OVC from members of cooperatives. However, the proportion of children benefiting is still limited. There is a need to link this initiative with other community based as well as national programmes in order to mobilize further resources to increase the number of beneficiaries that can profit from scholarship programmes, as well as providing support to meet other basic needs of these children.

There are lessons that can be drawn from the KNCU scholarship programme. For instance, the programme has opened the door for girls' participation in secondary education, hence reducing their social vulnerability. The programme is engaging OVC in education, as it is understood that enhancing the educational attainment of children can potentially improve understanding of HIV/AIDS and also improve the communication and negotiation skills of young people. Education, particularly for girls, is one of the most powerful tools for reducing vulnerability and risk of becoming HIV positive. This is because access to education tends to enable economic independence, delay marriage and increase use of family planning, while also raising awareness about how to prevent HIV/AIDS (Beegle et al., 2008). Research also reveals that completion of primary school education considerably reduces the vulnerability of girls to HIV by at least two times (GCWA, 2005).

The KNCU scholarship programme has created an opportunity for 'public private partnerships' to respond to the needs of OVC in Tanzania. This is an important

achievement, as it realizes that responses to OVC and HIV/AIDS are not problems that just concern the family unit – nor is it a problem that should rely on responses derived from traditional mechanisms. A holistic approach that involves all actors in society is required. As the social mandate of cooperatives drives these organizations to respond to the economic, social and cultural needs of members, responding to social problems is often natural for cooperatives. Moreover, as cooperatives are essentially networks of community members, many of whom are in the informal sector, the involvement of cooperatives in programmes that support OVC opens up access a new network of people that can increase OVC service access and increase OVC access to opportunities.

One of the innovative components of the KNCU scholarship programme is that KNCU sought to address the needs of members through developing farming trade relationships with fair trade organizations. The benefit of engaging with the fair trade movement is that the movement focuses on delivering a greater proportion of value within the chain of production to producers. Accessing this market generated revenues that have enabled KNCU to establish a seven year scholarship programme for OVC associated with their member cooperatives. This is a prime example of how the cooperative value of self-help can be mobilized to improve the livelihood of their members.

KNCU could enhance the impact of their initiatives by increasing linkages between the scholarship programme and other HIV/AIDS initiatives in society. The lack of partnerships and institutional linkages is currently a concern. Developing partnerships with local government, relevant ministries, and other organizations within society will not only help to increase the visibility of the KNCU initiative, but also increase both the strategic and community support for the education of OVC.

It would also be beneficial to establish activities that are complementary to the scholarship programme. Such activities could include HIV/AIDS awareness-raising, skills development oriented programmes, production of a reliable OVC database and a strategy for OVC monitoring and evaluation. KNCU could also further engage in advocacy and lobbying for enhanced health services for PLHIV within Kilimanjaro, with the objective of preventing children becoming OVC in the first place.

Diversification of KNCU's activities relating to HIV/AIDS is desirable, though it should be well planned to ensure sustainability and efficiency. KNCU has the benefit of being a well established organization, with a clear organizational purpose and strong trade partnerships that have enabled it to expand social programmes. These factors contribute to the sustainability and risk management of the current scholarship programme for OVC and also provide the right environment for experimentation in other social programmes that will help to meet the economic, social and cultural needs and interests of members.



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Fair Trade - Fair Futures:  
The Kilimanjaro Native Cooperative Union  
scholarship programme for children made  
vulnerable by AIDS

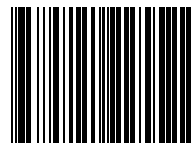
Faustine K. Bee

The HIV/AIDS epidemic remains a major development challenge for most developing nations, including Tanzania. The epidemic has seen the number of children who are orphans and/or vulnerable increase. In response to this trend many community based initiatives have emerged to address this challenge. This study reports on one of these initiatives - The Kilimanjaro Native Co-operative Union scholarship programme for orphan and vulnerable children, which is financed through revenues generated from the sale of coffee through Fair Trade. The study finds that the initiative is contributing to the process of human capital development, while also decreasing the vulnerability of orphaned and vulnerable children. The paper concludes by identifying some measures that could be taken for strengthening the impact of the initiative.

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