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THE IMPACT OF SAVINGS AND CREDIT COOPERATIVES ON SUSTAINABLE LIVELIHOODS IN CHIVI DISTRICT (2000-2013): A CASE OF CHIVI SACCO

**By**

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# APPROVAL FORM

The undersigned certify that they have supervised the student Blessed Tinotenda Mhungu’s dissertation entitled: Savings and Credit Cooperatives and Sustainable Livelihoods in Chivi District (1996-2013): A case of Chivi SACCO,submitted in Partial fulfilment of the requirements for the Bachelor of Arts in Development Studies Honours Degree at Midlands State University.

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**Chairperson: Dr J Matunhu Date**

# DECLARATION

I, Blessed Tinotenda Mhungu, do hereby declare that the work contained in this dissertation is entirely a product of my own original work with only the exception of quotations or references which have been attributed to their sources. I further declare that this work has never been previously submitted and is being submitted in partial fulfilment of the Bachelor of Arts Honours Degree in Development Studies at Midlands State University.

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**Blessed Tinotenda Mhungu Date**

**Abstract**

*The purpose of the research was to examine the role played by Savings and Credit Cooperatives in sustaining the local communities in Chivi District. In conducting the study, the descriptive survey design was used and both the questionnaire and interviews were employed as the main research instruments. The purposive sampling technique was used in the study and the sample from which the data was collected was made up of ordinary as well as members of the management committee drawn from the Chivi SACCO. The Cooperative Development Officer from the Ministry of Small and Medium Enterprises and Cooperative Development was also part and parcel of the sample that participated in the study. Tables were used to show the responses and inferences which were drawn from the quantified data. Findings of the study revealed that rural communities in Chivi faced a number of socio-economic challenges in their day to day lives. Chivi SACCO was established as a way of trying to sustain the livelihoods of the rural populace in the face of the socio-economic challenges they faced. However, in trying to sustain the livelihoods of the rural populace, the SACCO also faced numerous challenges that inhibit them to fully maximize their capacity to sustain their local communities.*

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**May God bless you all!!!**

**Dedication**

I dedicate this piece of work to my parents Mr. A.T Mhungu and Mrs. N Mhungu whose prayers and endless effort made me succeed in my education and my beloved sisters Patience, Tariro and Rufaro for the moral and financial support during my studies.

**Long live my Heroes!!!**

**Acronyms**

CFSAM Crop and Food Supply Assessment Mission

FAO Food and Agricultural Organisation

ICA International Cooperative Alliance

LDCs Least Developed Countries

MDG Millennium Development Goal

MoCDWA Ministry of Community Development and Women’s Affairs

NACSCUZ National Association of Savings and Credit Unions of Zimbabwe

NCBA National Cooperative Business Association

NCCU National Council of Credit Unions

NGO Non-Governmental Organisation

SACCO Savings and Credit Cooperative

SHDF Self Help Development Fund

SMEs Small and Medium Enterprises

WFP World Food Programme

WOCCU World Council of Credit Unions

ZimVac Zimbabwe Vulnerability Assessment Committee

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# Introduction

Zimbabwe has been undergoing an economic down turn over the last two decades due to habitual droughts, floods, political instability and also due to the distressing impact of the HIV/AIDS epidemic. This decline in the economy impacted negatively on the welfare of the people directly and indirectly. That is, the increasing levels of poverty became an obstruction when individuals were now failing to enjoy the minimum standard of living, something that worst affected rural areas. However, in a bid to address the underlined problems faced by the majority of the rural populace, a number of Non-Governmental Organizations (NGO’s) and Government departments intervened in assisting such people especially through food hand outs and seed packs of which it has been reported that such assistance more often than not has been politicized while in some cases, the assistance has been considered to be inconsistent due to the current funding challenges facing most NGO’s. It is a result of these and other prevailing conditions in the country that cooperatives have become an option as a sustainable livelihood strategy for the rural populace. The research carried out investigated the contribution of Savings and Credit Cooperatives (SACCOs) on the livelihoods of the people of Chivi District using Chivi SACCO as a case study. The major thrust of the research was to explore the benefits, if any, that have been brought about by the formation of the cooperative. Various indicators of development were used as a gauge to assess the impact of SACCOs on the members’ livelihoods. This introduction gives the background to the research as well as a justification to it. It consists of background to the study, statement of the problem, research objectives, research questions, conceptual framework, literature review, significance of the study, research methodology, delimitations as well as ethical considerations.

## Background of the study

Modern cooperatives originated in Europe and later on spread to other industrialized countries during the late 19th century (Hoyt: 2005). The development of cooperatives was a stance taken as a panacea to counter the extreme conditions of poverty. These cooperatives, however venture into various economic activities including agriculture, mining, fishing, financing, housing to mention just a few. Dubey et al (2009:63) point out that cooperative societies in India have played an important role in the development of agriculture, banking, agro processing, storage, marketing, dairy, fishing and mining and are also involved in the housing sectors. Thus in India, cooperatives networks cover 85% of rural households and this serves as an indication that the role of these cooperatives especially rural cooperatives in poverty alleviation, food security and employment generation is well established.

In Africa, Kenya is one of the countries with the longest history of cooperative development that has been characterized by strong growth such that it has made significant contributions to the overall economy since the nation attained its independence. Wanyama (2009:89) notes that in 2009, the Ministry of Development and Marketing in Kenya established that 80% of Kenya’s population was deriving its income either directly or indirectly from cooperative activities. Cooperative movement has not been limited to Kenya only but has also found its way to other developing countries including Zimbabwe.

However, looking at the Zimbabwean context, one can note that Zimbabwe has been experiencing an economic down turn over the last two decades due to recurring droughts, floods, political instability and also due to the devastating impact of the HIV/AIDS epidemic. Akwabi-Ameyaw (1997:438) notes that recurrent droughts which occurred in 1990 to 1991, 1994 to 1995, 2000 to 2002 and 2007 to 2008 have significantly contributed to the decline in the economic performance that led to food insecurity especially among the rural populace. With the unemployment rate hovering around 60% in Zimbabwe, this has further led to increased vulnerability of most households particularly those in rural areas mainly because of the absence of properly targeted safety nets in form of, lack of farm inputs and lack of income for children’s fees and for health among other challenges.

 In a bid to address the highlighted problems faced by the majority of the rural populace, several Non-Governmental Organizations (NGO’s) and Government departments intervened in assisting such people especially through food hand outs and seed packs of which it has been reported that such assistance more often than not has been politicized while in some instances, the assistance has been considered to be erratic due to the current funding challenges facing most NGO’s.

It is as a result of such and other prevailing conditions in Zimbabwe that cooperatives are becoming a force to reckon with as they are struggling hard to boost food security, employment opportunities and increased households’ incomes. However, it is against the background of the socio-economic challenges faced by people in rural communities that emanate as a direct result of lack of employment opportunities and food insecurity that attracted the attention of the researcher to seek to identify the role played by Savings and Credit Cooperatives (SACCOs)as a sustainable livelihood strategy that aims at easing the socio-economic pressures on the rural population.

## Statement of the problem

The Millennium Development Goals facts reveal that poverty is still a perennial feature in Zimbabwe and that the vast of the populace is still enduring a living below the poverty datum line. Interventions by some economic sectors and NGOs to address the challenge of poverty have proved to be unsustainable due problems of funding as well as pressing political and economic hardships affecting the country. The government of Zimbabwe has since been encouraging small farmers as well as Small and Medium Enterprises (SMEs) to engineer the development of both rural and urban communities through the establishment of cooperatives among them SACCOs as a way of generating income, creating employment and alleviating the effects of poverty. This is because cooperatives have been identified to be one of the most significant agents of social development. It is in light of this that there was need for the researcher to investigate the impacts of Chivi SACCO upon the sustainable livelihoods of its members. The major thrust was to examine the sustainability of the SACCO in providing livelihood to its members and the entire community at large.

### Theoretical framework

The study was informed by the sustainable rural livelihoods framework. Scoones (2009:3) points out that, sustainable rural livelihood framework is taken to be one way of organizing complex issues surrounding poverty. To note however is that this framework is based on five assets namely human capital, natural capital, social capital, physical capital and financial capital. The human capital focuses on the people’s health, nutrition, education, knowledge, skills and the capacity to work and adapt to the environment. Natural capital looks at natural resources like land, water and aquatic resources, trees and forest, wild life, biodiversity and environmental services where as physical capital includes assets from economic production process such as infrastructure in the form of communication, transport such as roads and vehicles, secure shelter and buildings as well as land improvements such as water supply and sanitation. (ibid)

In addition to the three highlighted capitals, there is also the social and financial capital of which social capital refers to the interactive network and associations in which people participate to derive support towards earning a living. These networks in most cases are relations of trust and mutual support and they can constitute formal or informal groups of patronage, neighborhood or kinship (<http://www.ids.ac.uk/download.cfm?file=wp72.pdf>). These networks are however characterized by common rules and sanctions as well as collective presentation and mechanisms for participation in decision making.

 According to Ellis (2008:8) financial capital includes stocks of cash and credit for the purchase of either production or consumption goods. This shows that economic capital deals with savings, credit and debt ( formal or informal), remittances, pensions and wages all of which are considered essential for the pursuit of any livelihood strategy. However, Chambers and Conway (1992:17) look at a livelihood as comprising of the capabilities, assets which may include both material and social resources and activities required for a means of living. Wanyama et al (2008:14) indicate that livelihood analysts such as Chambers and Scoones have expressed the same idea as the one earlier alluded to in terms of their definitions of a livelihood. That is, they view a livelihood as the assets (natural, physical, human, financial and social capital), the activities and the access to the assets through the mediation of institutions and social relations that together determine the living gained by the individual.

The central focus of the sustainable livelihood frameworks is on linking concern over work or employment with poverty reduction. What the livelihood framework shows is that people’s access to the assets that they require to earn a living is a matter of how they organize themselves. Thus, institutions or organizations like cooperatives play a crucial role as mediating agencies in the process of accessing assets by the individuals and households. The sustainable livelihood framework helped this study by giving understanding into the contribution of cooperatives as both a livelihood strategy and mediating agencies towards poverty reduction in Chivi District. It is however because of the above sentiments that this study centered on the sustainable livelihood framework in an attempt by the researcher to establish how Savings and Credit Cooperatives are a livelihood strategy for rural households and how these cooperatives help them to access the vital assets needed by households to earn a living so as to develop their communities.

### Aims and objectives

**Aim**

To examine the contribution of Savings and Credit Cooperatives to sustainable livelihood

**Research objectives**

The study sought to:

1. Explore the nature of Savings and Credit Cooperatives.
2. Assess the contribution of Chivi SACCO in addressing socio-economic challenges faced by the cooperative members and the community at large.
3. Evaluate the problems and limitations faced by Chivi SACCO in an attempt to address the socio-economic challenges faced by rural households.

### Research questions

1. What is the nature of Savings and Credit Cooperatives?
2. What contribution has Chivi SACCO made to the livelihoods of its members and the community at large?
3. What problems and limitations have Chivi SACCO encountered in trying to address the socio-economic challenges faced by rural households?

### Significance of the study

It is the researchers’ hope that upon the completion of the study, a number of players in the realm of the cooperative movement and development work in Zimbabwe are to immensely benefit from the findings of the study. Policy makers on cooperatives are expected to utilize the outcomes and recommendations of the study to evaluate their contributions to low income earners. Also the cooperative members were expected to realize their strengths and weakness in eradicating poverty while at the same time realizing new ventures and aspects to be adopted in order to sustain their livelihoods. Thus areas of weakness upon being realized are expected to be improved with areas of strength being enhanced. An improvement in the areas of weakness and an enhancement in areas of strength are however expected to have an impact on how these cooperatives are to be managed. As a result of such improvements, members of the cooperatives and other members of the community are expected to attain improved standards of services from the different activities and projects of the cooperatives. Furthermore, support initiatives, education, training and capacity building at group levels in the community for these cooperatives are also expected to be strengthened as a result of the study. The other important aspect to take note of is that, the outcome of the research is also expected to contribute to the available literature by adding new findings to the already existing body of knowledge for further use by future researchers in this particular field and also Policy makers in the Ministry of Small and Medium Enterprises and Cooperative Development are expected to benefit a lot from the outcome of this study.

### Justification of the Study

The majority of the rural populace continues to suffer as a result of the socio-economic challenges faced on a daily basis largely because of lack of employment opportunities. These challenges are diverse in nature and they include problems to do with lack of income to buy farm implements, to pay school fees, money for health care coupled with food insecurity. It is important to note that the majority of people who are hard hit are mostly are those who depend on peasant farming and as a result, these have seen it noble to establish and promote a cooperative as a strategy of earning a living. It is against this background that the researcher sought to undertake the study so as to investigate the role of rural cooperatives as a survival strategy for rural communities in tackling the socio-economic challenges they faced in order to develop their communities.

### Limitations of the Study

In carrying out the study the researcher faced a number of challenges some of which are listed below:

**Financial problems**

Financial resources: Transport and research materials required financial resources. The general economic hardships faced by the researcher made it difficult and expensive to carry out the research to the desired level of satisfaction. That is the researcher found it difficult to meet high transport costs and the typing and printing expenses.

**Time factor**

The study was carried out over a period of three months. However this period was considered to be too short for more in-depth information to be collected and analyzed. Furthermore, the fact that the researcher was a full time student made it very difficult for him to balance the two in terms of time which was to be allocated to each of the two.

### Delimitations of the study

The area of study for this research is Chivi SACCO in Chivi District of Masvingo Province. The central focus of the study was on the role played by Savings and Credit Cooperatives as a livelihood strategy adopted by the cooperative members to counter the socio-economic challenges they faced in their day to day lives. Thus, the analysis of the study focuses on the activities undertaken by members of Chivi SACCO that are aimed at eradicating poverty in their livelihoods.

### Research methodology

#### Research Design

The research design used in this study is the descriptive survey. This design is considered to be the most frequently used method in educational research as it describes what the researcher sees over and beyond the horizon. According to Chiromo (2006:29) a research design is concerned with turning a research question into a testing project of which this has been considered a blue print for almost all the studies dealing with at least four problems namely, what questions to study, what data is relevant, what data to collect and how to analyze the results. Thus, through the use of a descriptive survey, conclusions of the study about the population will be based on the sample that will be studied. The researcher also made use of both quantitative and qualitative approaches and this mixed method is known as the methodological triangulation or the multi-methodological research.

#### Population

Fraenkel and Wallen (2003:96) define population as a group to whom the researcher wishes to generate the results of the study and this implies that the population is the group of people which the study is about and this is defined as the target population. Thus, the population in this research is clearly defined such that it is possible to state with certainty whether or not a particular unit to be analyzed is a member of the population. It is important to note that it is a Government requirement that for a cooperative to be registered it should have a minimum membership of ten ordinary members. The researcher started by identifying the population before coming up with a research sample and in this study; the population consisted of ordinary cooperative members from Chivi SACCO as well as members of the management committee of the cooperative. For some other technical assistance, the research also targeted officers in the Ministry of Small and Medium Enterprises and Cooperative Development as key informants.

### Sample and sampling procedures

#### Sampling Procedure

In this study, the researcher used of the purposive sampling which is a non-probability technique. Dornyei (2007:98) states that in non-probability sampling technique there are qualifying and disqualifying criteria which are used for example in this study the sample was drawn from only members of Chivi SACCO. Thus through the use of the purposive sampling procedure, the researcher was able to select a sample that is representative of the larger population and what compelled the researcher to make use of the purposive sampling technique is that the technique gives room for one to judge whether the sample is representative of the total population basing on the information supplied. In this study, the researcher selected the sample basing on the information obtained from the Ministry of Small and Medium Enterprises and Cooperative Development (SMECD), a Ministry that is responsible for the registration and promotion of cooperatives in Zimbabwe. Borg and Gall (1989:16) state that the advantage of drawing a sample from the population is that saves the researcher a great deal of time and it is also more cost effective to work with a sample than the entire population. It is in light of this that the sample was derived from certain cooperative members who were selected by the researcher.

####  Sample

Zimkund (2000:78) defines sampling as a process of selecting individuals to participate in the study where as a sample is taken to be a subset of the population which is meant to represent the entire population. A sample in research can also be taken as any group from which information is to be obtained by the researcher. Gary (1996:64) further states that the goodness of a sample helps in determining the generality of the results to be attained and it is by observing the characteristics of a sample that one will be able to make inferences about the population from which the sample is drawn.

By using the twenty percent proportion in selecting the participants of the study from the group or cooperative in this study, the sample was made up of twenty ordinary cooperative members, eight management committee members, manager of the cooperative and one Cooperative Development Officer from the Ministry of Small and Medium Enterprises and Cooperative Development thereby making the total number of the sample for the study to be thirty.

### Research instruments

The researcher used both primary and secondary data sources and as for the primary data sources, the researcher made use of questionnaires and interviews in an attempt to identify and analyze the role played by Chivi SACCO as a livelihood strategy in the face of diverse socio-economic challenges largely faced by the rural people in Chivi District. These instruments are however seen as crucial data gathering instruments that are to effectively tackle the research problem and to complement the findings from these primary data sources, the researcher also used secondary data sources.

#### Questionnaires

 A questionnaire consists of a set of questions that are used to respondents drawn from the population under study. About thirty questionnaires were administered to the respondents through the chairperson of the cooperative that will be looked at in this research study because the researcher wanted the participants to answer the questions at their own time without his influence. Green et al (2000:18) note that the questionnaire is an instrument in research that allows respondents in the study to answer to the questions at their own time with neither the pressure to respond to the questions quickly nor disturbing their daily activities. However, such an advantage prompted the researcher to use questionnaires in this study as this also guaranteed the objectivity of the study hence by using questionnaires the researcher aimed at describing the objectivity reality independent of his subject perceptions. Banchman (2004:52) points it out that this stance is based on the assumption that objective reality exist such that if different researchers are to observe the same phenomena using standardized measures, their findings will show agreement and convergence.

#### Interviews

The researcher also made use of interviews in this study and these interviews were both personal and telephone interviews. Borg and Gall (1990:35) define an interview as a conversation which is strictly meant for the collection of information. Interviews in the study involved direct verbal interaction between the researcher and the respondents thus one Cooperative Development Officer from the Ministry of SMECD who is stationed at Chivi Disdtrict office and two management committee members from the cooperative that were selected in the study were interviewed by the researcher. This brought the total number of interviewees in this study to three. Through the use of these interviews, the researcher was able to gather information regarding individual’s experiences, knowledge and opinions because the focus is on the unique meaning carried by the each respondent hence this shows that interviews are a very sensitive technique in uncovering some hidden issues pertaining the role played by the cooperative in the community and the challenges they face in the running of their day to day businesses. The researcher also used interviews in the study with the intention of making it possible to make follow ups on responses which were considered vague. This shows that interviews are an effective way of exploring new areas to reach a fuller understanding about the concept being studied. Structural questions which consist of a series of questions designed to elicit specific answers on the part of respondents were used in the study as these allow and at the same time guide the researcher in the study from deviating from his pre-selected questions. Thus the researcher prepared a set of pre-determined questions before going in the field to interact with the respondents and as such these pre-set questions form the base on which the interviews were based. The advantage of structured questions is that they guide the researcher from deviating from his pre-selected questions hence there is need on the part of the researcher to carefully think during the stage when designing the questions of which this was done to ensure that nothing of importance was left out.

#### Secondary Data Sources

Secondary data refers to data that was collected from the key research stakeholders such as government ministries and other local NGO’s. Thus crucial documents of cooperatives as well as from the Ministry of SMECD such as monthly and annual reports, minutes of general meetings and evaluation reports were also made use of in this research study.

#### Data analysis

Data analysis involves the ways and means of measuring figures. This entails that after collection; data is organized, presented and analyzed. The researcher summarized responses in questionnaires and interviews that are closely related to the sub-problem. Tables and bar graphs were made showing information collected from the field. Analysis of data was done through the use of qualitative and quantitative methods.

#### Ethical considerations

Ethics refers to the question of right or wrong and as such ethical concerns in any research are very important as they are meant to protect the rights of participants. Miller (2000:42) states that ethics can also be taken to refer to issues to do with morality, culture and customs whereby the researcher in the field has to make some considerations on issues that can affect the respondents. To this end, the researcher did anything in his power to ensure the protection of the participants from physical and psychological harm or any discomfort that may arise as a result of this research. The researcher thus guarantees safety on the issues of confidentiality and anonymity on the part of all information providers.

### Literature review

#### Introduction

The literature tended to look at earlier research studies carried out on: journals, seminar papers, conference reports, books, Government of Zimbabwe Legislation in relation to the objectives of the study with the hope of providing further insight.

**Cooperatives**

The International Cooperative Alliance (ICA) refers to a cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned, and democratically-controlled enterprise (Birchall 2004). Makori et al (2013) observe that cooperatives differ from joint-stock companies primarily in their governance in that voting rights are based on membership rather than size of the shareholding and they also differ from humanitarian foundations in that they are set up to benefit the needs of their members rather than the needs of others.

Tchami (2007:3) indicates that the purpose of a cooperative is to allow individuals to come together and pool their resources in order to reach a common goal which would be difficult for them to achieve as individuals. Furthermore, cooperation in most cases occurs when external factors threaten a certain number of individuals hence cooperatives seems like the best possible means of defense against the worsening social and economic conditions of a particular period affecting a section of the population. In this way, one can note that cooperatives are enterprises which help their members to cooperate in solving the problems they all share.

The National Cooperative Business Association (NCBA: 2005) argues that cooperatives are formed by their members especially when the market place fails to provide the much needed goods and services at affordable prices and of acceptable quality. In light of the sentiments of (NCBA), one can note that cooperatives empower people to improve their quality of life and to enhance their economic opportunities mainly through self-help projects. Barton (2000:42) also states that the major reason why cooperatives are formed is that they help in strengthening the bargaining powers of members, help in maintaining access to comparative markets, capitalize on new market opportunities, they easily obtain the much needed products and services on competitive basis while at the time they improve income opportunities, reduce costs and manage risks of the members.

Attwood and Baviskor (1980:68) argue that most of the rural cooperatives especially those that were established as a result of government policies in the developing world, sought to bridge the gap that existed between rural and urban areas. What this reflects is that, rural cooperatives in the 1980’s sought to rectify the colonial legacy of economic dualism which was characterized by policies that used to favour the development of urban industrial sectors at the expense of the rural areas.

Chitsike (1988:42) also notes that since most Less Developing countries (LDC’s) are agrarian societies whereby agriculture is considered to be the main source of income and survival, most rural communities across Africa find the need to be improved through the increase in agricultural productivity hence many embarked on the formation of cooperatives. Chitsike (1988:45) further gives an example of how rural cooperatives were promoted by the government of Zimbabwe and by the Non-governmental Organizations especially in the early 80s. The scope of such initiation of rural cooperatives back then was to help people to cope with the economic, social and environmental problems. Dubell (1985:98) further asserts that with the establishment of rural cooperatives, most governments in Africa were able to introduce new farming and marketing techniques to the rural farmers. In this regard, rural farmers were offered more efficient agricultural and cooperative extension services more easily and at low costs. This however reflects that the group approach of cooperatives became important to extension agencies as it proved to be easier and less expensive for such agencies to deal with groups rather than with individuals.

In addition to the above, seasonal loans and credit facilities were easily unveiled while cooperative marketing become easier to introduce to the rural farmers. Chitsike (1988:39) viewed rural cooperatives as traditional methods of passing and discussing agricultural information in most agrarian societies. Thus Borton (2000:12) notes that most of the farmers formed cooperatives with the objective of generating greater profits by obtaining input and services at lower costs than they could obtain elsewhere and also to market their products at better prices and in markets that were previously not accessible.

It is also argued that cooperatives especially in rural communities assisted rural farmers in securing up to date machinery and farming technology of which this has been noted to be one of the major element that has been influencing most peasantry to join rural cooperatives in Africa. Oslon (2004:2) concurs with the above assertion when he elaborated in his collective choice theory that groups such as rural cooperatives brings about the economies of scale whereby people tend to benefit as a result of coming together and operating at a larger scale. This shows that the bigger the scale of operations of rural cooperatives become, the more the benefits the members derive.

Schwettmann (2004:7) further states that rural cooperatives are successful in economic development because they are viewed as commercial organizations that operate by a broader set of values than those associated with the narrow pursuit of profit alone. That is, cooperatives have been taken as business enterprises but at the same time they practice economic fairness by ensuring equal access to markets and services among open and voluntary membership base. In addition Schwettmann (ibid) also notes that since cooperatives are owned by the consumers of the services they provide, therefore cooperatives tend to make decisions that balance the need for profitability with a greater interest of the community which they serve.

**Types of cooperatives**

There is number of cooperative typology with each focusing on a particular economic sector while others however pay attention to the nature of membership. Main types of cooperatives include agricultural cooperatives, financial cooperatives, housing cooperatives, health and social care cooperatives and worker cooperatives (Makori et al: 2013). To note however is that the cooperative nature of institutions has been in existence since time immemorial yet the modern form of cooperatives began in the nineteenth century. In many countries, cooperatives play a significant role in the sustenance of the economy with agricultural cooperatives dominating the sector. Among these cooperatives there financial cooperatives (FCs) that include cooperative banks some of which have large market shares in a number of countries. Most financial cooperatives in the developing countries provide savings and credit services. Likewise numerous FCs offer more cultured financial services in form of leasing, payments and insurance services. For instance, credit unions in El Salvador, Honduras, Ecuador, Nicaragua, Mexico and Jamaica receive remittances from credit unions in the United States through the International Remittance Network established by the World Council of Credit Unions (WOCCU).

**Financial Cooperatives**

The development of financial cooperatives in any one country may vary form formal cooperative banks to otherwise semiformal financial cooperatives and credit unions down to informal village based savings and loan entities. This however depends on the level of development of financial cooperatives within a country. Financial cooperatives are member-owned and they adhere to the principle of one-member one-vote provided by the ICA (2004). At higher level that is at state and national or regional levels, ownership of financial cooperatives falls with member cooperatives and voting is hence in accordance to the share capital invested by their member organisations. Makori et al (2013) note that small cooperatives are usually managed by members on voluntary and on part time basis whilst established cooperatives on the other hand pay managers and staff. Nevertheless the members still elect among themselves the management organs of the cooperative.

**Services provide by financial cooperatives**

 The role of financial cooperatives according to their original nature and still today is to provide only basic products and these are loans and savings which are often the most important and basic financial services for low income households. However, the range of services needed by the membership, and provided by more advanced financial cooperatives even in developing countries, can be much larger, including payment services, such as money transfers and remittances, insurance, and term savings. Although financial cooperatives were originally established to facilitate credit for poor households, savings are also very important. Financial cooperatives provide safe facilities for savings, enabling savers to smooth consumption, prepare for emergencies, gradually accumulate financial resources, self-finance the purchase of durable goods, and make investment (Turtianen, 2008).

**Savings and Credit Cooperatives and Credit Unions**

Financial cooperatives can be divided into two distinct groups, that is (a) savings and credit cooperatives and their networks (also referred to as cooperative banking, and (b) credit unions (Turtiainen, 2008). Both are member-based organizations, however their differences arise from their origins and main groups they target. They also have associated themselves into different national and international organizations. Having come out of age these organizations have become larger, and developed almost the same services offered by ordinary banks, hence the differences between them have become indistinct. Savings and Credit Cooperative Societies are the far most common cooperatives in rural areas both in developing and developed countries. They belong to a group of cooperatives that are commonly called Raiffeisen cooperatives due to the German of the movement in 1800s (Tache, 2006). Their original purpose was to provide small loans to poor farmers or small entrepreneurs, but especially in the developed world they have grown to become everybody’s banks. Although originally serving only their members, they now are open also to non-members. Borrowers must however, usually become members and purchase at least a share. To this end then SACCOs as they are commonly referred to act as intermediaries as observed by Magill (1994) between surplus and deficit members which proposition is also shared by Cox (1996).

Savings and Credit cooperatives in developing countries are often small and village-based while their equivalents in developed countries have advanced from village-based organizations to full-scale banks. These institutions largely furnish their members with convenient and secure means of saving money and obtaining credit at reasonable rates of interest (Bailey: 2001). These banks now are in most developed countries under central supervision although supervision is usually delegated to the national level federation or apex bank. This role, sometimes seen as a burden by the financial cooperatives, has been accompanied by broad authorization to enter the financial markets. Cooperative banks can now provide almost all financial services, and they are especially strong in collecting savings, which are principal source of their funds for lending operations, so much, that they manage in some countries from 20-40 percent of the funds in deposit markets (Germany, The Netherlands, Ireland, Finland, etc.). The cooperative banks are nearly always federated and/or have joined an apex bank in their respective countries such as DZ Bank in Germany, Redobank in the Netherlands, Credit Agricole in France and Desjardins in Canada. Internationally they belong to the International Cooperative Banking Association, a Raiffeisen organization based in Switzerland.

An apex bank is typically a national level bank, owned by the primary financial cooperatives and occasionally also by other shareholders. In federated countries, secondary level cooperatives may appear at that level. An example of the expansion of activities is the Finnish cooperative banking movement. In the early 1960s, it consisted of some 450 cooperative savings and credit societies and their apex bank. The societies transformed into cooperative banks in themed 1960s expanding their operations into all activities allowed for the banks. The movement now controls about 32 percent of financial markets in Finland. Having met all the prudential and legal requirements of the banking law and being very profitable, the movement even purchased the largest insurance company in the country in 2005.

**Credit unions**

Credit unions are entirely member-based organizations, only serving people who belong do belong to the credit union. The common bond, that is the basis for a credit union, ties members together and is expected to make them more responsible for their and peers’ affairs. This bond is usually the place for employment or profession (large companies, teachers, etc.) but it can also be a geographic area though this has been quite rare until recently. Although savings and credit cooperatives also talk about having a common bond, it is usually based geographically on a village, group of villagers, a town and its surroundings ( Kabuga and Batarinyebwa 1995). The credit unions originated in Ireland, where they were promoted by labour unions for employees of different working places. They came to the American continent with Irish immigrants and found there- a fruitful soil. For instance, the USA is now the most prominent country in terms of credit unions, with about 9,500 credit unions and nearly 90 million members (WOCCU 2008). Because of the Irish origin and Catholic connection, Catholic priests have promoted credit unions effectively in developing countries to provide financial services to the working poor. They were later joined in this work by labour union countries, such as the USA, and their international organization, WOCCU.

Because credit unions in developing countries have not been controlled by the; central banks( any more that savings and credit societies), they do not need to comply with the prudential ratios enforced on formal financial institutions, their product scope, that is, the services they have been allowed to offer, has been limited, usually to one or two forms of savings (besides shares all members have to buy) and , similarly, to one or two types of loans. Particularly in developing countries, the credit unions have had simple but clear internal regulations, including rules for the minimum deposit a borrower must have and how long he/she must have been a member before being entitled to a loan. For the sake of simplicity the interest rates were originally uniformly determined, and for instance for loans they were one percentage point for each month. This is internal regulation or guideline had to be changed when high-level inflation hit most countries in the 1970s and 1980, and since then the credit unions have determined their interest rates according to their profitability targets (Bailey, 2001).

In countries where there are a substantial number of credit unions, they are affiliated to their own apex organizations, such as the Credit Unions National Association in the United States. Internationally nearly all credit unions are affiliated to the World Council of Credit Unions (WOCCU), usually through their national federations. It is important to note that larger credit unions, especially in the developed countries, have been able to expand their operations and services to resemble those provided by banks, including the cooperative banks. However, although very important for their members, very rarely have they become an important player in the financial markets. For instance in the US credit unions represent only a few percentage points of the country’s total savings.

#

# CHAPTER 1

# NATURE OF SAVINGS AND CREDIT COOPERATIVES

# 1.0 INTRODUCTION

In this chapter, the researcher is going to provide an overview of Savings and Credit Cooperatives (SACCOs). The researcher will explain the nature of the SACCOs that is their guiding principles; how they operate as well as how they are managed. The advantages of SACCOs over other financial institutions in sustainable livelihoods will also be discussed in this chapter. The chapter will not only focus on SACCOS in Zimbabwe, examples are also to be drawn from other countries for comparison and clarification’s sake.

# SAVINGS AND CREDIT COOPERATIVES

According to the International Co-operative Alliance (ICA), a co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.The action of these cooperatives is defined and guided by a set of values that the ICA America’sStatement on Co-operative Identity describes as based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Credit co-operatives or credit unions, as a particular type of co-operative, are defined as non-profit associations whose members deposit their savings in a common pool with the aim of creating a fund to satisfy the credit needs of their members. Their purpose is not to make profits, but to provide services at the best rates compatible with the sustainability of the organization. Mago (2013) notes that credit unions were developed to improve the welfare of both the rural and urban poor people. Credit unions or Savings and Credit Cooperatives are best recognized by their loyalty to cooperative principles, particularly related to membership and control.

## 1.2 PRINCIPLES OF COOPERATIVES

Tchami (2007:6) notes that the life and work of a cooperative business are governed by several values and principles that enable cooperatives to be viable. The following are the values that govern cooperatives in putting their values into practice and these are namely; self-help, self-responsibility, democracy, equity, solidarity and the ethical values of honesty, openness, social responsibility and caring for others. In addition to these values there are also the famous seven principles that act as a guide line for cooperatives to put the mentioned values in practice. The Rochdale Pioneers are considered to be responsible for most of the principles that are currently used by today’s cooperatives. It is however important to note that the Rochdale Pioneers decided to draw up these principles as a way of guiding the operations of cooperative societies as they are the ones that started with the first noticeable cooperative society in the world in around 1844 in the village of Rochdale in England and this was during Britain’s Industrial revolution. The seven cooperative principles currently used all over the world have evolved over time from the first principles drawn by these Rochdale Pioneers and the following are the current principles that are in use:

Principle of voluntary and open membership

The principle of voluntary and open membership indicates that cooperatives are open to all persons that are able to use their service and willing to accept the responsibilities of membership without gender, social, racial, political or religious discrimination (<http://www.ilo-org/wcmsp5/gropus/publuc/ed-emp-ent/documents/publication/uscms-094046.pdf>). Thus, cooperatives can only be viable if they are supported by their members hence according to this first principle, every disappointed member dissatisfied with the services offered by the cooperative must have the right to leave the cooperative so as to avoid such members to end up prejudicing the future success of the cooperative. However, in respect of this principle, free entry and free exit to and from the cooperative does not mean that an unrestricted number of members can belong to a cooperative. It is in light of this that Tchami (2008: 8) states that a cooperative has to accept only a pre- determined number of members depending on their capacity.

### Democratic member control

This principle indicates that since cooperative societies are democratic organizations which are controlled by their members who actively participate in the setting out of policies and in making decisions, men and women who serve as elected representatives should therefore be accountable to the general membership. Laidlaw (1980:14) indicates that in primary cooperatives, members of the cooperative have equal voting rights by virtue of the, “one member one vote” rule and what this shows is that cooperatives should be democratically managed.

### Principle of member economic participation

Galor (1995:64) notes that members in a cooperative society contribute equitably to the society and that they democratically control the capital of their cooperative societies. What is important to note here is that cooperative societies return surplus income to members in proportion to their use or patronage of the cooperative and not proportionate to their investment or ownership share. Thus, cooperatives members allocate surplus either by rewarding themselves in proportion to their transaction with the cooperatives or by reinvesting in the cooperative so as to develop it. Barton (1989:17) indicates that the role of the capital in a cooperative is to serve the interests of the members and to allow them to fund the activities of a cooperative. It is further stressed out that one crucial point to be remembered for this principle is that the main aim of a cooperative is to respond to its member’s needs and not to make profit unlike capitalist enterprises hence failure to have surplus in a cooperative is taken to be a sign that the members are enjoying the services of a cooperative at the lowest possible cost. It is in light of this principle that one comes to note that cooperatives are in most cases motivated not by profit but by the need to provide a service to satisfy members’ requirements for affordable and quality goods and services.

### Principle of autonomy and independence

Cooperatives are viewed to be autonomous, self-help organizations which are controlled by their members. Thus in the event that cooperatives are to enter into agreements with other organizations, government included or to raise capital from external sources, they should however do so on terms that ensure democratic control by their members so as to maintain the autonomy of the cooperative. ([http://www.ilo.org/wcmsp5/groups/@public/wcmc-094046.pdf](http://www.ilo.org/wcmsp5/groups/%40public/wcmc-094046.pdf)) It is in light of this principle that the ICA indicates that cooperatives can only develop if they are allowed the means with which to operate in accordance with their own rules and also if they are free to pursue the objectives which they set for themselves. However, the principle of autonomy and independence does not forbid cooperatives from working with governments or other development agencies but it is only there to remind members that it is crucial for cooperatives to remain autonomous and independent.

### Principle on education, training and information

Tchami (2007:21) notes that the fifth principle of the cooperative movement clearly highlights that cooperatives should provide education and training to their members. That is, the elected representatives, managers and their employees need to be educated and trained more often in order for them to contribute effectively to the development of the cooperative. Thus, cooperatives should strive to inform the general public particularly the leaders and the young people about the nature and benefits of cooperation. World over, it has been noticed that the solidarity of the group in a cooperative is rather not based on family ties but on the mutual agreement among the members hence there is need for all the people wishing to join the cooperative as well as for the members to know their rights and their obligations in the organization. Ortmann and King (2007:40) add that members of the cooperative should learn how to work together so as to relinquish their personal interests in favour of the interests of the group while the management have to learn how to use their powers wisely in running a democratic commercial enterprise.

### Principle of cooperation among cooperatives

The International Cooperative Alliance (ICA: 2005) notes that cooperatives serve their members most effectively while at the same time strengthening the cooperative movement to work together through local, national, regional and international structures. It is in light of this that the principle of cooperation among cooperatives encourages these cooperatives to pool their resources together and to gain strength by working as organized groups. That is, the advantages of primary cooperatives which are relatively small in size and close to their members should be combined with the advantages of the large scale cooperatives.

### Principle of concern for community

Cooperatives work for the sustainable development of their communities through policies which are approved by their members. ([http://www.ilo.org/wcmsp5/grous/public/@ed-emp-ent/documents/ documents/publication/wcmc-094046.pdf](http://www.ilo.org/wcmsp5/grous/public/%40ed-emp-ent/documents/%20documents/publication/wcmc-094046.pdf)) This however shows that wherever cooperatives are, they tend to enjoy the benefits of the infrastructure, the services and amenities of their communities hence the seventh principle calls on cooperatives to have a sense of responsibility towards their communities.

It is important to note that the afore discussed principles are internationally recognized cooperative principles which must be viewed in most cases as a mission statement of an ideal cooperative which all cooperatives in the world should aspire to become hence the principles are to be taken as merely guidelines through which a cooperative should put is values into practices. That is, it has been noticed that up to this day, no cooperative has managed to fully respond to all the seven cooperative principles discussed.

# 1.3 Advantages of Savings and Credit Cooperatives

Cooperatives have been globally acknowledged among institutions as self-help organizations with the capacity to advance peoples livelihoods and welfare. In 1994, the United Nations projected that co‐operatives provide livelihood security for three billion people. This therefore means that, co‐operatives pursue to tie together and exploit mutual dormant and potential resources available to members that would have up till now remained unexploited and ineffective.

Primarily the objective of Credit Unions is to uphold the social and economic wellbeing of its members. However, the broad determination is to provide the foundation for individual self-fulfillment and community improvement. Credit Unions and Savings Clubs are accordingly familiarly concerned with development at the grass roots level, and provide practical education in financial discipline amongst the rural and urban poor, which is commonly lacking in developing countries. WOCCU (2005) Credit unions actively promote financial education of their members and of their communities. Financial education reinforces the self-help spirit of credit unions by providing members with the tools and information to improve their decisions regarding financial issues. To achieve these social goals and operate efficiently, credit unions often share resources among themselves and cooperate among cooperatives. This involves pooling liquidity resources for high yields and intra-system lending, joint promotional campaigns, branding and efficient sharing of back office resources. This is a service which other financial institutions do not just offer on a silver platter hence it becomes one of the advantages of the credit unions or cooperatives. Thus Chivi SACCO becomes a living testimony of such cooperatives though in a rural perspective.

According to WOCCU, SACCOs or Credit Unions as financial cooperatives provide savings and lending products to their members while each member is obligatory to be a shareholder in the organization. Basing on their democratic nature as has been highlighted earlier on, Credit Unions are member-owned and governed cooperatives where members have the power to direct credit union policy. WOCCU further asserts that if the majority of members are displeased with the directors who set the policies of their credit union, they have the power to replace them. Credit union elections are based on a one-member, one-vote structure, and only members—those who use the financial services—can be on the board of directors.

In qualification of the above, WOCCU points out that this structure is different to for-profit companies where board members and stockholders are not required to be members and voting rights depend on the number of shares they own. Further, these board members are exempted the access to the institutions’ products or services. Membership is the most distinctive feature of credit unions (WOCCU). Membership is open, voluntary and non-discriminatory. Different from other financial institutions, SACCOs do not issue stock or pay dividends to external stockholders. Instead, earnings are returned to members in the form of lower loan rates, higher interest on deposits, and lower fees.

Moreover, Credit unions are member-owned, cooperative financial institutions that provide a variety of services such as savings and checking accounts, youth and senior accounts, a variety of loans, insurance, convenient methods of accessing and sending funds, investments and other financial services. Since the establishment of the first credit unions, the assurance of these institutions has been a strong commitment to member service, which can be attributed largely to their member focused structure. Unlike banks or other financial institutions, credit unions’ members are also their owners. This structure, and its accompanying governance mechanism, helps ensure that the credit union’s resources are directed at providing superior member service, resulting in increased member satisfaction and a higher rate of retention. Numerous national-level surveys confirm a significantly higher level of satisfaction with credit unions than with banks throughout the world (WOCCU: 2005).

Adding on to the above since members are shareholders, credit unions enjoy the exceptional advantage of being highly interested to the needs of members. This is revealed in credit unions’ aptitude to offer affordable access to financial services to those who would otherwise not have access. Worldwide, those most frequently excepted from financial services are the marginalized rural folks, the poor and members of the minority ethnic groups. Credit unions thus can offer affordable access to financial services because the surplus from their operations belongs to all members and benefits all members through higher rates on deposit, lower rates on loans and improved services. Also, the cooperative nature of credit unions provides a self-help structure to the financially marginalized to better their circumstances rather than leaving them to rely on government or the profit-making commercial sector to meet their needs. In times of economic difficulty, credit unions are often able to adopt more sensitive approaches to accommodate individual member needs. This characteristic of credit cooperatives makes it advantageous as compared to other financial institutions.

Furthermore, according to WOCCU (2005) Credit unions are a social movement, a civil movement, and a self-help movement thus they are there to help people and not for profit making. The noted difference hence provides credit cooperatives with the opportunity to act in ways that may not otherwise occur if based only on financial incentive. Credit Unions provide corporate social responsibility services such as rebuilding of post-conflict societies and economies. In the 1990s in Central America, WOCCU worked with credit unions to foster economic activities in rural areas after civil unrest and war in Guatemala, El Salvador and Nicaragua. After the 1994 genocide in Rwanda, it was the credit unions that the government looked to in rebuilding the economy. It was the same platform that the Hutus and Tutsis sat down together to reintegrate the society. This clearly shows that credit cooperatives or unions play a very pivotal role in terms of economic and social development.

Corporate social responsibility can be neatly condensed into the statement “doing good equals doing well.” In other words, companies that act in society’s best interests often find that they are also serving their own interests. Customer satisfaction—the ultimate measurement of success for credit unions—is increased when the institutions take actions that benefit society as a whole. To this end WOCCU believes that governments that are in support of non-profit cooperative principles encourage the growth of credit unions by exempting them from paying taxes. This would ensure the stability and effective operation of credit unions.

# 1.4 SACCO movement in Zimbabwe

Savings and Credit Cooperatives movement in Zimbabwe dates back to 1963 when the first savings club was formed in the then Southern Rhodesia. The initiative was spearheaded by one Brother Francis Waddilove, a Jesuit Missionary who came out to the colony in 1937 (Raftopolous and Lacoste: 2001). The idea was however a brainchild of Pat Bailey, an international representative of the Credit Union International Association, who visited Southern Rhodesia in the early 1960’s advocating the idea of credit unions. The idea was targeted at communal farmers so that they could accumulate enough money to purchase more agricultural inputs at the beginning of the rain season. Thus the first savings club in Zimbabwe was formed in Chiweshe Communal area with a membership of twenty men and women.

Following the success of the pilot project, there was a drive to put the idea into a broader membership. This was necessitated through the use of state’s agricultural extension officers and the simple stamp system made it easy for the illiterate rural women to understand the notion of saving. In light of this, the late 1960’s saw an attempt to transform savings clubs to credit unions and the initiative garnered the support of church groups, university researchers, commercial producers and agricultural retailers. This resulted in the establishment of the National Council for Credit Unions (NCCU) in 1968 (Bond: 1998). Realization however was that during the early stages the credit union members lacked administrative and management skills and the volunteers also did not have adequate administrative capabilities (Chimedza: 1984).

Henceforth, a marked increase of savings clubs was noted with statistics showing that the number of clubs grew from 30 in 1970 to 1500 in 1974 while membership increased from 2000 to 3000 during the same period and by 1975 there were 3000 clubs and 60 000 members (Raftopolous and Lacoste: 2001). However the activities of these clubs were hampered by the ongoing liberation struggle between 1976 and 1980. This was because during these years, there was severe restrictions placed on people’s movement and their right to organize, savings clubs were prevented from carrying out their meetings in the rural areas (Chimedza: 1984). The post-war period nevertheless witnessed an impressive rise of the savings clubs. Raftopolous and Lacoste (2001) noted that the number of clubs grew from 5000 in 1983 to 7000 in 1998 with membership moving between 125 000 and 100 000 during the same period.

Important to note is that the movement of these savings clubs was led by an NGO registered as Wycomb Foundation operating as Savings and Credit Cooperative (SACCO), largely under the management of a few sympathetic whites who included who included the founder Brother Waddilove (Mutambira 2000). After independence the organisation as SHDF, registered as a non-profit company under section 26 of the Companies Act. Its objectives were to promote savings mobilization through the stamp system and to provide savings club members through advice, training and savings administration. During this early period, SHDF started to develop links with post-colonial state by assisting in the training of extension workers from the newly formed Ministry of Community Development and Women’s Affairs (MoCDWA), (Raftopolous and Lacoste: 2001)

The SACCO movement in Zimbabwe had developed and grown so well, until in 1985 when a problem arose in the SHDF. In this year, as observed by Raftopolous and Lacoste (2001)the state sought to despose the remaining white membership of the management committee of the organisation and replace them with government nominees. This was followed by the suspension of the organisation’s management committee by the MoCDWA. After losing the court case, the state established its own national coordinating body of credit unions in 1986 known as National Association of Cooperatives and Credit Unions of Zimbabwe (NACSCUZ) under MoCDWA. However two years down the line NACSCUZ was not able to develop a credible structure as a national body. By 2000 most of NACSCUZ’s members were still facing serious management capacity, poorly performing portfolios, and weak operational systems and standards (SAFER: 2000).

# 1.4.1 Distribution of SACCOs in Zimbabwe

Zimbabwean government provides that SACCOs that are member of the umbrella body National Association of Credit and Savings Cooperatives (NACSCUZ) and others total to two hundred and eight. However the CGAP microfinance gateway resource center lists forty-eight SACCOs in 2004 while the World Organization of Cooperative Credit Unions (WOCCU) states that there are sixty-four SACCOs. Klinkhamer purports that though the information is outdated, it is included to give an indication of which provinces are historically best covered by the presence of SACCOs, such as Mashonaland East, and least covered, such as Manicaland, Matabeleland South and Masvingo. The given table overleaf provides the distribution of SACCOs in Zimbabwe as of 2006.

**Table 1**

***Distribution of SACCOS per Province***

|  |  |  |  |
| --- | --- | --- | --- |
| Region | Functional | Non-functional | Total |
| Harare | 21 | 15 | 36 |
| Mashonaland East | 31 | 22 | 53 |
| Mashonaland West | 10 | 7 | 17 |
| Mashonaland Central | 16 | 11 | 27 |
| Manicaland | 7 | 5 | 12 |
| Matebeleland North | 13 | 9 | 22 |
| Matebeleland South | 5 | 3 | 8 |
| Midlands | 15 | 10 | 25 |
| Masvingo | 5 | 3 | 8 |
| Total | 123 | 85 | 208 |

***Source****: Ministry of Youth Development, Employment Creation, and Cooperatives, February, 2006*

# 1.4.2 Performance of SACCOs in Zimbabwe

According Klinkhamer, at year-end 2008, the number of Savings and Credit Cooperative Societies (SACCOs) that were operational was close to zero. This has been a result of serious economic meltdown experienced by the country which was characterized by, but not limited to hyperinflation, liquidity crunch, brain drain, currency devaluation and unemployment. Consequently this posed as a threat not only to SACCOs to almost all existing institutions. The few that were still existence were operating way below capacity that it would have not been a mistake to synonymize them with those that had ceased to offer services.

**Table 2**

***SACCO performance for the period with available information***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2004 | 2003 | 2002 | 2001 |
| Unions  | 64 | 52 | 52 | 46 |
| Total number of members | 60,488 | 46,448 | 46,448 | 35,159 |
| Outstanding portfolio | 1,607,015 | 9,668,484 | 9,668,484 | 4,200,500 |
| Deposit Balance | 2,881,025 | 12,993,079 | 12,993,079 | 14,906,447 |

*Source: WOCCU*

It is however important to note that SACCOs draw their membership from the local community or from a similar employer. For instance, the Masvingo Teachers Association Savings and Credit Society reached some 10,000 clients in the mid-2000s. Of the SACCOs in Zimbabwe, 35% are employee-based, 23% enterprise-based, 19% agriculture-based and the remaining 23% are both enterprise- and agriculture-based. The same also applies to Chivi SACCO which is made up of members of the same community though they engage in different activities for a living.

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# 1.5 CONCLUSION

The chapter provided an overview of SACCOs explaining the nature of cooperatives that is the guiding principles through which they operate which include voluntary and open membership, democratic member control, participation, autonomy and independence to mention just four. The chapter also highlighted on the advantages of SACCOs over other financial institution some of which are that they offer affordable credit with low interest rates to their clients, they offer financial education to their members and also that they are member-owned and controlled. These features have distinguished SACCOs from other credit unions giving them an upper hand. The distribution of SACCOs in Zimbabwe was also provided in this chapter. The chapter was closed by identification of some of the challenges that are met by SACCOs in Zimbabwe which include governance and management challenges while at the same time they get little support from the national representative body.

**CHAPTER 2**

**THE CONTRIBUTION OF CHIVI SACCO AS A SUSTAINABLE LIVELIHOOD STRATEGY**

**2.0 Introduction**

The researcher learnt that communities in Chivi District are faced with a number of socio-economic challenges that affect their sustainable livelihoods. However, for the past decade Chivi SACCO has been operating in the area and according to the research findings the cooperative has been expanding greatly in terms of both membership and capital base. This chapter therefore seeks to examine the role played by or rather the contribution of Chivi SACCO in addressing the encounters highlighted by the cooperative members during the study. In this chapter thus, focus was put on providing the efforts of the above mentioned SACCO in curbing socio-economic problems prevalent in their communities. Characteristics of these roles include employment creation, poverty reduction, food security as well as human capital development.

**2.1 The role of the SACCO as a sustainable livelihood approach**

**2.1.1 Chivi SACCO and Employment Generation**

According to the research carried out during the study, levels of unemployment in Chivi are still low. The study reveals that 32% of the participants who took part in the study indicated that unemployment is considered to be the most challenging problem among rural communities as the majority of the people are said to be unemployed. The situation has been however ascribed to be as a result of the shortage and lack of rural industries due to the economic and political crisis in the country. What this shows is that, this is an indication that due to pressing political and economic hardships, the government has abandoned the development of rural areas across the country something which has been found to negatively affect the majority of the rural populace because few opportunities of employment that have been created over the years are fast coming to a standstill due to the recent past economic meltdown experienced by the country as a whole. Such a situation has however been considered to have brought the unemployment rate to be estimated to be well over 60% hence such a scenario has been observed by the researcher to negatively impact the welfare of the people of Zimbabwe especially those in rural areas like Chivi District..

The study further revealed that as a result of high unemployment rate in rural communities, economic hardships have been fueled to alarming levels. Thus, the decline in the economy of the nation in the recent past has impacted negatively on the well-being of the rural population. The researcher noticed that most households in rural communities as a result of the high rate of unemployment have been left more vulnerable especially in the absence of properly targeted safety nets from the government. In light of this, the researcher further noticed that lack of employment opportunities in the rural areas have actually become an impediment to the enjoyment of standard living since the participants in the research study indicated that most households in their communities were not in a position to enjoy the minimum standards of living as a result of low levels of income. The researcher also observed that in light of the above information, poverty cannot be defined simply in terms of lacking access to sufficient food but that it is also closely associated with person’s lack of access to productive assets, services and markets of which without access to these, the researcher further noticed that it was unlikely that production and income earning capacities can be improved on sustainable basis.

It was also noticed from the study that lack of income as a result of the high unemployment rate in rural communities has led to limited access by most rural households to primary health care and education. Thus in light of the high unemployment rate in the rural areas, it was observed that the majority of rural women were the poorest and more vulnerable to poverty than their male counter parts. That is, incidences of poverty among rural women were observed to be on the rise in Chivi due to issues of gender bias and gender inequality. From the interviews that were conducted in the study, it was noticed that most households in the remote areas were also failing to pay school fees for their children while at the same time it was noted that some of their children ended up dropping out of school as a result of hunger as most of these children cannot sustain some of the distances they have to travel to school on an empty stomach.

Information from the findings of the study revealed also that the decline in the economy coupled with lack of employment opportunities have actually led to the devastating impact of the HIV/AIDS epidemic. This has led the majority of poor rural households to find it very difficult to be in a position to pay for the health services for the sick in order for them to have access to the essential medication. Furthermore, it was observed that some of the patients even fail to travel to nearby health care centers to get some medication which is largely donated by NGO’s as a result of the failure to meet the necessary travel expenses. What this shows is that, the switch from the Zimbabwean dollar to multi-international currencies in the economy of Zimbabwe has also contributed to the raising levels of hardships especially with regards to access of basic services by most rural communities. Thus this revealed that with the new dispensation, basic services need to be paid for in foreign currency which most people in the rural communities did not have.

However from the interviews carried out with members of the management committee of the SACCO in this study, one interviewee indicated that the rise of unemployment in his community has consequently led to an increased volume of males migrating from the rural areas to neighboring countries like Botswana and South Africa in search of employment. However, it was indicated that such an exodus by mostly young males to neighboring countries has also resulted in more households headed by women to be common of which numerous researchers have found out that as a result of gender imbalances, women are always the most disadvantaged group in the society especially when it comes to economic participation. Thus households which are headed by women were noticed to be more likely to be vulnerable as compared to those which are headed by their male counters.

Information obtained by the researcher through the interviews that were held with the members of the management committees of Chivi SACCO who participated in the study as well as with the Cooperative Development Officer for Chivi District indicated that the SACCO was found to be playing a significant role in the promotion of members’ welfare and the community at large. That is, in the study the researcher noticed that the SACCO was taken as a source that can help generate income through the creation of employment opportunities. One of the interviewees, Mr. Gororo during the interview held with the researcher clearly stated that, “…*the SACCO in a way is a people centered approach to development, especially rural development as they help in generating productive employment which in turn help improve the incomes for the rural poor*.” The sentiments of Mr. Gororo clearly indicated that the cooperative has been helping in creating employment opportunities.

The research also found out that, prior to joining the SACCO, most of the cooperative members engaged in subsistence farming to earn a living. However, climatic conditions and the terrain of Chivi District are not suitable for agricultural activities. After joining the SACCO, most of the members obtained loans to make their own investments. One member of the SACCO during the interview stated that, *“…ndakawana loan kubva kuSACCO ndichiri kuita zvemusika asi parizvino ndava nematuckshop maviri…”* This when translated to English means, “…I accessed a loan from the SACCO when I was a vendor but now I am operating two tuckshops…” chairman of the SACCO, Mr. Fushai also indicated that thirteen of their cooperative members managed to purchase commuter omnibuses with the loans that they had accessed from the SACCO. It is in light of the above sentiments that the researcher noticed that the cooperative played a vital role in reducing poverty and in contributing to the attainment of the Millennium Development Goals (MDG’s) such as the eradication of extreme poverty and hunger and the achievement of universal primary education.

 Of central importance to note from the study was that, Chivi SACCO does not only create employment opportunities but that it also improve and protect the income and employment for its members through the pooling of limited individual resources of the members. However, the researcher further noticed that it was the pooling together of the limited individual resources that enabled the members to create business enterprises in which the members participated in production profits sharing, costs saving and risk taking activities. Furthermore, the study revealed that apart from employment creation for the members, it was also noticed that these cooperatives help in employing other people outside the cooperative and this was clearly stated by the Chairperson of Chivi SACCO Mr. Fushai in the interview he had with the researcher at Chivi Growth Point on the 3rd of April 2014 when he stated that their SACCO also help the community at large through creating employment for some other people within their community.

**2.1.2 Chivi SACCO and Poverty Reduction**

Information that was gathered from the study revealed that SACCOs as self-help organizations also contribute in the eradication of poverty through economic and social progress of their members and employees. This was noticed to be achieved through stimulating and enhancing the social fabric of the communities in which cooperatives operated. One of the interviewees, Mr. Macheka the vice Chairperson of the SACCO indicated in the interview that was held with the researcher at Chivi Center on the 3rd of April 2014 that their cooperative often help members to be able to participate in the economic activities of the community something the researcher observed to be helpful in reducing poverty among rural households. However, it is from such sentiments that the researcher observed that the SACCO allow people of limited resources to expand their participation in beneficial economic activities in the sense that they help in the creation of opportunities for those members with certain skills but without the necessary capacity for greater involvement in the economy. Thus, in such capacities it was observed in the study that Chivi SACCO did not only contribute to economic growth but that they also managed to foster the livelihoods of the cooperatives members and their employees.

Further, information that the researcher gathered in the study from the interview that he held with the Loans Committee member Mr. Dzingirai also revealed that the SACCO facilitated loans to be available for their members for a variety of use. The study here revealed that the SACCO movement was increasingly becoming a major source of the productive resources that was being invested by the majority of the rural populace hence it was observed that it was quickly spreading from its traditional urban and wage employment sectors to the rural and informal sectors thereby helping in widening the scope of financial provision in the rural areas of Chivi. Furthermore, such services were identified by the researcher to ultimately help especially the members to improve their living conditions thereby pulling them out from poverty. Thus the researcher noticed that SACCOs in particular help family farmers and entrepreneurs to enlarge and operate their production units more efficiently on an independency basis thereby helping in reducing poverty in most of the rural households.

The researcher observed in the study that Chivi SACCO helps individual members to make some savings and to access some loans to use when starting up or expanding their own personal business enterprises. Thus, from the interviews the researcher held with the participants in the study, it was noticed that the SACCO helps to expand poor people’s access to financial services in the form of loans and savings which the members use to support enterprises start up and expansion. This however was found to be an indication that such cooperatives in most rural communities were considered to be the largest providers of micro finance to the majority of people of limited resources in rural areas.

Furthermore, the study also revealed that the SACCO enables easy access to savings and to credits of low costs to their members. It is important to note from the study that it was the limited capital members’ mandatory purchase of ownership shares in the cooperatives and other deposits that were pooled together to become the funding base that enabled the cooperative in the study to extend credits to their members. The SACCO has contributed to poverty reduction in various ways, thus through low costs credits, members were noticed to be able to finance micro, small and medium enterprises and also that low cost savings for the cooperative enabled the rural poor to reduce their vulnerabilities to shocks such as medical emergencies. The savings of some of the cooperative members were identified to encourage future investments such as education and small business enterprises. Thus the researcher noticed in the study that economic activities of SACCO’s in particular helped in reducing the vulnerability of the rural populace through allowing the poor to accrue savings and to build assets.

**2.1.3 Chivi SACCO and Food Security**

The study also revealed that 28% of the participants in the research study considered food insecurity to be one of the most challenging problem faced by a significant population of those living in rural communities. Food insecurity is taken to be a situation whereby the society is not capable of producing or securing sufficient food for its own sustenance. That is, food insecurity is one of the socio-economic challenges affecting mostly the rural poor and this was indicated by the participants when they completed their questionnaires during the study. Thus, it was indicated that the majority of people in Chivi were facing problems of securing sufficient food for their sustenance of which it was pointed out that this has resulted in a number of NGO’s to intervene through the provision of food handouts to many of the families affected by hunger while at the same time carrying out supplementary feeding programs in a number of schools.

It was further noted from this study that in Chivi, agricultural production in general has suffered as a result of weak support services, lack of credit and also as a result of the acute shortages of essential inputs such as fertilizers and fuel among other inputs. It is also important to note that such a situation has been arrived at as a result of the economic crisis of the past decades which has prevented substantial capital investments and also that new enterprises have also been slow to emerge.

The World Food Programme (WFP) indicates that due to concurrent droughts in Zimbabwe, the nation as a whole has become more vulnerable especially those people who are living with HIV/AIDS, the child headed families, the unemployed as well as the rural women. What the above sentiment shows is that, droughts in Zimbabwe have exacerbated the already difficult situation as they have made is harder for farmers in Chivi to raise their productivity hence food insecurity would continue to cause untold suffering especially among the rural populations. The researcher also found out from the study that the continuous occurrence of drought since 1990 up to date has led to the decline in the economic performance which as a result also greatly contributed to food insecurity among the rural populace. This however shows that food insecurity continues to worsen among the rural population than it is for the urban dwellers. It has been noted that in most cases, rural households tend to register a higher poverty rate than the urban dwellers due to the fact that most farm incomes and production are inadequate hence food shortages are ever rising. Such a situation has however led Zimbabwe as a nation to become the net importer of food products, a reflection that many millions of people in Zimbabwe are now dependent on food imports and food aid.

As a result of the continuous years of drought, millions of the rural folk are however surviving on food from the international donors and this is a true testimony that havoc has been done on the food security situation not only in Chivi but the rest of the country. Also it is important to note that combined estimates by the Zimbabwe Vulnerability Assessment Committee (ZimVac) together with the Food and Agricultural Organization (FAO), the World Food Programme (WFP) and the Crop and Food Supply Assessment Mission (CFSAM) put the current estimations of food insure population at about 1.7 million people country wide which is about 12% of the total population. That is, about 12% of the population in Zimbabwe is estimated to be in need of food assistance. However the afore mentioned situation is further worsened considering that currently, Zimbabwe has strained relationships with the larger part of the international community which has also restricted donor engagement in the country.

However, it is important to note that although the majority of rural households suffer as a result of food insecurity, food availability in Zimbabwe is not a major issue as food is considered to be readily available in the shelves of many shops hence the main worry is considered to be that of access to the food. That is, the researcher noticed that access to food remains a constraint to most poor households especially in the rural areas where most people have limited incomes.

From the information the researcher gathered in the study from the interviews he held with the members of the management committee of the SACCO in question that participated in the study as well as the Cooperative Development Officer for Chivi District, it was noticed that the cooperative helped and is still doing in boosting food security among its members and the community at large. However, food security is achieved when all people at all the times have physical and economic access to sufficient, safe and nutritious food preference for active and healthy lives. This was revealed in the study from the interviews that the researcher held with the participants. One of the interviewees, MrsNdokanga the Chivi SACCO manager indicated in the study that, *“…some of our members here in Chivi have helped a lot in terms of food security as they provided food produce not only to their members but also the general public in the community.”* Mrs Sylvia Musera from the Matsveru area in Chivi has a sizable garden vegetable garden as well as a poultry project that is currently the most reliable supply for the Chivi Growth Point and the surrounding communities. To start the garden and poultry projects, Mrs Musera accessed a loan from the SACCO which helped her to purchase agricultural inputs for the garden as well as chickens and stock feed for the poultry project. What this means is that the Chivi SACCO is playing a vital role in food production and distribution of which this study revealed that this was an important component of a long term solution for food security among many of the rural communities.

**2.1.4 Chivi SACCO and Development of Human Capital**

It is also important to note that the study revealed that most members of Chivi SACCO also help their communities through investing in human capital in the sense that members of the cooperative were noticed by the researcher to use most of their incomes which they make from SACCO activities to educate their children especially with the view of reducing poverty in future following their children’s employment. More importantly, the researcher also identified that the SACCO serve as educational center for its members as it was found that many of the members who participated in the study indicated that they have at least shed off some degree of ignorance especially with regards to economic opportunities in their environment through cooperative's educational programmes. That is, the researcher learnt in the study that most of the cooperatives have topics in their training programmes that range from financial management to global climate changes that tend to affect the general operations and productions of rural cooperatives. This thus serves as an indication that the SACCO does not only provide productive employment opportunities to the marginalized groups such as women, youth and indigenous people but that they also make a valuable contribution through the technical assistance programs of human resources development which enable members of the cooperative to be productive so as to increase their income and reduce poverty.

In addition, it was also found out in the study that Chivi SACCO is investing in human capital through contributing to the improvement of the health care of their members. Notably, the SACCO was identified in the study that they gave some loans to their members especially if there was a great need for them to make payments for medical bills. The cooperative was even identified that they participated in health promotion campaigns through embarking on HIV/AIDS programs with the aim of raising awareness about the disease and also to enhance the use of prevention and control measures to reduce its spread among the members and the community at large. Manager of the SACCO Mrs Ndokanga highlighted during the study that, *“…and now we have made it custom that during our special general meetings, we invite a member of National Aids Council to enlighten on important issues to do with HIV/AIDS.”* Thus it was discovered in the study that the contributions of the SACCO to educational and health demands of the members have seen the cooperative being credited for helping in reducing ignorance specifically about diseases as well as other issues of importance in the areas they operated thereby helping in contributing to the development of the area.

The above information that was established in the study serves as an indication that education, information dissemination and the training programs of the SACCO under study for their members were vital for the development of human capital in the Chivi rural community. However, such programs were noticed to be offered to the members during events like general meetings and other special awareness campaigns of which all the training programs were identified by the participants to have contributed a lot on their part as the programs enabled them to participate in other democratic debates in their communities. It is from this observation in the study that the researcher also noticed that the education and training offered by Chivi SACCO give the members the ability to become enlightened citizens who are able to debate more effectively on different political and economic issues of concern to their communities

**Conclusion**

The chapter examined the role of Chivi SACCO as a sustainable livelihood strategy. From the research findings of the study it was found out that the cooperative has been and is still playing a very pivotal role in addressing the socio-economic challenges that are faced by the communities in Chivi District. The SACCO has both direct and indirect socio-economic development of its communities through employment creation, food security, poverty reduction as well as human capital development. To this end it can be noted that the cooperative has had commendable positive contribution as far as sustainable livelihoods is concerned.

**CHAPTER 3**

**CHALLENGES AND PROSPECTS**

**3.0 Introduction**

In this chapter the research project focuses on the challenges faced by Zimbabwean SACCOs in their day to day running of the business. Prominent challenges noted by the researcher during this study include issues to do with governance, management, lack of support from apex body, loan repayment and member disloyalty. The chapter however looks further and beyond these challenges and provides prospects of these cooperatives.

**3.1 CHALLENGES FACED BY SACCOs IN ZIMBABWE**

**3.1.1 Governance**

Savings and Credit Cooperatives need a significant amount of new and refresher trainings so that their members thoroughly understand and are able to perform the duties as part of the governance structure of a financial institution, even if it is very small. Moreover, though this problem has not been cited in the case of Chivi SACCO there is realization that there is too much government influence in the case of Zimbabwe. This has to a greater extent impeded the capacity and performance of SACCOs in the country and it has even resulted in the failure of many such cooperatives. In such instances, the cooperatives have also become a political playground, which generally destroy them in the long run.

**3.1.2 Management**

Cooperative organizations always face the inherent challenge of finding qualified people with the capacity and willingness to work on a largely volunteer basis. This challenge is exacerbated for SACCOs in rural and remote areas that face the additional challenge of finding qualified managers, in a country where a large percentage of the labor force has left the country. Due to this challenge most cooperatives have fallen victim to poor management policies by unqualified members or staff. This has also led these cooperatives to operate below capacity.

**3.1.3 Little Support from NACSCUZ**

Umbrella organizations, or apex organizations, partially gain their strength from their members, and so there is a bit of the chicken-and-egg problem if the members are weak, as is the case in Zimbabwe. The initial support from CCA in Canada to NACSCUZ and its members dried up in 2001 and its level of operations steadily declined. The researcher found out from this study that cooperative that participated in this research also lamented of the same problem. The manager of Chivi SACCO highlighted that it has been long since they had heard anything from the national body that is NACSCUZ. SACCOs used to improve their operations through seminars and workshops which were normally organized by NACSCUZ but these activities have since died with the coming of the new millennium. However this has greatly affected the smooth operations of many such financial cooperatives and some of them have even ceased to operate.

**3.1.4 Loan Capital**

The main funding base for SACCOs is member savings. As Zimbabweans began reducing their holdings of monetary savings when inflation started to accelerate, the capacity of SACCOs to lend decreased dramatically, which also affected their revenue-generating capacity. The total savings mobilized by NACSCUZ members went down from US$13 million in 2003 to US$2.9 million in 2004. The outstanding loan balance went down from US$9.7 million to US$ 1.6 million during the same period. To date SACCOs are still finding it hard to get back to maximum operating capacity as the economy of the country is still staggering and its future is shrouded in mystery hence SACCOs are still in fear of losing as a result of any economic eventuality. This shows that SACCOs are in a financial panic therefore are reluctant to increase their lending.

**3.1.5 Problem of the size of the cooperatives**

SACCOs in Zimbabwe also face the challenge of large numbers in terms of membership. This is because of the nature of SACCOs of offering credit and loans with low interest rate on return. For instance, the Masvingo Teachers Association Savings and Credit Society reached some 10,000 clients in the mid-2000s. Also, information the researcher gathered from the interviews that held with the members of the management committee of the cooperative that participated in this study revealed that one challenge that is prevalent in their SACCO was too big to have only one central committee. This was clearly highlighted in the interview the researcher held with one of the interviewees who is a member of the Loans Committee for Chivi SACCO on the 3rd of April 2014. The interviewee indicated that members of the cooperative were way too many that it was difficult for the management committee to effectively govern the operations of the SACCO. To this end, the researcher noticed that the issue of the size of the cooperative needs to be addressed before things goes out of control for the management team.

**3.1.6 The challenge of the Multi-currency system**

The introduction of the multicurrency system in Zimbabwe brought hope and stability to the runaway economy of the country. However, the system affected some institutions particularly SACCOs that operate in the rural areas. From the study carried out, the researcher also noticed from that the introduction of multi-currency system in the economy was also one of the challenges the Chivi SACCO faced. Mrs. Ndokanga who is the manager of the SACCO lamented over the adoption of currencies of different nationals as causing confusion amongst their members. The manager made the sense that with the advent of the multi-currency system, the real value of their money have been reduced and she was also concerned about the ignorance of the members about the rates of exchange especially for such currencies as South African Rand and Botswana’s Pula. However due to the rural nature of the SACCO, this system of may be detrimental to the cooperative.

**3.1.7 Lack of Support from the government**

During the study the researcher found out that SACOOs in Zimbabwe lack the support of the government in their operations. Ironically the same government established a ministry that is responsible for cooperatives that is the Ministry of Small and Medium Cooperatives (MSMECD). The researcher also gathered in the study from the interviews held and from the reports that were produced by the SACCO indicated that most of the cooperative were facing the problem of lack of support from the government the needed for them to be able to grow and expand their SACCO operations. It is however a mandate for every cooperative to transfer 10% of their proceeds to the Cooperative Fund account according to the regulations of the Cooperatives Societies Act Chapter 24:05.

**3.1.8 Problem of loan repayments**

The challenge of loan repayment is prevalent in most if not all SACCOs in Zimbabwe. In the case of Chivi SACCO the members of the management committee that participated in this study were asked during the interviews about paying back of loans offered to the members who would have accessed credit form the SACCO. From the responses provided by the interviewees, it was noticed that although many members were aware of their responsibilities to the cooperative, the participants indicated that there were some other members who were showing elements of treachery to the plans and decisions given out by their management committees. Some of the members defaulted in paying back the loans with some even failing to pay the agreed subscriptions. However, under such circumstances, the study further revealed that it was difficult for the management to easily reach consensus with such a caliber of people as more often than not, their contributions were found to be aimed at undermining the leadership of the cooperative. Thus in light of the above information, the researcher noticed that Chivi SACCO is burdened with a variety of challenges despite the fact it they is struggling to improve the livelihoods of most of the rural households.

**Conclusion**

In conclusion, from the above information it can be noted that Chivi SACCO is playing a great deal of role in trying to make the livelihoods of the people in the district sustainable. This has been clearly testified by the efforts of the cooperative to reduce or curb poverty through creation of employment, food security and development of human capital. It is nevertheless a pity that the energies of the SACCO have faced hindrances in the form of size of the cooperative which has grown so enormous that the management committee cannot effectively execute its duties. The adoption of other currencies by the country’s economy has posed as a challenge to the SACCO in as far as exchange rate is concerned. Other problems highlighted were insubordination by some members by defaulting in repaying loans and also that the cooperative does have the support NACSCUZ which is the national that represent credit unions in Zimbabwe.

**CONCLUSION**

Conclusively, the study found that rural communities face numerous socio-economic challenges that ranged from unemployment, food insecurity, poor social relations and high levels of poverty. It was also found during the research that as a result of such adversities faced by the majority of rural households, cooperatives were adopted as both a livelihood strategy and as a defense against the socio-economic challenges. It was established from the study that with the adoption of the Savings and Credit Cooperative, people in Chivi District managed to reduce unemployment rate, boost food production, empower the marginalized and promote social cohesion and integration thereby reducing poverty. However, apart from the significant role played by rural cooperatives in sustaining the livelihoods of rural communities it was also discovered that the cooperative faced a number of limitations and challenges which prohibited them from operating at full capacity. Some of the major challenges that were noted included the size of the SACCO, lack of support from the representative body, as well as insubordination by some the members especially when it comes back to loan repayments.

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# Appendix 1-Interview schedule for the district cooperative development officer

1. What do you consider to have led to the formation of Chivi SACCO?
2. In brief, explain the history of the development of the SACCO focusing much on the role played by the government and some of the challenges cooperative encountered in the past during their development?
3. What are the requirements needed by your Ministry for such cooperatives to be registered?
4. Do the SACCOs receive any form of financial assistance from outside their membership?
5. What kinds of people are commonly found engaging in the activities of the Savings and Credit Cooperatives?
6. What are some of the benefits that local communities derived from the activities and business of Chivi SACCO?
7. What are some of the common challenges or limitations the SACCO encountered in their day to day running of business?

# Appendix 2- Interview schedule for the management committee members of Chivi SACCO

1. What are the common socio-economic challenges faced by rural people in your own community?
2. What are some of the reasons that led you as a member to join in the establishment of your cooperative?
3. In which economic sector is your cooperative found?
4. How long has been your cooperative operating?
5. How did your cooperative managed to survive the economic hardships faced by the country especially during the period 2007-2008?
6. What training programs are in place in your cooperative that are aimed at enhancing your management skills?
7. How is your cooperative of help to your members as well as to the community at large?
8. What are some of the challenges or limitations that your cooperative faced in its operations?

# Appendix 3- Questionnaire for the cooperatives members

Mhungu Blessed Tinotenda is a student at the Midlands State University and is studying towards a Bachelor of Arts Degree in Development Studies. He is carrying out a research project on the contribution of Savings and Credit Cooperatives in sustaining livelihoods. Please respond to the following questions as fully as you can. NB: All the information will be used for the purpose of this study only. (Tick where applicable)

1. Sex Female Male
2. Age Below 25 years 26-40years 41+ years

 How long have you been residing in this community?

1-10years 11-20yeras 21-30years 31+years

1. What is the name of your cooperative?

...........................................................................................................................

1. When was your cooperative established?

...........................................................................................................................

1. Choose from the answers below what you consider to be the best way of describing the term cooperative:
2. It is a democratic organization that is protected by the law
3. Is an association of people united voluntarily
4. Is a self-reliant group or association
5. Is an economic and social association that serve the interests of the members
6. What do you consider to be some of the main socio-economic challenges faced by rural households in your community?

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 11. What are some of the reasons that led to you to join or to establish your cooperative?

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12. List the benefits you as a member and the community at large derive from the activities and business of your cooperative.

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13. How is your cooperative trying to address some of the socio-economic challenges you have identified.

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14. What are some of the challenges your cooperative encountered in its operations as a livelihood strategy?

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**Thank You!!!**