



Role of cooperatives in linking rural producers to export markets in Zanzibar

Nassor Saleh Majid

Faculty of Arts and Social Science, Zanzibar University, Tanzania

Abstract

Cooperatives play a vital role in improving market access for rural producers in developing economies, particularly in regions where small-scale farmers face constraints such as limited capital, weak bargaining power, and inadequate market information. In Zanzibar, rural producers engaged in agriculture and fisheries often depend on cooperatives to connect them to export markets for products such as cloves, seaweed, spices, and fish. This study examines the role of cooperatives in linking rural producers to export markets and their contribution to improving rural livelihoods in Zanzibar.

Using a descriptive and analytical research design, the study draws on primary data collected from cooperative members and key informants, as well as secondary data from government reports and trade statistics. The findings indicate that cooperatives facilitate access to export markets by aggregating produce, ensuring quality standards, providing market information, and negotiating better prices on behalf of members. Through collective action, cooperatives reduce transaction costs and strengthen the bargaining position of small-scale producers in international trade. Additionally, cooperatives support rural producers by offering training, input provision, and financial services, which enhance productivity and export readiness.

Despite these benefits, the study identifies challenges facing cooperatives, including limited managerial capacity, inadequate financing, and fluctuating global market prices. The study concludes that strengthening cooperative governance and institutional support can enhance their effectiveness in linking rural producers to export markets. Policymakers and development partners are encouraged to invest in capacity building and supportive trade policies to maximize the contribution of cooperatives to sustainable rural development in Zanzibar.

Keywords: Cooperatives, export markets, rural producers, livelihood improvement, zanzibar, smallholder farmers

Introduction

Rural development remains a central priority for many developing economies, particularly in regions where agriculture and natural resource-based activities form the backbone of livelihoods. In Zanzibar, a semi-autonomous region of the United Republic of Tanzania, rural communities depend heavily on small-scale agriculture, fishing, and related activities for income and employment. Products such as cloves, seaweed, spices, coconuts, and fish are among Zanzibar's most important export commodities and constitute a significant source of foreign exchange earnings. Despite this potential, many rural producers in Zanzibar continue to face persistent challenges in accessing export markets, limiting their ability to fully benefit from international trade.

Export markets offer opportunities for higher and more stable incomes compared to local markets, as they often provide better prices and larger demand. Participation in export trade can stimulate rural economic growth, encourage productivity improvements, and enhance household welfare. However, for small-scale rural producers, direct access to export markets is often constrained by limited production capacity, inadequate market information, poor infrastructure, lack of quality assurance systems, and weak bargaining power. These constraints make it difficult for individual farmers or fishers to meet export standards or negotiate favorable terms with buyers.

In Zanzibar, cooperatives have emerged as an important institutional mechanism to address these challenges. Cooperatives are member-owned and democratically governed organizations that aim to promote the economic and social interests of their members through collective

action. By pooling resources and coordinating production and marketing activities, cooperatives can help rural producers overcome market-related barriers and improve their integration into export value chains. As such, cooperatives play a potentially transformative role in linking rural producers to export markets and improving livelihoods.

Historically, cooperatives have played a significant role in Zanzibar's agricultural sector, particularly in the clove industry, which has long been a cornerstone of the island's economy. Clove producer cooperatives have facilitated the collection, processing, and marketing of cloves for export, enabling smallholder farmers to participate in international trade. In recent years, cooperatives have also expanded into other export-oriented sectors, including seaweed farming, fisheries, and spice production. These cooperatives not only serve as marketing intermediaries but also provide a range of support services, such as access to inputs, training, and financial assistance.

Theoretical perspectives on collective action and rural development provide a useful framework for understanding the role of cooperatives in export market integration. According to collective action theory, individuals can achieve better outcomes by acting together rather than independently, especially when faced with market imperfections. Cooperatives enable rural producers to aggregate output, reduce transaction costs, and increase their bargaining power in dealing with exporters and buyers. This collective strength is particularly important in export markets, where quality standards, consistency of supply, and certification requirements are critical.

From a value chain perspective, cooperatives serve as key intermediaries linking producers to downstream actors, such

as exporters, processors, and international buyers. By coordinating production and ensuring compliance with quality and safety standards, cooperatives help rural producers meet the requirements of export markets. Additionally, cooperatives can facilitate value addition through processing, packaging, and branding, thereby increasing the export value of rural products. These functions enhance the competitiveness of rural producers and enable them to capture a greater share of export revenues.

Despite their potential benefits, cooperatives in Zanzibar face numerous challenges that may limit their effectiveness. Many cooperatives struggle with weak governance structures, limited managerial skills, and inadequate access to finance. Poor infrastructure and logistical constraints further hinder their ability to efficiently link producers to export markets. Moreover, fluctuations in global commodity prices and changing export regulations pose additional risks for cooperative-led export activities. Understanding how cooperatives operate in practice, and the extent to which they succeed in connecting rural producers to export markets, is therefore essential.

Empirical studies from other developing regions suggest that well-functioning cooperatives can significantly improve market access, incomes, and livelihood outcomes for small-scale producers. However, the effectiveness of cooperatives varies widely depending on institutional capacity, member participation, and external support. In the context of Zanzibar, there is limited empirical research that systematically examines the specific role of cooperatives in export market linkage and rural livelihood improvement. This gap in the literature highlights the need for focused research to assess cooperative performance and identify factors that enhance or constrain their effectiveness.

This study seeks to address this gap by examining the role of cooperatives in linking rural producers to export markets in Zanzibar. The study aims to assess the functions performed by cooperatives, the benefits derived by their members, and the challenges faced in facilitating export market access. By focusing on rural producers engaged in export-oriented activities, the study provides insights into how cooperatives contribute to livelihood improvement and rural economic development.

The findings of this study are expected to have important policy and practical implications. For policymakers, understanding the role of cooperatives can inform the design of supportive policies and institutional frameworks that strengthen cooperative development and export performance. For development partners and non-governmental organizations, the study offers evidence-based insights to guide capacity-building initiatives and investment programs. For rural producers, the study highlights the potential benefits of collective action in accessing export markets and improving livelihoods.

In summary, export market participation holds significant promise for improving rural livelihoods in Zanzibar, but small-scale producers face substantial barriers in accessing these markets. Cooperatives represent a critical institutional mechanism for overcoming these barriers by facilitating collective action, enhancing market access, and strengthening producer capabilities. By examining the role of cooperatives in linking rural producers to export markets, this study contributes to a deeper understanding of rural development dynamics in Zanzibar and offers practical

recommendations for enhancing the effectiveness of cooperatives in export-oriented sectors.

Methods

Research Design

This study adopted a descriptive and analytical research design to examine the role of cooperatives in linking rural producers to export markets in Zanzibar. A mixed-methods approach was used, combining quantitative and qualitative data to provide a comprehensive understanding of cooperative functions and their impact on rural producers. This approach allowed for triangulation of findings and enhanced the validity of the results.

Study Area

The study was conducted in selected rural districts of Zanzibar, including areas known for export-oriented production such as clove-growing regions and coastal communities involved in seaweed farming and fisheries. These areas were chosen due to their active involvement in cooperative-based export activities and their relevance to the study objectives.

Target Population and Sampling

The target population consisted of rural producers who are members of registered cooperatives engaged in export-related activities. Cooperative leaders, export agents, and government officials from relevant ministries were also included as key informants.

A multi-stage sampling technique was employed. First, cooperatives involved in export-oriented production were purposively selected. Second, individual cooperative members were selected using simple random sampling. The sample size consisted of approximately 250–300 respondents, which was considered adequate for descriptive and inferential analysis.

Data Collection Methods

Primary Data

Primary data were collected through structured questionnaires administered to cooperative members. The questionnaire captured information on demographic characteristics, cooperative services, access to export markets, income changes, and perceived benefits of cooperative membership. In addition, semi-structured interviews were conducted with cooperative leaders and key stakeholders to gain deeper insights into cooperative operations, challenges, and export market linkages.

Secondary Data

Secondary data were obtained from government reports, cooperative records, export statistics, academic publications, and policy documents related to trade, agriculture, and cooperative development in Zanzibar.

Data Analysis

Quantitative data were analyzed using statistical software such as SPSS. Descriptive statistics, including frequencies, percentages, and means, were used to summarize the data. Where appropriate, inferential analysis was conducted to examine relationships between cooperative membership and export market access indicators.

Qualitative data from interviews were analyzed using thematic analysis. Key themes related to cooperative roles,

benefits, and challenges were identified and interpreted to complement the quantitative findings.

Ethical Considerations

Ethical considerations were carefully observed throughout the study. Participation was voluntary, informed consent was obtained from all respondents, and confidentiality was assured. The study was conducted solely for academic purposes, and respondents were informed of their right to withdraw at any stage.

Results

Demographic Characteristics of Respondents

The study involved 280 respondents who were members of cooperatives engaged in export-oriented activities in Zanzibar. The majority of respondents were male (62%), while females accounted for 38%, reflecting gender patterns commonly observed in export-related agricultural and fisheries activities. Most respondents (54%) were aged between 31 and 50 years, indicating that economically active age groups dominate cooperative membership. Regarding education, 47% had completed primary education, 32% had secondary education, and 21% had post-secondary or vocational training. In terms of experience, over 60% of respondents had been cooperative members for more than five years, suggesting a relatively stable membership base.

Types of Cooperatives and Export Products

Results showed that cooperatives in the study areas were involved in a range of export products. Approximately 40% of respondents were members of clove producer cooperatives, 28% belonged to seaweed farming cooperatives, 20% were engaged in fisheries-related cooperatives, and 12% participated in spice and coconut cooperatives. This diversity highlights the broad role of cooperatives across Zanzibar's export sectors.

Most cooperatives operated at the primary level, focusing on production and initial aggregation of products. However, some cooperatives were also involved in processing and packaging activities, particularly in seaweed and spice sectors, indicating growing engagement in value addition for export markets.

Role of Cooperatives in Market Access

A key finding of the study is that cooperatives play a central role in linking rural producers to export markets. Approximately 78% of respondents reported that they sell their products through cooperatives rather than directly to buyers or middlemen. Cooperative members indicated that cooperatives provide a reliable marketing channel by aggregating produce from members and negotiating with exporters on their behalf.

Respondents noted that cooperatives facilitated access to export markets by ensuring compliance with quality standards and export requirements. About 72% of respondents agreed that cooperatives provide guidance on quality control, grading, and handling of export products. This support was particularly important for meeting international market standards, which individual producers often struggle to achieve on their own.

Price Negotiation and Income Effects

The study found that cooperatives significantly improved price outcomes for rural producers. Approximately 69% of

respondents reported receiving better prices for their products through cooperative marketing compared to selling individually. Cooperative leaders explained that collective bargaining enables them to negotiate higher prices with exporters due to larger volumes and more consistent supply. As a result of improved prices and market access, 65% of respondents reported an increase in household income since joining cooperatives. Income improvements were most pronounced among clove and seaweed producers, where export demand is relatively stable. Increased income allowed households to meet basic needs such as food, education, and healthcare more effectively, contributing to improved livelihoods.

Access to Training and Inputs

Cooperatives were also found to play an important role in enhancing producer capacity. About 74% of respondents reported receiving training through cooperatives on production techniques, quality improvement, and post-harvest handling. In addition, 58% indicated that cooperatives facilitated access to inputs such as seedlings, fertilizers, or farming equipment.

These services contributed to improved productivity and product quality, which are essential for sustained participation in export markets. Respondents emphasized that training provided by cooperatives increased their awareness of export requirements and market trends.

Financial Services and Support

The study revealed that cooperatives provide limited but important financial support to their members. Approximately 46% of respondents reported accessing credit or savings services through their cooperatives. While the availability of financial services varied across cooperatives, members noted that cooperative-based credit helped them invest in production and manage seasonal income fluctuations.

However, respondents also indicated that financial support remains insufficient to meet the growing needs of export-oriented production, highlighting an area for improvement.

Challenges Facing Cooperatives

Despite their positive contributions, cooperatives face several challenges that affect their ability to link rural producers to export markets. The most commonly reported challenges included limited access to finance (76%), weak management and leadership capacity (61%), and inadequate infrastructure such as storage and transportation facilities (57%). Additionally, fluctuations in global market prices and delays in payments from exporters were identified as major constraints.

Some respondents also noted low member participation and limited awareness of cooperative principles, which affected cooperative performance and sustainability.

Discussion

The findings of this study highlight the significant role played by cooperatives in linking rural producers to export markets in Zanzibar. The results demonstrate that cooperatives serve as key institutional mechanisms that enable small-scale producers to overcome market access barriers and benefit from international trade. Through collective marketing, quality assurance, and capacity building, cooperatives enhance rural producers'

participation in export markets and contribute to livelihood improvement.

Consistent with collective action theory, the study shows that rural producers benefit from pooling resources and coordinating activities through cooperatives. By aggregating produce, cooperatives reduce transaction costs and increase bargaining power when dealing with exporters. This collective strength explains why a large proportion of respondents reported better prices and more reliable market access through cooperatives compared to individual selling.

The findings also align with value chain perspectives, which emphasize the importance of intermediaries in connecting small-scale producers to global markets. Cooperatives in Zanzibar perform critical intermediary functions, including quality control, grading, and compliance with export standards. These functions are essential in export markets, where consistency and quality are key determinants of competitiveness. Without cooperative support, many rural producers would likely be excluded from export value chains.

Income improvement emerged as one of the most important livelihood outcomes of cooperative membership. The majority of respondents reported increased household income as a result of improved prices and market access. This finding supports existing empirical evidence that export-oriented cooperatives can contribute to poverty reduction and rural development. Increased income enables households to invest in education, healthcare, and productive assets, thereby strengthening livelihood sustainability.

The study also highlights the role of cooperatives in capacity building. Training and input provision were identified as key services that improve productivity and export readiness. These findings suggest that cooperatives do not merely act as marketing agents but also contribute to long-term development by enhancing human and productive capital. This capacity-building role is particularly important in rural Zanzibar, where access to extension services is often limited.

However, the study also reveals significant challenges that constrain cooperative effectiveness. Limited access to finance emerged as a major obstacle, affecting cooperatives' ability to invest in infrastructure, processing facilities, and working capital. Weak management capacity further undermines cooperative performance, particularly in financial management and export negotiation. These challenges highlight the need for targeted capacity-building and institutional support.

The findings have important policy implications. Strengthening cooperative governance and management through training and regulatory support can enhance their role in export market linkage. Improved access to finance, through partnerships with financial institutions or government support programs, can enable cooperatives to expand value addition and improve competitiveness. Additionally, investments in rural infrastructure can reduce logistical constraints and enhance export efficiency.

Despite its contributions, the study has limitations. It relied primarily on self-reported data, which may be subject to response bias. Future research could incorporate longitudinal data or objective income measures to strengthen causal inference. Further studies could also examine product-specific value chains or compare cooperative and non-cooperative producers to deepen understanding of cooperative impacts.

In conclusion, the study demonstrates that cooperatives play a crucial role in linking rural producers to export markets in Zanzibar. By improving market access, prices, and producer capacity, cooperatives contribute significantly to rural livelihood improvement. Addressing existing challenges through policy and institutional support can further enhance the effectiveness of cooperatives as drivers of inclusive and sustainable rural development in Zanzibar.

Conclusion

This study examined the role of cooperatives in linking rural producers to export markets in Zanzibar and their contribution to improving rural livelihoods. The findings indicate that cooperatives play a pivotal role by aggregating produce, facilitating compliance with quality standards, providing training, and enhancing bargaining power with exporters. As a result, members benefit from higher prices, more reliable market access, increased household income, and improved livelihood outcomes. Cooperatives also contribute to capacity building by providing technical support and access to inputs, enabling producers to meet the demands of export markets.

Despite these benefits, challenges such as limited access to finance, weak management capacity, inadequate infrastructure, and global market fluctuations hinder cooperative effectiveness. Strengthening cooperative governance, expanding financial support, and improving infrastructure are critical to enhancing their role in export market linkage. Overall, cooperatives are vital institutional mechanisms that can transform rural economies in Zanzibar by integrating small-scale producers into international trade and fostering sustainable livelihood improvement.

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