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Good Practices on Social Protection and Coping Strategies used by Low Income Women Workers in the Informal Economy in Zanzibar to Mitigate Against Social and Economic Risks



ILO-UNIFEM Initiative for Supporting Employment Dimension in
the PRS Process through Mainstreaming Gender Equality in the
Employment Policies and Programmes.

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Abbreviations and Acronyms

HIV	Human Immune Virus
AIDS	Acquired Immune Deficiency Syndrome
MKUKUTA	Mpango wa Kukuza Uchumi na Kuondoa Umasikini Tanzania (National Strategy for Growth and Reduction of Poverty)
MKUZA	Mpango wa Kukuza Uchumi Zanzibar (Zanzibar Strategy for Growth and Reduction of Poverty)
MLYWCD	Ministry of Labour, Youth, Women and Children Development
NGO	Non-Governmental Organization
NMB	National Microfinance Bank
SACCOS	Savings and Credit Cooperative Society
PESACCO	Pemba Savings and Credit Cooperative Society
PBZ	People's Bank of Zanzibar
PRIDE (T)	Promotion of Rural Initiatives and Development Enterprises (Tanzania)
ANGOZA	Association of Non-Governmental Organizations in Zanzibar
DANIDA	Danish International Development Agency
FGDs	Focus Group Discussions
GEPGS	Government Employees Pension and Gratuity Scheme
PEPGS	Parastatal Employees Pension and Gratuity Scheme
PSEPGS	Private Sector Employees Pensions and Gratuity Scheme
TOR	Terms of Reference
TBP	Tanzania Postal Bank
ILO	International Labour Organization
UNIFEM	United Nations Women Development Fund
UNDP	United Nations Development Fund
WEDTF	Women Entrepreneurship Development Trust Fund
ZSSF	Zanzibar Social Security Fund
ZWTC	Zanzibar Wakfu Trust Fund

Glossary

Gender

is social relations between women and men that are constructed over a period of time, context and economic situation of a society. The gender relations are reflected in the division of labour, household structures and access and control of resources. For purposes of planning for development at all levels including household level, there is need to analyse and identify **practical** and **strategic gender needs** of women and men. Planning to meet **practical gender needs** assists women or men to perform their assigned roles and responsibilities while strategic **gender needs** aim at challenging the insubordinate position of either women or men. These gender relations change over time as a result of social, economic and technological developments.

Sex

is the biological difference between females and males

Micro Finance

Micro Finance is defined as a type of a banking service that is provided to unemployed or low income individuals or groups of who would otherwise have no other means of gaining financial services in terms of providing means of saving money, borrowing and insurance (Kavitha 2000). In Tanzania like most of the developing countries, micro-finance is providing small short term loans to low income women and men to help them engage in productive activities or grow their small businesses. Micro finance overcomes legal obstacles by using group solidarity guarantees rather than financial and assets collaterals, in most situation are outreach in nature, provide education and training and have minimal paper work to allow persons with limited basic education in particular women to participate. The most sustainable and empowering micro finance are the Savings and Credit Cooperative Societies (SACCOS).

SACCOS

SACCOS are autonomous member based cooperative societies registered under the state law of a country aimed at promoting savings and credit for productive initiatives. SACCOS have proved to have the potentials for strengthening the social-economic status of its members. Because of its nature of member based and autonomy, SACCOS have also potentials for empowering women through decent work by promoting fundamental principles and rights at work, productive employment, social dialogue and social security and protection.

Social Protection

is a set of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. The policies and procedures included in social protection involve five major kinds of activities: labour market policies and programmes; social insurance programmes; social assistance; micro and area-based schemes; and child protection.

Expenditure Shocks	these are unpredictable burden of individuals, family, community or even society at large which might need insurance coverage.
Insurance	is a process of spreading the risk of economic loss among as many as possible subjects to the same kind of risk and is based on the laws of probability (change of a given outcome happening) and large numbers (enables the laws to work). The person seeking to transfer risk pays a relatively small amount to an Insurance Company/firm for which the company/firm agrees to reimburse the insured for any losses covered by the policy. Insurance is vital to a free enterprise economy, since it protect individuals/society from consequences of financial loss from death, accidents sickness, and damage to property and injury. In this report micro-insurance is a process of spreading the risk of economic loss among low income grassroots women members of economic enterprises attributed by unpredictable shocks that occur to them from time to time.
Social funds	national funds that operate in the local communities to improve community social systems, hence creating temporary employment in public works and services. Projects selected tend to be those that will improve the local social infrastructure, such as schools, hospitals, and roads. The projects are usually designed to create new facilities and provide employment opportunities to unemployed and underemployed local residents.
Micro insurance	voluntary and contributory schemes for community, groups etc., handling small-scale cash flows, by way of income and expenditure, to address community/groups risks. Such schemes are often of local character and have a very small membership. The primary aim of many of these schemes is to help their members meet the unpredictable burden of out-of-pocket expenses, such as hospital emergency, death, or funeral expenses etc. Micro insurance offers the possibility to provide social insurance at affordable prices, expand coverage by having a realistic understanding of the problems that community/group members face, and promote community/member involvement.
Risk	is the probability and magnitude of the occurrence of an adverse event or hazard as well as outcome of the event.
Risk reduction strategies	implemented before a risk occurs. These may include state intervention through active labour market policies.
Risk mitigation strategies	aims to reduce the risk before it occurs. Examples include instruments which reduce income variance portfolio diversification, and risk pooling through insurance.
Coping strategies	strategies for relieving the impact of adverse circumstances after the shock.

Preface

There is a worldwide growing concern on the working poor who work all their lives yet remain poor. Increasing numbers of people, worldwide, have no or are losing access to measures of social protection, while the need for basic income and social security is paramount. In Zanzibar, entitlements to social protection are acquired through market production, and specifically through formal employment. The poor are largely dependent on informal social protection mechanisms provided by non-state institutions, including family and kin, community, religious bodies, NGOs, mutual savings and credit groups, and forms of “traditional” insurance such as burial societies, rotating savings and credit (UPATU). etc.

The rise in informality, and over-representation of women in informal employment, underlines the need to consider how to extend social protection to this group of workers. Clearly, informal economy workers, particularly poor women, have a strong need for effective instruments with which to address risks. Access to credit and savings serve as an important means of self-insurance in the informal economy, along with informal group insurance instruments based on risk pooling. However, these informal measures need to be strengthened and expanded, as well as complemented by state policies and provisions that help those in the informal economy manage the occurrence of incidences of shocks risks. Ideally, what is needed are risk reduction and mitigation strategies, as opposed to the more commonly found coping strategies used by informal workers and their families, which are brought into play after the event.

The growing HIV/AIDS epidemic has exacerbated the situation. Women are disproportionately affected and infected by HIV/AIDS due to biological, socio-cultural and economic factors. Caring for sick family members has not only added additional burden to women’s already heavy workload inside and outside the household but also with many risks associated with unpredictable costly financial expenses.

The most prominent is economic empowerment through organizing, savings mobilization and access to flexible loans. The report suggests that this approach has had positive effect in the lives of women and their families. Organizing is a necessary means while the micro-based insurance component is an end towards social protection in the informal and rural economy. There is a need to promote and make this part of an integrated system that allows effective access to social protection for all.

This report aims at disseminating a number of good practices and lessons learned which were found to have had positive impact on poverty reduction by addressing financial insecurity and other practical and strategic gender needs of women in the informal and rural economy in Zanzibar. The good practices are to inform policy makers and practitioners on policy development and interventions in the areas of organizational capacity, savings and credit delivery and recovery and lastly but most important on social protection. The good practices have emanated from ILO supported projects namely; Promoting the Linkages between Women’s Employment and the Reduction of Child Labour (2000- 2004) and Promoting Gender Equality and Decent Work Throughout All Stages of Life (2004-2006). These projects aimed at empowering women socially and economically in the selected sectors and locations in mainland Tanzania and Zanzibar. It is my hope that the lessons learned and recommendations for policy implications will be an important input for the implementation and review of MKUZA components that focus on economic empowerment of women workers in the informal economy and promotion of social protection.

This report is the outcome of collaborative process of learning between the Government of Zanzibar through the Ministry of Labour, Youth, Women and Children Development, workers and

employers organizations, Zanzibar Social Security Fund, civil society groups, the International Labor Organization and United Nations Fund for Women. Each of these institutions is concerned about social protection, particularly for women workers in the informal and rural economy.

The report was made possible through contributions of many individuals and institutions. I would like to take this opportunity to thank Mr. Khalid Mohamed, Principal Secretary, Ministry of Labour, Youth, Women and Children Development in Zanzibar who provided critical policy guidance during the study and production of the report. My sincere appreciation to all those who played a central role in providing technical support in the production of the report. These are Ms. Mary Kwar, Senior Employment Specialist, ILO Office Geneva; Ms. Mwila Chigaga, Senior Regional Gender Specialist, ILO Regional Office for Africa, Addis Ababa; Mr. Geir Tonstol, Gender Programme Coordinator, ILO Bureau for Gender Equality, Geneva; Ms. Hendrica Okondo, Country Manager, UNIFEM Tanzania. Ms. Flora Nyambo-Minja, National Project Coordinator, ILO Office for Kenya, Somalia, Tanzania and Uganda for effective coordination of activities that led to compilation of the study on Lessons Learned and Good Practices. Mr. Ezra Mduma, ILO Consultant produced the draft that was validated at stakeholder's workshop. Ms. Fatma Mohamed, Ag. Director, Community Development, Ministry of Labour, Youth, Women and Children Development, for effective coordination of visits and meetings. Mrs Deborah W.Meso –Nyakirang'ani for editing the report.

Finally special appreciation to individuals, members and leaders of WARIDI and PEMBA SACCOS, Women Entrepreneurship Trust Fund (WEDTF), Zanzibar Self Reliance Fund (ZSRF) who jointly contributed to the study findings in particular all those individuals who gave personal testimonies and pictures.

Jürgen Schwettmann

Director - ILO Office for Kenya, Somalia, Tanzania and Uganda.



Executive Summary

This report is on the study on lessons learned and good practices on socio-economic empowerment and coping strategies used by low income women workers in the informal economy in Zanzibar to address their socio-economic needs including mitigation against risks.

The objective of the Study was to document the lessons learned and good practices employed by women workers in Zanzibar to mobilize and organize themselves, accrue savings and utilize credit facility for increased income and mitigation against incidences of shocks for scaling up within the context of the Zanzibar Strategy for Growth and Reduction of Poverty.

The study was conducted in both Unguja and Pemba isles in August – September, 2007. The study covered primarily beneficiaries of the ILO supported project implemented in two phases namely; Promoting the Linkages between Women's Employment and the Reduction of Child Labour (2000 - 2004) and Promoting Gender Equality and Decent Work Throughout All Stages of Life (2004 - 2006).

The target group for the study were the primary beneficiaries of two projects implemented simultaneously namely:-WARIDI SACCOS and PESSACO in Unguja and Pemba respectively. Other non-beneficiaries of ILO support were also involved in the study for purposes of comparison, control and gathering different experience.

Major issues studied were the sustainability of women's organizations including women's owned and managed SACCOS; management of savings culture and credit; credit delivery and recovery management; the impact and status on social relations between women and men; and strategies used by women to mitigate against incidences of social risks in particular in situations of sickness, death, funeral, and meeting expenses for children's education, health and other social obligations without depleting their working capital/loans.

Major Findings of Good Practices

Sustainable women's organizations

The study found out that at the end of the ILO supported project in April 2006, women groups joined together and established registered umbrella SACCOS in each Unguja and Pemba for enhanced ownership, voice and sustainability. The registered SACCOS under the Cooperatives Act were WARIDI SACCOS for Unguja and PESACCOS for Pemba. The members of two registered SACCOS were protected by the law of the land, received technical support from cooperative officers on operationalization and management of their SACCOS and were entitled for periodic inspection. The services received also contributed to enhancing managerial capacity and sustainability of the organization.

Improved savings culture

Women members of WARIDI SACCOS and Pemba SACCOS were found to have two types of savings namely individual savings and group savings. Individual savings were mandatory and collected on weekly or monthly basis by leaders of groups and deposited to SACCOS account. Accumulation of individual savings was a primary guarantee for accessing loans while group savings which were mainly generated from group's economic activities were used for supporting members in case of emergence/shock. Group cohesion has enabled women to open bank accounts and maintained their savings at the agreed levels in commercial banks. Opening and

maintaining accounts with financial institutions is not only improving the saving culture of the grassroots women but also a breakthrough to accessing services from financial institutions.

Credit delivery and recovery management

The good practice established by the study under credit delivery and recovery management was the increased repeat loans for members who started with minimum savings and loans. Apart from the increased number of repeat loans, the loans sizes also increased tremendously and gradually from TZS 50,000 to TZS 2,000,000 depending on the amount saved by individual members. The other good practice was that WARIDI and PEMBA SACCOS were able to secure bank overdraft from the Akiba Commercial Bank twice between 2006 and 2007 so the associations had no liquidity problems. So far there has not been delinquency, repayment was 90% on time with few delays by some members due to personal hardships. Group cohesion and peer pressure through core group members contributed to high repayment rates.

Sustenance of the SACCOS institutional framework

The study recorded an overall good practice in the management of cooperative entities namely WARIDI and PEMBA SACCOS which the women had voluntarily established. The entities had formal structures from grassroots women groups to SACCOS level in line with the provisions of the Zanzibar Cooperative Act. Decisions were democratically made from core group members to the composite group and finally the SACCOS Board. Meetings were held as required by their constitution and annual incomes and expenditures were discussed and approved at the annual meeting. Mobilising women to form SACCOS was found to be a good practice of formalising women's groups.

Improved social relations and participation in decision making processes.

Women who participated in the study by way of interviews and focus group discussions expressed satisfaction with the social changes that had occurred in their families and communities. Their visibility at the household and community levels improved due to their economic power. In the community, women had used group strength and leadership skills acquired through training to contest for leadership positions. The study recorded expressed confidence of women and number of who contested leadership positions from village to national levels. It can be concluded that women's socio-economic empowerment has led to realization of women's strategic gender needs in particular representation in decision making positions and structures from household to national levels. The study noted that there were 3 female Shehas and 1 female member of the House of Representatives.

Social protection and micro-based insurance schemes

Social protection provides interventions that respond to risks of economic loss and expenditure shocks of individuals and communities. The study found that members of WARIDI SACCOS, PEMBA SACCOS and WEDTF had initiated micro based Insurance Schemes to mitigate against shocks which included expenses during sickness, deaths, wedding, funerals, children's education and effects of HIV and AIDS.

The schemes were maintained through two sources of funding namely individual contributions and groups income from small businesses. Although the contributions were small, the spreading of the contributions by members had tremendous social value and impact on the lives of women and their families. Strengthening and expanding the micro insurance scheme would be one of way to extend social protection coverage in Zanzibar.

Vulnerability and exclusion

The Zanzibar Social Security Fund (ZSSF) did not cover women groups at the time of the study. The study found that there was no Policy on Social Security yet which was necessary to provide vision, direction, define stakeholders, and their roles in promoting and extending social protection. The study revealed that majority of people in Zanzibar particularly women were workers in the informal economy and were not covered by ZSSF, a framework that was viewed to be of great demand as evidenced by the existence of the women's micro-insurance schemes in their groups.

Several lessons were learned and these are as follows:

- Women's access to productive resources reduces poverty
- There is high demand for social protection:
- Principles of the Decent Work Agenda can be achieved through organizing, training and access to flexible loans.
- Women economic empowerment and gender equality is a path through realization of the Millennium Development Goals (MDGs)

Policy Recommendation

Specific recommendations have been made which need to be incorporated in the implementation and review of the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGPR), which is the national macro policy framework. The report also calls for immediate development of a gender responsive Social Protection Policy.

Background

This is a report of a study on good practices and lessons learned on social protection and coping strategies used by poor women in Zanzibar to mitigate against shocks. The low income women workers under study were beneficiaries of ILO's supported projects implemented in two phases namely: promoting the linkages between women's employment and the reduction of child labour (2000 –2004) and promoting gender equality and decent work throughout all Stages of Life (2004 –2006).

The study has been carried out in the auspicious of the ILO-UNIFEM initiative for supporting employment dimension in the PRS through mainstreaming gender equality in employment policies and programmes. The overall aim of the ILO-UNIFEM initiative is to ensure that key stakeholders have the capacity to implement employment policies and poverty reduction strategies and sustain them. The project was piloted in Morogoro Rural District and Zanzibar. The strategies implied are the National Strategy for Growth and Reduction of Poverty (NSGRP) with a Kiswahili acronym MKUKUTA for mainland Tanzania and Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) also with a Kiswahili acronym MKUZA.

The implementation of the previous ILO projects aimed at demonstrating that the socio-economic empowerment of poor working mothers can directly lead to improvements in overall family welfare, increased opportunities for children's education and health and the reduction of child labour.

The project's life cycle approach recognized that poverty is likely to be passed on from one generation to the other and that women who have grown up with few choices and opportunities will be less able to influence positively the lives of their daughters and sons.

Box 1: Women, Poverty and the Informal Economy

- ☐ Gender, informal economy and poverty often go together
- ☐ Though low, women's income from informal economy sustains many poor households
- ☐ Women workers need to organize at local level to respond to socio-economic needs facing them and their families

The major outcome of the two projects was the recognition and importance of mainstreaming gender in the planning, implementation and monitoring development interventions. The gender issues which were mainstreamed included recognition of women's gender needs: their multiple roles in the reproductive, productive, community voluntary work and decision making; and their vulnerability to a range of different circumstances in the world of work. The approaches used by the projects were multifaceted which enhanced capacities in organization, leadership, managerial and vocational skills, entrepreneurship, micro-enterprise development, access to flexible credit and market support.

The projects' approaches to gender mainstreaming contributed greatly to the following achievements to its beneficiaries in the selected sectors and locations:

- awareness creation and enhanced capacity on gender issues to spouses of women, community leaders and other key actors in development;
- establishment of cohesive and dynamic women groups;
- economically and socially empowered women group members;
- women gained more control over productive assets and decisions that affected their lives;
- improved capacities of women to accumulate savings which enhanced their accessibility to credit from financial institutions; and
- improved visibility of women in their respective communities and at family level.

Despite the above mentioned achievements, gender inequalities still persist and remain to be a major concern in Zanzibar. The major challenges as outlined in the MKUZA include inhibiting socio-cultural practices; gender issues not being fully mainstreamed in public policies and programmes; gender-based violence is still common and; insufficient support to vulnerable groups such as women, youth, children and people with disabilities. In the area of social protection which is the subject matter of this study, MKUZA underlined the following challenges:

- existing social security schemes have very limited coverage targeting the public sector only;
- the available pension schemes are weak not delivering to those who are members; and
- few and weak safety nets for vulnerable groups.

Objective of the study

The objective of the study was to document the good practices and lessons learned employed by low income women workers in Zanzibar to mobilize themselves, accrue savings, and utilize credit facilities for increased income and mitigation against shocks for scaling up within the context of the Zanzibar Strategy for Growth and Reduction of Poverty.

Terms of Reference for the study

In accordance to the Terms of Reference, the consultant was supposed to perform the following tasks:

- Conduct desk review on social protection mechanisms for poor and vulnerable groups, especially poor women workers
- Hold consultations with key stakeholders including the Ministry of Labour, Youth, Women and Children Development; development partners (UNIFEM and UNDP); financial institutions and other key stakeholders regarding mechanisms for enhancing social protection to poor women workers
- Review progress reports of the previous ILO project for 'Promoting Gender Equality and Decent Work Throughout All Stages of Life'.
- Consult with women groups organized by the ILO project for 'Promoting Gender Equality and Decent Work Throughout All Stages of Life' in Unguja and Pemba and document their experiences including individual testimonies
- Consult with other women groups who have/have not received loans, including those who have received loans from Zanzibar Self-Reliance Fund and Women Entrepreneurship Development Fund (WEDF) and document their experiences and coping mechanisms for mitigating against socio-economic risks.
- Compile a comprehensive and analytical report documenting lessons learned and recommendations for policy implications
- Present the study findings at stakeholder's workshop and use workshop inputs to finalize the report.

Desk Review

Desk review was employed to collect secondary data from relevant national and international documents related to employment, gender, social security and protection and insurance issues. In addition, women's groups governing instruments were also reviewed to verify their existence and information. Review was also carried out on relevant project frameworks, progress reports and other relevant materials.

Structured interviews

Interviews were carried out in order to collect primary data as part of the field work. Respondents were representatives of organizations including government officials at national, regional and district levels and social security authorities. Also interviews were carried out to representatives of micro finance institutions and international organizations.

Furthermore in-depth interviews with individual women beneficiaries of the previous ILO projects were carried out to capture their experiences, success stories, and testimonies on micro credit and informal micro-insurance schemes. In total 50 respondents were interviewed in Unguja, Pemba and Dar es Salaam. Table 1 summarises the type of organizations and total number of respondents involved in structured interviews.

Table 1: Institutions and Number of Respondents in Structured Interviews

Organization	Total Number of Respondents
Government	8
Ministry of Labour Youth Women and Children Development (MLYWCD) at national, regional and district levels	
Social Security Schemes	2
Zanzibar Social Security Fund (ZSSF)	
Micro Finance	7
Tanzania Postal Bank	
Akiba Commercial Bank (ACB)	
National Micro-finance Bank (NMB)	
People's Bank of Zanzibar (PBZ),	
Women Entrepreneurship Development Trust Fund (WEDTF),	
PRIDE (T)	
Fund for Self Reliance (Self).	

Savings and Credit Cooperative Societies	
PESSACCOS Board	8
PESSACCOS- Individual Success Stories	7
WARIDI SACCOS Board	7
WARIDI SACCOS - Individual Success Stories	6
Development Partners	
International Labour Organization (ILO)	
United Nations Women Development Fund (UNIFEM)	
United Nations Development Programme- (UNDP)-Zanzibar	5
Total	50

Focus Group Discussions

Focus Group Discussions (FGDs) were held with a total of eleven women groups in Pemba and Unguja. The FGDs were attended by beneficiaries of the two previous ILO projects; the Women Entrepreneurship Trust Fund (WEDTF) and unorganized women who have never received loans.

The FGDs involved many women ranging from 30-50 participants at a time. A total of 228 women were involved in organised meetings with a breakdown of 155 (previous ILO projects), 30 (WEDTF) and 43 (non-supported). Although the FGDs were time consuming, they had the following advantages in this study:

- Provided an up to date, accurate and representative information about achievements; challenges; priorities and capabilities of grassroots women;
- A timely and a more reliable feed back to respondents on the impact of micro finance and micro-insurance schemes to poverty reduction and women empowerment; and
- Informed the study on women's local knowledge.

Table 2 describes the number of participants for FGDs.

Table 2: Participation in Focused Group Discussions

Type of FGD Groups	No. of Participants
5 FGDs of WARIDI SACCOS	60
4 FGDs of PESACCOS	95
1 FGD of WEDTF beneficiaries	30
4 FGDs of Non-beneficiaries	43
Total	228



Limitations of the field work

The main constrain in undertaking the field work was limited time frame. The Focus Group Discussions (FGDs) consumed more time than planned. The extensive coverage of women's groups, individuals and institutions in both Unguja and Pemba required more time and field data collectors.

The other constraint was the large number of women who attended focus groups discussions. While the study planned to conduct FGDs with a standard number of 10-15 participants, the groups organized in the field by the hosts were too large (up to 50) to hold systematic discussions. The overwhelmed women attended the meetings, among others, expecting to get approval for their loans' application.

CHAPTER TWO: MACROECONOMIC FRAMEWORK AND GENDER DIMENSIONS

2

Geo-political and Economic Situation

Zanzibar is part of the United Republic of Tanzania but its government has autonomy on non-Union matters including labour, employment, women's affairs, cooperatives and social protection. There is an elected President, elected Members of the House of Representatives and a Judicial System. Zanzibar consists of two main islands called Unguja and Pemba located in the Indian Ocean within latitude 5 and 7 degrees south of the Equator with a total land area 2,654 square kilometres. The projected population of Zanzibar in 2007 was 1,111,361 persons of which 40.6 percent lived in urban arrears. Women comprised of 51 percent of the total population. Zanzibar has five administrative regions, three in Unguja and two in Pemba respectively.

Over the past decade, Zanzibar has achieved some progress in economic performance and growth, recording an average annual growth of about 4-5 per cent, with GDP growth reaching 6.1 per cent in 2006. Economic growth has been driven mainly by the services and agriculture sectors whose contribution to GDP amounts to 43 per cent and 30 per cent respectively. The agriculture sector and the service sector (largely tourism) have registered growth rates of 19 per cent and 15 per cent, respectively. Per capita nominal income increased from USD 276 in 2002 to USD 370 in 2006. Inflation rate, on the other hand was above 10 per cent (MKUZA 2007).

According to the Household Budget Survey (HBS) of 2004/05, it is estimated that 7 percent of the working age population are unemployed. Unemployment is widespread and the youth and women are the most affected. The Manpower survey conducted in the year 2001/02 revealed that the proportion of women in the formal employment sector was 37 percent less than a half of the male's ratio. In the public and private employment sectors women accounted for 22 percent and 28 percent against 78 percent and 72 percent of men respectively. In respect to youth employment, the manpower survey indicated that young people aged 18-34 represented 34 percent of the formal sector establishment. The incidence of child labour in Zanzibar was quite high as indicated in the Rapid Assessment Survey of the year 2004 whereby 100,000 children under the age of 15 are engaged in some forms of hazardous work.

Majority of women workforce are found in the informal economy performing subsistence farming and small businesses. Women workers in the informal economy perform semi/unskilled work, which is time consuming with low remunerations. Due to their limited employment and income generating opportunities, women are forced to enlist the support of their children to increase their income.

Policy Frameworks and Challenges

The Government of Zanzibar has continuously struggled to eradicate poverty by implementing poverty reduction policy frameworks namely: the Zanzibar Poverty Reduction Plan (2001-03) and the current Zanzibar Strategy for Growth and Reduction of Poverty (2007-2010).

The implementation of these two strategies has increased and stabilised economic growth in Zanzibar. As indicated in the previous section, the economy of Zanzibar is mainly dependent on agriculture, tourism and services. Despite its highest share in GDP, agriculture is faced with critical challenges which include lack comprehensive framework for enhancing food security; insufficient provision of

agricultural services such as credits, extension services; unreliable provision of agricultural inputs; weak marketing systems and linkages with other sectors; and unpredictable rainfall. Women being the main producers in the agriculture sector suffer most compared to men particularly in the production of food crops to sustain the family's food requirements and other needs. They perform time consuming agricultural activities, mainly subsistence farming.

According to MKUZA, the financial sector has great challenges which include relatively high commercial lending rates of up to 17 percent against negotiated rates of about 11 percent. Women are more unlikely than men to receive loans from banks. A recent survey conducted for rural micro finance in Zanzibar revealed that women were 8 times less likely than men to obtain credit from banks and other financial institutions (MKUZA, 2007).

On the other hand, savings rates have been very low averaging 2.4 percent since 2002. The Micro-Finance Institutions have higher lending rates of up to 30 percent. The challenge is to review the lending rates downwards to attract more borrowing to expand business and create employment opportunities for all, especially women and youth. The age (below 15 and above 64 years old) dependency ratio is generally high in Zanzibar standing at 86.3 percent. However, there exist differentials between rural and urban and between women and men¹. This high age dependency ratio increases the workload of women in relation to increased domestic responsibilities in the care economy including caring for children, the elderly and sick family members and increased expenses on education, health and consumables at the household level.

Furthermore, the prevalence rate of HIV and AIDS in Zanzibar is currently 0.6 percent in sexually active adults of which 0.8 for women and 0.2 percent for men respectively². Women's higher vulnerability to HIV/AIDS infection is attributed to biological factors, low socio-economic status, gender based violence and other gender related inequalities.

Zanzibar Social Security System

To a large extent, entitlements to social protection in Zanzibar are acquired through market production, and specifically through formal employment. Only 34,059 persons equivalent to 3.4 percent of the total population who are formally employed and are registered by the Zanzibar Social Security System (ZSSS). The remaining majority of the population are largely dependent on social protection mechanisms provided by informal networks mechanisms, including family and kin, "community", religious bodies, NGOs, mutual savings and credit groups, and forms of "traditional" insurance such as burial informal societies. Predominance of women in the informal economy implies that they form the majority of those who are not covered by the ZSSS in the country.

Women in the informal economy face significantly higher levels of economic vulnerability, with adverse consequences for their welfare and that of their families. The rise in informality, and over-representation of women in informal employment, underlines the need to consider how to extend social protection to this group of workers.

The establishment of the Zanzibar Social Security Fund (ZSSF) in the year 1998 enabled the operationalization of a formal system which manages three categories of social security systems, namely:- the Government Employees Pensions and Gratuity Scheme (GEPGS), the Parastatals Employees Pensions and Gratuity Scheme (PEPGS). Parallel to the ZSSF is the Zanzibar Wakfu Trust Commission (ZWTC). The Commission manages and disburses funds to beneficiaries and successors of beneficiaries.

1 Preliminary Zanzibar Integrated Labour Force Survey of 2006 Chapter Two
2 Zanzibar Strategy for Growth and Reduction of Poverty, 2007

Box 2: ZSSF Conditions for Registration

- Regular monthly contributions by workers and employers:
- Self employed contributions covering both regular monthly contributions by the worker and employer

The GEPGS covers all permanently and pensionable workers of all cadres in Ministries, departments and the autonomous departments like the Judiciary, House of Representatives and the Armed forces. In this type of scheme, the employer deducts part of worker's salaries monthly and submits to the ZSSF.

The benefits are calculated at retirement or upon death as gratuity. PEPGS is responsible for parastatal and private sector employees and is also a contributory social security scheme by both employers and workers. All agreed contributions are submitted to ZSSF on a monthly basis for all the working years of an employee. The benefits at retirement are calculated and paid to the retiree. If it occurs that a worker dies ZSSF pays a death gratuity to the relatives of the deceased person through the Zanzibar Wakfu Commission. The majority of beneficiaries of the social security schemes described in here were found to be urban dwellers in the formal economy. The rural population engaged in agriculture, fisheries and the self employment are not registered.

The study established the following findings regarding the ZSSS:

- the established social security schemes operate in the absence of a National Social Security Policy;
- the coverage of the three social security schemes benefits a very limited number of workers mainly those working in the formal economy, while majority of workers rely on informal social security mechanisms; and
- women in the informal economy and agriculture sector are the majority of those who depend on the informal social security mechanisms.

 Introduction

This chapter presents the findings and analysis of the study. The findings include established facts about a few financial institutions including the cooperative societies namely WARIDI SACCOS and PEMBA SACCO that were formed under the ILO support; WEDTF a non-governmental organization that grew out of the ILO-UNIFEM project implemented in the early 1990's; Zanzibar Self-Reliance Fund (ZSRF) a Government owned credit programme; PRIDE (T) etc. The chapter also highlights good practices for enhancing sustainability of women's organizations: capacity to manage credit programmes; savings and credit management; sustainable institutional framework; women owned micro-based insurance schemes. Furthermore, the chapter analyses good practices and lessons learned for policy implications for scaling up and replication.

 Micro-Credit Institutions

This study aimed at documenting lessons learned and good practices under the ILO's supported projects as indicated earlier in this report. However, it was seen necessary to study other micro credit facilities for comparison, awareness creation and policy implications. Table 3 below provides a summary of characteristics of micro-credit institutions studied showing type, procedures and loan conditions, geographical coverage, legal status and challenges facing each institution.

Table 3: Characteristics of Selected Micro Credit Institutions in Zanzibar

Type of Fund	Loan procedures and loan conditions	Geographical coverage and loan Sizes	Legal status / challenges/Limitations
Women Entrepreneurship Development Trust Fund (WEDTF)	• Groups of 15-60 members • Women groups meet regularly (once in a week) in the neighbourhood • WEDTF offers training and other services in the Centers • Eligible loan applicants contribute 20% of the applied loan as savings • Loan repayment terms are 3, 6, 9 and 12 months. Clients choose their preferred terms with interest rate of 20% flat per annum	Coverage Unguja six districts It had so far covered 3,500 women Loan Sizes <u>Minimum</u>: TZS 50,000.00 <u>Maximum</u> : TZS 600,000.00	Legal Status An NGO that grew out of ILO-UNIFEM project in 1990's Challenges • limited financial resources • limited coverage • Untimely disbursement of loans
Zanzibar Self-Reliance Fund (ZSRF)	• Deposit 5% of the applied loan amount • Obtain two government officials as guarantors	Coverage Operates in Unguja and Pemba covering urban and rural women Loan Sizes <u>Minimum</u>: TZS 50,000.00 <u>Maximum</u>: TZS 600,000.00	Legal Status A Government owned fund operated by the Ministry of Labour, Youth, Women and Children Development Challenges • High default rates, • Delayed decision making resulting from bureaucracy. • Limited and irregular funds provision from the government inhibits loan growth and frequency • Stringent loan procedures.

Tanzania Postal Bank	Does not have a micro-credit product	• Formation of core groups of 5-8 members • Groups must be members of SACCOS • Mandatory weekly savings of TZS. 1,000.00 • Abide to the Constitution and loan policy procedures • Core group members guarantee each other • Leaders of the group recommends loan applicants to the SACCOS. Board for approval and loan processing • The SACCOS apply overdraft from Akiba Commercial Bank • Loans disbursed at 24% reducing balance. • Members of the group meet weekly in the neighbourhood • SACCOS Board provides training and other services to members	Coverage <u>Unguja:</u> Mkokotoni, Matemwe, Kiembesamaki, Fuoni and Chwaka/Uroa <u>Pemba:</u> Nanguji, Konde, Micheweni, Wete and Ole Loan Sizes <u>Minimum:</u> TZS 50,000.00 and there is no <u>Maximum</u>: There is no limit as members are eligible to borrow up to 3 times their savings.	Legal Status Registered under the cooperative Act. Challenges • limited technical capacity • poor savings especially in Micheweni, Chwaka and Konde
Promotion of Rural Initiatives and Development Enterprises (PRIDE-T)	• Uses groups of 5 members • Members in the groups guarantee each other • Interest rate is 30% flat per annum	Private owned Micro finance institution	Legal Status Registered Micro Finance Institution Challenges High interest rate	
National Micro Finance Bank (NMB)	1. Deals with small and medium enterprises and offers individual loans. 2. Fixed collateral	<u>Minimum:</u> TZS 50,000.00 <u>Maximum:</u> No limit	Legal Status A registered commercial bank Challenges Poor women cannot meet collateral requirements	
PBZ	Not providing loans to women groups yet			
Postal Bank	Not providing micro-finance services			

Characteristics and Growth of Women's Managed SACCOS

Sustained women's organizational capacity

In order to ensure sustainability, ownership and greater voice, the women groups



supported under ILO projects were assisted to formalize themselves into registered Savings and Credit Cooperative Societies (SACCOS) in Unguja and Pemba. WARIDI SACCOS of Unguja and PESACCOS of Pemba were registered in 2005 under Zanzibar Cooperatives Act. The study noted an increase in membership of the two organizations since their establishment. The total membership increased from 618 (2005) to 759 (2007) at an average of 19 percent. Table 4 shows a breakdown of membership growth of each SACCOS from 2005 to 2007.

Table 4: Status of Membership of WARIDI and PEMBA SACCOS by 2007

Name of SACCOS	Total Membership		Increase in %
	Nov. 2005	June 2007	
WARIDI	318	399	20
PEMBA SACCOS	300	360	17
TOTAL	618	759	19

Source: WARIDI and PEMBA SACCOS Boards

The government of URT, the ILO and Akiba Commercial Bank signed a tripartite agreement for facilitating access to loans to poor women in 2002. The International Labour Organization on its part provided technical and financial support to facilitate formation of women groups, training in leadership and management, entrepreneurship, savings mobilization and access to flexible credit. The ILO also deposited US\$ 250,000 to Akiba Commercial Bank as cash guarantee against lending to women. Akiba Commercial Bank managed the cash guarantee for credit delivery.

Despite the fact that there was the ILO cash guarantee, women mobilised own savings as a primary guarantee for accessing loans from Akiba Commercial Bank. The second level guarantee was the members of the core groups, ranging from 5-8 members, which were self-selected. The third level was the Women Executive Committee, which guaranteed members of the group. The ILO Cash Guarantee was the fourth level but very essential. The cash guarantee not only provided the linkages between the women and the financial institution but also created a foundation and pillars of the current women's SACCOS in discussion. Accessibility to financial services uplifted the women's socio-economic empowerment.

Similar to membership growth, women's savings grew steadily during and after the project. The savings increased by 65 percent between 2005 - 2007. It is during this time the groups joined together to form SACCOS. Table 5 shows individual group's savings and growth between 2005 and 2007.

Table 5: Savings Growth of WARIDI SACCOS and PESACCOS Between 2005-2007

Sn.	Name of Group	Location	Savings in TZS		% of Savings Growth
			September 2005	June 2007	
1.	Mtaji wa masikini	Unguja -Matemwe	2,739,600.00	4,114,150.00	50
2.	TunaombaSalama	Unguja-Mkokotoni	3,949,000.00	5,423,050.00	37
3.	Mungu tupe heri	Unguja -Fuoni	928,500.00	3,713,305.00	300
4.	Twende Salama	Unguja -Chwaka/ Uroa	6,430,000.00	6,161,368.00	- 4
5.	Kinamama tusilale	Unguja - Kiembesamaki	4,000,000.00	10,000,000.00	150
6.	Heriyetu	Pemba -Nanguji	3,000,000.00	6,333,626.00	111
7.	Lengomoja	Pemba -Konde	1,143,172.00	2,591,600.00	127
8.	Niamoja	Pemba - Michweweni	1,230,000.00	1,504,700.00	22
9.	Mwanzomgumu	Pemba -Ole	2,130,000.00	3,547,005.00	67
10.	Kiwembwa	Pemba -Wete	4,003,800.00	5,282,835.00	32
Total			29,554,072.00	48,671,639.00	65

Group's Solidarity: A Significant Guarantee Against Lending to Poor Women

The study noted that that women had realised that group's solidarity was essential for their SACCOS to thrive and flourish. The study recorded strong solidarity which formed one of the pillars of the established guarantee system. Group solidarity was found to be very significant for guarantee against lending to poor women. This a good lesson that can be scaled up and replicated in other parts in Zanzibar. The solidarity included the following characteristic:

- Common vision, trust and dynamism.
- Tolerance.
- Mutual support among group members.
- Improved capacity on group economic activities.
- Willingness to accumulate savings and credit utilization.
- Improved democracy in leadership and participation in group decision making processes.
- Ownership of the organization.

Credit Delivery and Recovery Management

The study recorded a good practice on increased credit delivery among individual members. The loan sizes increased exponentially from of TZS. 50,000.00 to TZS 2,000,000 depending on the amount saved by individual members. According to the SACCOS loan policy, members were allowed to borrow up to three times their savings and chose preferred repayment mode between 1 to 12 months i.e. monthly or weekly at 30 percent interest charged on outstanding loan.

The study also recorded a good practice on repeat loans as a result of increased savings and high repayment rates. The majority had received repeat loans more than four times showing an upward scale of TZS 50,000.00, TZS150,000.00, TZS 300,000.00 TZS 700,000.00, TZS 1,000,000.00 and more. Repeat loans and loan growth maintained by the established SACCOS signified the good practices in micro finance.

As regards to loan portfolio, the SACCOS seemed to perform well in terms of financial liquidity compared to the Self-Reliance Fund and Women Entrepreneurship Trust Fund. The 1st overdrafts were equivalent to TZS.45 million for WARIDI SACCOS and TZS. 30 million for PEMBA SACCOS. In the second year the overdrafts grew to TZS. 60 million for WARIDI SACCOS. Unfortunately, PESACCO received the same overdraft due to inadequate technical support.

As regards to repayment modes, members had the flexibility of choosing their preferred repayment mode which, varied unlike the other micro finance which had fixed terms. However, the repayment mode ranged from weekly to monthly in twelve months. The requirement of obtaining two government guarantors for loan applicants from the Zanzibar Self-Reliance Fund had been an obstacle to the majority. The Self-Reliance Fund offered fixed terms for loan repayment depending on the amount of loan taken i.e. TZS 200,000.00 to TZS 500,000.00 is repaid in six months; TZS 600,000 – TZS 1,000,000 in eight months; TZS 1m – 1.5m in ten months; and above TZS 1.5m in eighteen months. However, the fund had so far issued up to a maximum of TZS. 500,000.00 due to limited funds. WEDTF's loan repayment mode ranged from 3, 6, 9, 12 months and members were free to choose their preferred loan term at 20% flat per annum. Minimum and maximum loan sizes were TZS. 50,000.00 and TZS 600,000 respectively.

The two institutions attributed loan ceiling to financial constraints. For example, it was reported that WEDTF members can wait up to three months and loans may not come forth.

Box 3: From Housewife to Restaurant owner

Mosi Hamisi is a mother of six. Before joining Kinamama Tusilale Women Group in 2005, she was a housewife. She stayed at home and looked after children and other domestic responsibilities. Mosi who lives in Kiembesamaki Ward in Zanzibar town joined the group in 2005 and generated the minimum savings which enabled her to get her first loan of Tsh. 50,000/= towards the end of 2005. She has so far managed to take repeat loans four times. Her last loan was 1,000,000/=. She started by trading in clothes, mostly women's clothes and decorations. Gradually she expanded and diversified her economic activities. She opened a restaurant, which gives her a profit margin of TShs. 15,000 per day.

She is now economically empowered in the sense that not only she has access but also controls resources of her business. Her capability to manage unexpected shocks has increased and also contributes regular savings to the group without failure. Mosi is very thankful to WARIDI SACCOS and ILO.



The problem with WARIDI and PESACCO was cited by members and their leaders to be the lack of technical capacity. The two associations received inadequate technical support and assistance from Cooperatives and Gender Officers from the national machinery who are full time government officials. Due to other equally important duties, they could not devote adequate time to support the SACCOS, a result, loans were delayed. The study noted that the passbooks were not gradually updated in accordance to the provisions of the Cooperative Act.



The study revealed that there was no defaulting as such in repayment of loans except few delays by women who encountered personal hardships but they were trying to recover and continue to service their loans. The guarantee tiers had been very instrumental in loan recovery with over 90% repayment on time. This is a good practice worth emulating and replicating by other micro lending institutions verifying the already established phenomenon that women are credit worthy.

Sustenance of the SACCOS institutional framework

Regarding sustainability of the institutions set up by women groups, the study noted an overall good performance in the management of cooperative entities which they have established. The entities had formal structures, democratic decision making and human resource.

Structure

The institutional set up by WARIDI SACCOS and PEMBA SACCOS was comparatively good practice for women managed micro finance institution. The structures of the two SACCOS were in line with the provisions of the Cooperative Act. There is a Board comprised of the Executive, Supervisory, Loan and Education Committees. The loans committee visited economic activities of loan applicants, scrutinised the applications and recommended to the Board for approval. The Supervision Committee followed up activities of the SACCOS and ensured effective performance in terms of timely disbursement and recovery of loans. The education committee provided education to members on various issues including the importance of SACCOS, member's obligations and rights etc.

Participation in decision making process

Decision making starts at the lowest level involving members of the core groups who made decisions on a day to day including the management of guarantee system at their levels. At composite group level (40-100 members), the Women Executive Committee discussed and recommended eligible loan applicants to the SACCOS Board. The loan committee of the SACCOS finalized the loan applications for approval by the Board and loan processing.

Records of the meetings of the SACCOS revealed that the General Meeting which is the highest decision making structure composed of all members of the SACCOS had met once between 2006 and 2007. Holding the general meeting conforms to the requirements of their constitution and provisions of the Cooperative Act. Annual budget of the SACCOS is approved at the Annual General Meeting.

It was also noted that other committees and group meetings were held regularly and in accordance to the needs of the members. At group level it was established that there were regular weekly/monthly meetings with reasonable attendance. Each group had an elected Chairperson, Secretary and Treasurer who form the leadership of the groups. Apart from this good practice, the study recorded that the leadership in the women groups was purely voluntary in the sense that they were not remunerated.

On top of the leadership at group level, there are SACCOS Boards of Trustees. These boards had Chairpersons, Secretary and Treasurer who were voted in by members at the annual general meeting. The Boards meet four times per year and at emergency cases if necessary. These democratic institutional arrangements minimised possibilities of nepotisms, favours and other related bad practices.

Box 4: Women Empowerment leads to the Increased Participation in Decision Making

Sabina Mohamed Ali is 45 years and lives in Naguji village in Pemba South region. She is married to a working husband and has children in school.

The training in leadership and confidence building provided by the ILO project enabled her to contest and won the position of Sheha in 2004. She is a founder member of PESACCOS and instrumental in sensitizing and mobilizing women to form groups. She took her first loan of TZS.50,000.00 in 2003. Since then she has been increasing her savings and taking repeat loans. Her current loan is TZS 800,000.00 She contributes much to the education of her children. She was very proud that she is a leader and a decision maker in her Shehia. She is thankful and appreciates the services of PESACCOS and ILO's financial and technical support given to herself and fellow women in Heriyetu Women's Group at Naguji village.

Improved Social Relations Between Women and Men.

In general, women who participated in the discussions were overwhelmed by the rapid social changes that have occurred both in their homes and society as a whole. Although it was not easy for the study to verify the women's point of views on social changes that had occurred at their homes, they were proud to say that their voices are now heard in the homes compared to the situation before they joined the project and later women's SACCOS. The study also recorded during discussions that the husbands respect them more because of the financial contributions to the family and meeting their own needs.

The women's confidence, knowledge and skills had increased as a result of training in leadership, entrepreneurship, and financial management provided by the ILO projects³. As a result of training, some contested for leadership positions at different levels. The study revealed that few women had acquired leadership positions at the local and national levels. At the national level, there was one (1) woman member of the House of Representative and at Shehia level there were four (3) women Shehas. Others were chairpersons of different development committees at Shehia level. In general the social status had improved during the implementation of the two projects and beyond.

Worldwide, group approach has proved to be a good practice for ensuring the voice of poor is heard. WEDTF has also produced several leaders. Since 2000, the fund had produced two (2) women Parliamentarians, two (2) women House of Representatives and four (4) Shehas.

Micro finance plays an important role in the fight against many aspects of poverty. Access to credit allows poor women to take advantage of economic opportunities for improved family welfare, their domestic environment and their communities. For example, income generated by women in the groups did not only benefit the business activity to expand but also contributed to meeting costs for own women's expenses, increased household income for ensuring food security, children's education and health and other social emergencies. Moreover, for majority of women who were secluded from public space were able to transact with formal institutions including Akiba Commercial Bank, local authorities and their own associations. The transacting with formal institutions built their confidence and participation in decision making structures.

Box 5: Breaking the Social Exclusion

Rehema A. Ali is 34 years old and a mother of four children aged 14, 10, 8 and 4 years. She is the second wife of a taxi driver. Before joining WARIDI SACCOS she was a housewife who would sit and wait for her husband to bring money home, which most of the times didn't work and was a source of squabble. As a result, she lived in deep poverty until when a friend advised her to join WARIDI SACCOS in 2005. Rehema was able to contribute savings and receive her first loan. Because of her poor living condition, she used a bigger part of her first and second loans of TZS 50,000.00 and TZS 100,000.00 to repair her leaking house. She took a third loan of TZS 300,000.00 and opened a retail shop in front of her house. Now Rehema earns enough to repay the loan and feed and educate her children and does not depend on husband's income anymore. She plans to move her shop to a more potential area once she has generated enough profit. Rehema's credibility in the village has improved to the extent that she is now credit worth and can borrow from friends and other people, which was not the case before.



3 See Evaluation Reports of 2003 and 2005

When they were asked to comment on the difference between themselves and women non-beneficiaries of financial services/women's SACCOS in terms of social-economic status, they admitted that the other women envy them greatly. This was confirmed by the women non-beneficiaries of loan facilities who were interviewed separately during the study. They reiterated that their eagerness to organize was motivated by the achievements made by women members of the SACCOS. Asked on the difference between them and women members of SACCOS, they commented that women receiving loans were able to solve their social-economic problems immediately, for example, education needs for children, sickness, investment in businesses, ability to engage in economic activities, ability to make decision and confidence level they demonstrated. Asked why they couldn't join the existing groups during the project, they gave several reasons. In the order of ranking, they said low understanding of the importance of belonging to a group; did not believe that they could benefit from the intervention and they did not have money to pay for registration.

The organized women happily described the benefits of group cohesion and solidarity that they were economically capable of making additional contributions to support members during emergencies related to either sickness, death, burial, wedding and other emergencies. It is important to note that poor women are concerned not only on investing in opportunities for income and economic growth, but also on managing risks and reducing vulnerability by protecting against emergencies and planning for events such as child birth, education for children etc.

Box 6: Addressing women's vulnerability to poverty

Zainab Mwinyi is 27 years and has two children aged 10 and 5 years. Her husband left her when she was 15 years. Before joining the project she had no any means of earning income. Her friends advised her to join Kinamamatusilale women group. Zainab was able to mobilize savings and join the group. The group guaranteed her to receive loans from WARIDI SACCOS. Due to lack of experience and fear she couldn't invest her first loan of TZS 50,000.00. She started gaining confidence by attending weekly meetings and listening to experiences of other women. She continued contributing weekly savings until she was able to take a second loan of TZS. 500,000.00 which she invested in a boutique shop. She sold clothes, hair braids, weaving, shoes etc. Zainab had seen changes in her life. She can now cloth and feed her children, meet education expenses etc. Zainab is thankful to women who showed her the way to escape poverty. More importantly she thanked the government and ILO who spearheaded the establishment of WARIDI SACCOS.



Social Protection through Microcredit and Micro-based Insurance Schemes.

Social protection

Social protection is an approach towards thinking about the processes, policies and interventions which respond to the economic, social, and political and security risks and constraints poor and vulnerable people face, and which will make them less insecure and less poor, and more able to participate in economic growth (Moser et al. 2004). There is an important linkage to gender-specific risks and the different roles of women and men as social protection providers. One of the risks that women face is that they are the first (and often only) providers of social protection at the household, extended family and community levels and caring for terminally ill relatives and HIV/AIDS orphans.

One of the major focus of the study was to identify interventions/strategies employed by organized groups of women to support their members to prevent, manage and overcome risks and vulnerabilities. Risk in this report is defined as the probability and magnitude of the occurrence of an adverse event (hazard), as well as outcome of the event. Hazards are events which have an adverse effect on welfare. Vulnerability is a state of being susceptible to a decline in individual or household wellbeing (World Bank 2001). MKUZA has identified vulnerable groups in Zanzibar to comprise of poor women, widows, youth, orphans, elderly, neglected children, people with disabilities, those infected and affected by HIV/AIDS and the poorest of the poor and these are target groups of MKUZA (MKUZA 2007). Factors contributing to their vulnerability have been identified to include:- inadequacy of food and nutrition insecurity, limited access to productive assets, traditional roles ascribed by society, poor health, unemployment, lack of support networks, and lack of access to education, discrimination and social exclusion.

Among the main objectives of the previous ILO projects was to enhance the socio-economic status of poor women workers under conditions that would lead to reduction of child labour. Among the strategies was promotion of access to flexible loans. The set up of the credit scheme was a social protection mechanism that helped the poor women to address household social and economic risks such as enhanced economic activities and income; improved family welfare including children's education and health; improved family diet etc. However, the reality of women's lives and risks was beyond the focus of the project. Women identified other gender-specific categories including death and funeral, weeding, childbearing, divorce, domestic violence etc. This led to set up of parallel funds by women groups (outside the regular savings for credit).

Micro-based insurance scheme

Women's Micro Based Insurance Schemes were found to exist in both women group members of WARIDI SACCOS, PEMBA SACCOS and those supported by WEDTF. The micro-insurance schemes were maintained through two sources of funding. These were individual contributions and group's income from small businesses like soap making, baking, batik making etc. The in-depth discussions with the women revealed a list of shocks that are currently mitigated by the micro-insurance schemes that the women had initiated. The social risks that were covered by the micro insurance schemes included expenses for children education; sickness; deaths, weeding and funeral arrangements of a members and their families specifically husbands or children.

Mode of support and contributions varied from one group to another. Majority of groups in Unguja reported that they contributed upon occurrence of the risk incidence, while others contributed in advance and kept the money in the bank or with the treasurers of the groups. Contributions ranged between TZS 100.00 to TZS 1,000.00 per member and it was compulsory. For weddings they bought items like clothes and utensils for the bride. These items were bought to signify the role of a mother as caretaker.

The findings of the study verify the power of micro finance services to poor people, especially women. It is evident that the group organizational strength was a force towards savings mobilization for social and economic needs of poor women. Experience shows that micro finance can help the poor to increase income, build viable businesses and reduce their vulnerability to external shocks. It can also be a powerful instrument for self-empowering by enabling the poor, especially women, to become agents of change (Kavitha 2002). Table 6 below shows the women groups with micro based insurance schemes.

Table 6: Women Groups with Micro-Based Insurance Schemes in Unguja

Core group	Total Membership
Mtajiwamasikini	47
Zinamungu	8
Wachewaseme	7
Usivunjikemoyo	8
Umojaninguvu	7
Rabituongoze	11
Tufikiriwe	8
Mazingira	24
Twendenao	18
Tujuane	15
Mungutupeheri	
	51
Total	204

Box: 7: The Case of Tunaomba Salama Women Group in Mkokotoni, Unguja



Tunaomba Salama Women Group is a composite group of 50 members comprising of 5 core groups namely; Umoja ni Nguvu (7 members), Rabi Tuongoze (11 members), Tufikiriwe (8 members), Mazingira (24 members) and Twende Nao (30 members). Tunaomba Salama Women Group is a member of WARIDI SACCOS and guarantees her members to receive loans from WARIDI SACCOS. Umoja ni Nguvu women group, which has 7 members, is involved in petty trading including food vending, charcoal selling etc. Apart from regular savings for credit scheme, the group had TZS 100,000.00 in cash from joint

economic activities. The fund is used to support members with social problems. Members are allowed to borrow up to TZS 10,000.00 to meet social risks including sickness, death etc. Out of this amount, TZS 7,000.00 is refunded to the group within agreed period. In addition, members contribute TZS 2,000.00 each in case of death of a child. Members of Rabi Tongoze women group (11) are engaged in agricultural activities, small businesses and hair plating. At the time of visit, the group had TZS 350,000.00 cash as income from group's activities. The

group supports members in case of death and sicknesses. Members are given TZS 10,500.00 in case of death and TZS 20,000.00 for sickness. Tufikiriwe is a small group of 8 women with disabilities. The group is involved in embroidery, handcraft and small businesses. The group had TZS 50,000.00 and supports members in case of sickness and death. Members contribute TZS 100.00 and TZS 300.00 each for sickness and death respectively. Mazingira group had 24 members who contribute TZS 500.00 each to support social events such as wedding, death and sickness. Twende Nao women group of 18 members is involved in small businesses including firewood selling, handcraft and agricultural activities. In case of death or sickness each member contributes TZS 500.00.

All organized groups had some kind of micro based insurance schemes for mitigating incidents of shocks. The study observed the following regarding the types of social risks and mitigation strategies:

- Contributions varied between groups and between types of shocks. In most of the groups the contributions were compulsory to individual members in the sense that if a member ignored, she would risk to be ignored when a incidents of shocks occurred to her.
- There were also some variations in the type of people covered in the mitigation of the shocks. In most groups, the coverage was selective and was limited to women members and their immediate families i.e. children, husbands etc.

The micro-insurance product initiated by women groups was viable product which had positive impact on the lives of women and their families; which justifies the need to strengthen, expand and complement with policies and provisions that will help majority of low income women manage the occurrence of incidences of shocks. Table 7 below shows selected groups that have micro-based insurance scheme, the type of risks that are covered and contribution from members.

Table 7: Selected Groups and Types of Incidents of Shocks

Name of Group	Number of Members	Types of Incidents of shocks	Amount contributed per member in TZS
WARIDI SACCOS			
Mungutupekheri	130	Sickness, Death Wedding	1000.00 – 2000.00
Mtajiwamaskini	47	Death, Wedding	200.00
Wachewaseme	8	Death, Sickness	6000.00
Tunaombasalama	50	Sickness, Death	400.00
PESSACO			
Heriyetu	56	Wedding, sickness and Death	500.00
Nanguji	27	Wedding, sickness and death	600.00
Kupatasikuwana	19	Wedding, death and sickness	500.00
Jikomboe	10	None	None



The other categories of shocks which were not mentioned and which are critical to the lives of women include HIV/AIDS related problems; divorce/separation and domestic violence. Women are more infected and affected by HIV/AIDS than men. HIV prevalence in Zanzibar is estimated at 0.8 percent and 0.2 percent for women and men respectively (MKUZA 2007). Women's higher vulnerability to HIV/AIDS infection is attributed to their low socio-economic status and the division of labour, which overburden women and girls with the caring role. Women carry the care burden

due to limited public health services. This has meant a substantial increase in women's unpaid work and reduces time for women to engage in productive, self development and recreational activities. The women's group members were as vulnerable to HIV/AIDS as other women in both Unguja and Pemba.

Domestic violence is reported to be rampant in Zanzibar (MKUZA 2007). Women actually encountered more unpredictable risks than those that have been identified in the study and listed by women. However, it is fair to conclude that the risks identified by women could be the recurring type among the members of the group. Social exclusion and domestic violence might have disappeared as a result of sensitization and awareness seminars on gender equality issues conducted by the ILO project. Further research need to be done in this field to explore other types of incidents of shocks which need to be mitigated.

The following were mentioned by women to be pushing factors for establishing their own micro insurance schemes.

- close friendship and sympathy to one another that developed over time within the groups;
- sign of solidarity among themselves and community members;
- sense of responsibility in mitigating shocks that occur to all members from time to time; and
- the ability to contribute as a result of having some personal savings accrued from their economic activities.

The majority of group members commented that the idea of micro-insurance initiative came by evolution. They reported that the incidences of shocks had always been with them and they take sole responsibility. In some cases, husbands take responsibility. Before forming and joining groups and the umbrella associations (SACCOS), women had no opportunity to meet and discuss issues of concern freely. None of the members had saved before joining the groups. Through groups, women were able to discuss their needs and concerns and did come up with solutions including mitigation of shocks. These decisions were made by women without consultations or asking permission from their husbands. So, dialogue within the group members and close affection among the women in the groups assisted in developing a new action oriented culture against shocks. They instituted a procedure which was not mandatory but somehow binding because a member will only be assisted by others if she also responds to other members' contingencies/shocks. It was therefore an assurance of some help from close friends any time a shock occurs. Unorganized women did not have such kind of solidarity and risk mitigation strategy.

Similarly, the gender awareness and training conducted during the two ILO previous projects empowered women to take decisions and actions without waiting for decisions from elsewhere. This was necessitated by the economic power and confidence gained. What they contributed to the micro-insurance schemes was still small but had tremendous social value amongst themselves and in the communities. The initiative is an emerging by product of togetherness which should be promoted and scaled up.

Non-beneficiaries (unorganized women workers)

As indicated in the methodology section, the study was essentially to document good practices and lessons learned from the women's groups that were initially supported by ILO to form women's SACCOS. However, it was felt that it was necessary to involve women non-beneficiaries of ILO support for comparison purposes, control and different experience. For this purpose, the study conducted 4 Focus Group Discussions of non-beneficiaries. This deliberate move involved 43 respondents who were interviewed separately and held separate FGD's for neutrality.

When the non-beneficiaries were asked to comment on the difference between them and their fellow women who were members of women SACCOS, the women said that organized women were confident and empowered to address their social and economic needs. They admitted that there was a difference between them and organized women in terms of knowledge, confidence, and liquidity. They felt they were left behind and wished to be assisted to organize themselves and benefit from SACCOS.

Vulnerability and exclusion

On the basis of the current ZSSF operations, workers in the informal economy are not covered by formal social security systems. The women's micro-insurance schemes to mitigate the incidences of shocks were found by the ZSSF to be a good innovation but could not be accommodated in the functions and mandate of the ZSSF. However, ZSSF indicated the desire to improve their outreach in the formal and informal economy.

Despite the existence of the Zanzibar Social Security Fund Act of 1998 which established the three schemes discussed earlier, the study confirmed the non existence of a policy document on social protection in Zanzibar to date. The role of a national policy on social security would be among other things to provide vision and guide direction to the type of social protection, categories and roles of stakeholders, coverage, determine outcomes and monitoring and evaluation methodology.

The need for the national policy on social protection was raised by decision makers in the government in particular the MLYWCD and the ZSSF. Others were respondents responsible for cooperatives, micro finance institutions and development partners.

According to Household Budget Survey of 2004/05, the projected population of Zanzibar is 1,111,361 persons out of which, the Labour force is estimated to be 541,320 persons. The field study revealed that the coverage of ZSSF up to the time of the study was only 8.6 percent of the total Zanzibar labour force in the formal economy. About 80 percent of the labour force is found to be engaged in the informal economy, and the majority of them are women⁴. Women workers in the informal economy, perform low skilled/unskilled jobs, including petty trading, subsistence farming, seaweed farming, pottery, handcrafts etc. which have low and irregular incomes. Low and irregular incomes from self employed and lack of contributions from employers in the informal economy is a major set back to the majority of the labour force.

Discriminatory conditions of ZSSF could be one of the reason that led to the women to come up with their own way of social protection in the form of groups micro-insurance schemes.

Box 8: The Zanzibar Social Security Fund's (ZSSF) Future Plans

- Promote coverage from current 8.6 percent to 100 percent of all the employees in the formal economy;
- Conduct needs assessment on social security requirements in the informal sector;
- Strengthen partnership with stakeholders in the formal sector with the view to consolidating the coverage and improve the terminal benefits of contributing members;
- Collaborate with other stakeholders to conduct public awareness on the benefits of social security; and
- Collaborate with Government and other stakeholders to have in place a national social security policy for Zanzibar

CHAPTER FOUR: LESSONS LEARNED POLICY RECOMMENDATIONS AND CONCLUSIONS 4

Lessons Learned

Women's access to productive resources reduces poverty

WARIDI and PEMBA SACCOS provided banking service to low income women who would otherwise have no other means of gaining services from financial institutions. One of the significant service was access to flexible loans. The study revealed that the financial services had helped women to create micro enterprises, raise/increase their incomes, and reduce vulnerability to incidences of shocks. The income assisted them to meet their practical and strategic gender needs which were in line with MKUZA expected broad outcomes. The expected broad outcomes on growth and reduction of income poverty was achieved through micro enterprise development, access to credit and increased income; whereas expected broad outcome number two was achieved through improved quality of life and social well-being of women and their families, including children's education and health and broad outcome three on good governance was realized through organizing, voice and representation.

High demand for social protection

The availability of informal women's micro-based insurance schemes was a clear evidence of the demand for extending social protection to workers in the informal economy. Women who are already organized had seen the benefits of belonging to a group, in terms of solidarity and support, access to resources, increased voice and visibility. The unorganized women showed great desire of organizing themselves and accessing services that organized women enjoyed.

Another lesson learned was that the high demands for decent employment by the poor can exacerbate informalities in the already existing informal economy such as establishment of informal social security schemes which are not guided by policy frameworks nor protected by laws. Social protection schemes for the informal economy should be designed to meet the existing demand with reference to appropriate policies and laws.

Organizing is a vehicle through which principles of the Decent Work Agenda can be achieved

Decent work agenda promotes fundamental principles and rights at work, productive employment, extending social protection and social dialogue. Out of the four principles, it was clear in the study that these principles were achieved. Fundamental principles and rights at work were realized through access to working premises and improved working conditions (women diversified into less precarious jobs); the productive employment was evidenced by the income generating activities established by the women while the social protection was evidenced by the existence of loans and establishment of micro-insurance schemes. The social dialogue principle was achieved through the existence of the women's SACCOS and their democratic structures from the core groups to the SACCOS level. Improved gender relations in the household/community and reduction of conflicts were also documented. Women were able to participate in decision making in the household and acquire leadership positions in the community.

Women economic empowerment and gender equality is a path through realization of the Millennium Development Goals (MDGs)

The women's SACCOS in Zanzibar contributed to achieving the MDGs, especially goals 1, 2, and 3 on poverty reduction, education for girls and boys and gender equality and empowerment of women. Goals 4 and 5 on reducing child and maternal mortality were met indirectly through improved family welfare, better diet and nutrition, and children's education. Poverty is multi-dimensional and by providing access to financial services, micro finance plays an important role in the fight against the many aspects of poverty. Access to credit had allowed the poor women to take advantage of economic opportunities for their homes, their environments and their communities. For example, income generated from business did not only help the business to expand but also contributed to increased household income which enabled improved food security, meeting expenses for children's education, health and other social contingencies like deaths and funerals arrangements.

Policy Recommendations

The specific recommendations highlighted in the table below are to be incorporated in the implementation and review of the Zanzibar Strategy for Growth and Reduction of Poverty and other the national macro policy framework.

Challenges	Recommended Action(s)	Key Actors
1. Sustain project benefits accrued in previous ILO supported projects namely Promoting Linkages between Women's Employment and Reduction of Child Labour and Gender Equality and Decent Work throughout All Stages of Life	☐ Up-scale and replicate women's groups and women owned and managed SACCOS	Government - Allocate adequate resources for the women machinery for coordination, monitoring and evaluation - Put in place mechanisms for supporting Business Development Providers (BDS) working with women and youth groups - Support and facilitate formation of women groups and women managed SACCOS Development Partners - Provide financial and technical support Other actors - Conduct community mobilization and facilitate group formation - Provide training to women groups
2.Support and encourage savings culture and credit delivery including increased lending capital	☐ Encourage and promote savings culture among women in other areas and locations ☐ Increase lending capital and cash guarantee for the micro finance institutions including women owned and managed SACCOS ☐ Increase lending capital and cash guarantee for women managed SACCOS and promote the savings culture among women	Government - Set and provide funds for Cash Guarantee - Establish partnership with microfinance institutions Development Partners - Provide technical and financial support Other actors - Participate and contribute financial and technical support

3. Provide support for sustenance of the SACCOS Institutional Framework	☐ Conduct training for SACCOS decision makers and management on entrepreneurship, basic record keeping and loan tracking mechanisms. ☐ Conduct training for poor women workers on the importance of joining groups/SACCOS, member's obligations and rights and general management of SACCOS.	Government - Support BDS providers to conduct training to leaders of SACCOS Development Partners - Provide technical and financial support BDS Providers - Conduct training to the leaders of SACCOS - Follow up and provide technical support
4. Promote Social Protection scheme for all	☐ Develop a comprehensive gender responsive policy on social protection covering both women and men in the formal, informal and rural economies	Government - Allocate adequate resources and provide conducive environment for Policy dialogue and formulation - Work with other stakeholders and conduct a comprehensive study on social security in Zanzibar to inform policy development Development Partners - Provide technical and financial support for conducting the study and policy development Other actors - Participate and contribute to the findings of the study and policy development
5. Promote and scale up Micro-Insurance Schemes in the informal sector	☐ Make the micro-based insurance scheme part of an integrated and sustainable system that allows effective access to social protection for all. ☐ Review the ZSSF policy, laws and regulations and make them inclusive ☐ Develop gender-responsive Social Protection Policy	Government - Provide policy direction and conducive environment for institutionalizing micro-based insurance scheme and gender-responsive policy development Development Partners - Provide technical and financial support Other actors - Participate and contribute to the policy formulation

6. Support and promote formulation of Micro-finance policy based on requirements and environment of Zanzibar	☐ Develop appropriate needs and environmentally based policy on microfinance for Zanzibar	Government • Allocate adequate resources and provide conducive environment for policy development Development Partners • Provide financial and technical support Other actors • Participate and contribute to the policy development
7. Enhance the capacity of Micro Finance Institutions to reach more clients, especially women in urban and rural areas	☐ Promote dialogue between Microfinance institutions and MSMEs ☐ Promote conducive environment for operation of MFIs through establishment of data client tracking system	Government • Allocate adequate resources and set an environment that would facilitate dialogue between MFIs and MSMEs Development Partners • Provide technical and financial support MFIs • Provide relevant information regarding products, terms, conditions and procedures for accessing loans
8. Empower the informal economy workers	☐ Support establishment of associations that can represent workers in the informal economy	Government • Allocate adequate resources and provide policy support for establishment of associations for informal economy workers Development Partners • Provide technical and financial support Other actors • Provide training and facilitate establishment of associations with a focus on women and youth

This study was essential to highlight Lessons Learned and Good Practices on Social Protection and Coping Strategies used by poor Women in Zanzibar to Mitigate against Shocks.

It has established that the benefits accrued from the previous ILO supported projects namely Promoting Linkages between Women's Employment and the Reduction of Child Labour and Promoting Gender Equality and Decent Work Throughout All Stages of Life have contributed to sustained women's organizational capacity; capacity to save and receive loans, credit management; and sustenance of institutional framework for Women's SACCOS. These project benefits provided an opportunity for women to establish informal Micro-Insurance schemes to cushion the non-existence of a national social protection scheme in the informal sector. The formal social protection for workers in the informal economy is limited or non-existence. The establishment of the micro-insurance schemes by women was a clear indication of the high demand for strengthening and expanding policies and programmes that will help workers in the informal economy to manage the occurrence of incidences of shock.

The women's micro-based schemes present an effective and flexible scheme that responds immediately to unpredictable incidences of shocks and other risks that women are subjected to in their daily life. There is a need to promote and make this part of an integrated system that allows effective access to social protection for all. Organizing women and encouraging them to mobilize savings remains the first line of defence for these women as it enhances their credit worthiness, cohesion and network. The idea is to strengthen these informal ventures, and ultimate extending social protection bringing in a wider range of stakeholders including women's groups and organizations, government institutions, financial sectors, CBOs and NGOs. This will be an important way of responding to different types of contingencies, particularly those faced by women workers and the poor in the informal economy.

The study report also provided for Lessons Learned and Recommendations which could feed into the implementation and review processes of the Zanzibar Strategy for Growth and Poverty Reduction and the development of a gender responsive social protection policy.

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Annex

Views of Government Officials, SACCOS Boards and Institutions Contacted

The Principal Secretary

The Principal Secretary in the Ministry of Labour, Youth, Women and Children Development (MLYWCD), Mr. Khalid S. Mohamed, reiterated that there are not yet comprehensive studies conducted in Zanzibar on Micro-Finance except the one conducted in 1998 by Craine. Studies done by Milinga in 2007 studied few micro finance institutions, policies and procedures and did not address the issues of access.

The Principal Secretary wished to see a detailed study that will cover among other issues geographical coverage of micro finance institutions, economic activities benefiting most, operational procedures and loan conditions, impact on the services so far. He said the lack of Micro Finance policy in Zanzibar has been a hiccup in the operation and regulation of the sector including measures to track bad borrowers.

WARIDI and PESACCOS Boards

Members of the two Boards first acknowledged the technical and financial support of ILO and Akiba Commercial Bank. The support provided by the two greatly empowered women who now have social respect and financial capabilities to manage life easily than before.

The Board members requested for training on SACCOS management and entrepreneurial education for newly recruited SACCOS members in both Unguja and Pemba. The education will enable the new members to broaden their skills in businesses they do and related policy issues like regular savings and timely repayment of loans.

Women Entrepreneurial Development Trust Fund (WEDTF)

The Executive Director of WEDTF, Ms. Alama Jumbe talked about the successes of the organization in assisting women in business – thanks to the support from UNIFEM, ILO, DANIDA and UNDP. The Director said the objective of the organization is to reduce the women's poverty through different approaches. One approach is through training on entrepreneurial skills and general education on HIV/AIDS prevention. The other approach is providing loans to the trained women for businesses.

WEDTF approaches include, Community Needs Assessment, Creation of Centers, Orientation of members, and contribution of 20 percent of the applied loan as savings. Repayment interest rate for the loans is 20 percent flat. Women beneficiaries in towns deal mostly with retail shops, saloons, and food vending. In the rural settings the beneficiaries mostly deal with seaweed farming, soap making, food vending, vegetable growing, charcoal burning and petty trading.

The social impact of Women's SACCOS under WEDTF is high. The women's groups have managed to produce two Members of Parliament, two Women Members of the House of Representatives, three Ward leaders (Shehas). The beneficiaries no longer depend entirely on their husbands or men in mitigating expenses on children's fees and other needs, some health needs and clothing. The WEDTF works closely with the Government at national and lower levels and is affiliated to ANGOZA the umbrella body for NGOs in Zanzibar.

Tanzania Postal Bank (TPB)

The officer in charge of loans at the bank in Zanzibar, Mr. Mbilizi A. Mbilizi said that the bank in Zanzibar is not yet providing loans to groups of women. His bank is working with private individuals, mostly big businesses. He said the bank was expecting to benefit from the president's fund that will enable them to run micro credit programme.

