



**AN ACT TO REPEAL THE COOPERATIVE SOCIETIES ACT, NO. 4 OF 1986
AND ENACT THE ZANZIBAR COOPERATIVE SOCIETIES ACT OF 2018
WHICH PROVIDES FOR THE FORMATION AND OPERATION OF
COOPERATIVE SOCIETIES AND OTHER MATTERS
RELATED THERETO.**

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ACT NO. 15 OF 2018

I ASSENT

{DR. ALI MOHAMED SHEIN}
PRESIDENT OF ZANZIBAR AND CHAIRMAN OF
THE REVOLUTIONARY COUNCIL

31st December, 2018

**AN ACT TO REPEAL THE COOPERATIVE SOCIETIES ACT, NO. 4 OF 1986
AND ENACT THE ZANZIBAR COOPERATIVE SOCIETIES
ACT OF 2018 WHICH PROVIDES FOR THE FORMATION AND
OPERATION OF COOPERATIVE SOCIETIES AND
OTHER MATTERS RELATED THERETO.**

ENACTED by the House of the Representatives of Zanzibar

**PART ONE
PRELIMINARY PROVISIONS**

Short title and commencement. **1.** This Act may be cited as the Zanzibar Cooperative Societies Act of 2018 and shall come into operation on such date as the Minister may, by notice published in the Official Gazette, appoint.

Application. **2.** This Act applies to all types of Cooperatives Societies operating in Zanzibar.

Interpretation. **3.** For the purpose of this Act, unless context otherwise requires:

“Apex Organization” means Cooperative Society Unions of Zanzibar;

“Auditor” means a person appointed to audit a Cooperative Society as provided for in section 53 of this Act and includes a private auditor;



“Bonus “means a portion of the net surplus of a Cooperative Society divided among its members according to their participation in Cooperative Society transactions;

“By-laws” means the Rules adopted by the members of a registered Cooperative Society to regulate its affairs;

“Cooperative Principles” includes:

- (a) voluntary and open membership;
- (b) democratic members control;
- (c) members economic participation
- (d) autonomy and independence;
- (e) education, training and information;
- (f) cooperation among Cooperative Societies; and
- (g) concern for community;

“Cooperative Society” means an association of persons who have voluntarily joined together for the purpose of achieving a common need through the formation of democratically controlled organization and who make equitable contribution to capital, required for the formation of such an organization and who accept the risk and benefit of the undertaking in which they actively participate, and registered under the provisions of this Act.

“Cooperative Values” includes:

- (a) self reliance;
- (b) self responsibility;
- (c) democracy;
- (d) equality;
- (e) equity and solidarity; and
- (f) ethical values:
 - (i) honesty;
 - (ii) openness;
 - (iii) social responsibility and caring for others;



“Court” means the High Court of Zanzibar;

“Management Committee” means Management Committee of a Cooperative Society.

“Director” means a Director of the Department of Cooperative Development as provided under section 6 of this Act;

“Dispute” means any disagreement, misunderstanding or conflict of interest on matters of law or fact between the parties to the dispute where its settlement is pending before the Director, Minister or Court;

“Financial year” means a year which starts from the month where a Cooperative Society is registered;

“First general meeting” means the first meeting of all members held after the registration of a Cooperative Society;

“Member” means a person who holds a share in a Cooperative Society;

“Minister” means the Minister responsible for matters relating to Cooperative Societies;

“Person” means an individual or a body corporate;

“President” means a President of Zanzibar and the Chairman of the Revolutionary Council;

“Primary Cooperative Society” means a registered society whose members are individual persons or an association of such individual persons;

“Principal Secretary” means the Principal Secretary of the Ministry responsible for matters relating to Cooperative Societies

“SACCOS” means a saving and credit Cooperative Society;

“Secondary Cooperative Society” means a registered Cooperative Society whose membership is only open to Primary Cooperative Societies;

“Share” means a compulsory contribution which builds the capital of a Cooperative Society, determine the ownership of a member and receiving and uses of the profit based on his participation in his Cooperate Society;



“Union of SACCOS” means a registered Secondary Cooperative Society for saving and credit Cooperative Society.

PART TWO ESTABLISHMENT AND ADMINISTRATION OF DEPARTMENT

Establishment
of
Department.

4. There is established a Department to be known as the Department of Cooperative Development within the Ministry which shall be responsible for matters relating to Cooperative Societies.

Functions
of the
Department.

5.-(1) The Department shall have the functions to:

- (a) provide policy guidelines for the issues relating to Cooperative Societies;
- (b) advise the Minister on policy and other matters of relevancy to improve Cooperative Societies;
- (c) register all types of Cooperative Societies, promote, audit, inspect, inquire and provide technical advice to Cooperative Societies in accordance with the provisions of this Act;
- (d) intervene in Cooperative Societies affairs where the interest of the members is at stake;
- (e) engage in settlement of disputes and conflict arising from Cooperative Societies operations and affairs;
- (f) receive all reports relating to the affairs of Cooperative societies ;
- (g) ensure Cooperative Societies adhere to requirements of this Act, Rules, Regulations made under this Act, observance with cooperative values, principles and application of good governance principles in Cooperative Societies;
- (h) provide services designed to assist in the formation, organization and operation of Cooperative Societies;
- (i) provide technical advice to all kinds of registered Cooperative Societies on Cooperative Societies management;
- (j) promote and facilitate education and training to leaders, members and staff of Cooperative Societies;



- (k) ensure effective and professional operations of affairs of Cooperative Societies; and
- (l) oversee general conduct of all Cooperative Societies affairs as stipulated under this Act and its Regulations.

(2) In performing its functions under this Act, the Department shall maintain as far as practicable, a system of consultation and cooperation with Ministries, Government Institutions or any other public or private bodies established under any written laws.

Appointment
of Director.

6.-(1) There shall be a Director of the Department of the Cooperative Development who shall be appointed by the President.

(2) The Director shall also be a Registrar of Cooperative Societies.

(3) A person shall qualify to be appointed as Director, if that person:

- (a) is a Zanzibari;
- (b) holds at least Bachelor Degree in Cooperative Management and Accounting, Business Administration, Law, Community Development, Banking, Economics or other related professional fields;
- (c) has working experience of at least nine years on related field; and
- (d) has a high level of integrity.

Functions and
powers of
Director.

7.-(1) The Director shall, subject to the provisions of this Act, be the Chief Executive Officer of Department and be responsible to the Principal Secretary for the day to day operations.

(2) The Director shall administer the implementation of functions of the Department and exercise all the powers conferred upon him under the provisions of this Act.

(3) The Director, in the performance of his functions and exercise of powers under this Act, may in writing delegates such functions and powers to any officer of the Department or any other person as he thinks appropriate.

Sub Office in
Pemba.

8.-(1) The Department shall have sub Office in Pemba which shall be headed by the Head of such an office as appointed by the Minister.



(2) The Head of Sub Office in Pemba shall be Officer in-charge of the Department and work under the directives of the Director.

(3) Qualifications of the Head of Sub Office in Pemba shall be the same as the qualifications of the Director.

Staff of the Department.

9.-(1) Staff of the Department shall be employed in accordance with the provisions of the Public Service Act.

(2) For purposes of efficient and effective operation of the Department, the Principal Secretary may, in consultation with relevant authority, organize the structure of the Department in such units or sections as the needs arise.

(3) Where the units or sections are established, the appointment of heads of such units or sections shall be made in accordance with Public Service Act.

PART THREE STRUCTURE, FORMATION AND FUNCTIONS OF COOPERATIVES SOCIETIES

Tiers of the Cooperative Societies.

10. The Cooperative Societies shall be of three tiers system which comprises of:

- (a) the Primary Cooperative Societies;
- (b) the Secondary Cooperative Societies; and
- (c) Apex Organization.

Formation of Primary Cooperative Society.

11.-(1) One or more Primary Cooperative Society may be formed within any Shehia or constituency with economically viable undertaking.

(2) Primary Cooperative Society shall be formed by seven or more persons.

(3) Primary Societies which relate to Savings and Credit Cooperatives (SACCOS) shall be formed by one hundred and fifty or more persons.

(4) A person shall qualify to be a member under this section, if that person:

- (a) is a resident of that area in which the Cooperative Society exist;
- (b) has attained the minimum age of eighteen years and is of sound mind;



- (c) exercises a trade or occupation relevant to the Cooperative Society's object;
- (d) has a common need which the Cooperative Society seeks to satisfy;
- (e) is capable of paying fees and acquiring shares; and
- (f) has any other qualification provided for under the By-laws of a Cooperative Society.

(5) The Director may advise on possible formation of type of Cooperative Societies within Shehia or Constituency.

Functions of Primary Cooperative Society.

12. The Primary Cooperative Society shall have the functions to:

- (a) meet needs of members and raise the standard of living of its members;
- (b) provide common services to its members, including supplying agricultural inputs, collecting, storing, processing, packaging and search marketing of the products of its members;
- (c) purchase, preserve and distribute inputs and other resources for use in the economic activities of the Cooperative society;
- (d) coordinate all economic activities of the Cooperative Society;
- (e) prepare economic plan of the Cooperative Society;
- (f) arrange and provide education and training for members, leaders and staff of Cooperative Society; and
- (g) carry out socio- economic activities as provided in their by-laws.

Formation of Secondary Cooperative Society.

13. Secondary Cooperative Society shall be formed by at least five registered Primary Cooperative Societies subsequent to the members' approval at the General Meeting.

Functions of Secondary Cooperative Society.

14. The Secondary Cooperative Society shall have the functions to:

- (a) support and represent the members of Primary Cooperative Societies;
- (b) support the Director in the process of registration of Primary Cooperative Societies;



- (c) collect data and information from Primary Cooperative Societies on production, input supply and receipt marketing for development planning;
- (d) provide consultative services to members of Cooperative Societies related to bulk purchases, joint storage, price bargaining and quality control;
- (e) facilitate the operation of Primary Cooperative Societies and promote sound investments for the members;
- (f) manage, supervise and coordinate the activities of members Cooperative Societies;
- (g) provide guarantee, accounting and audit services to members Cooperative Societies;
- (h) establish and operate the General Fund for business development and supervisory services to their members Cooperative Societies;
- (i) represent interests of members Cooperative Societies at Apex organization and strengthen their voice through lobbying and advocacy;
- (j) provide any other services to Primary Cooperative Societies as will be provided for in the by-laws; and
- (k) perform mediation and conflict resolution to the members of Cooperative Societies.

Formation
of Apex
Cooperative
Society.

15. There shall be an Apex organization which shall be formed by at least five Secondary Cooperative Societies subsequent to the members' approval at the General meeting.

Functions
of Apex
Cooperative
Society.

16. Apex Cooperative Society shall have the functions to:

- (a) support the Director in the process of registration of Secondary Cooperative Society;
- (b) advocate for vibrant development of Cooperative Societies' movement;
- (c) facilitate the operations of the unions of Cooperative Societies and promote sound investments of Secondary Cooperative Societies;



- (d) provide services to Secondary Cooperative Societies as provided for in the by-laws of the Apex organization;
- (e) provide consultative services to member Secondary Cooperative Societies;
- (f) render services designated to ensure efficiency and uniformity in the conduct of the business of its members Cooperative Societies by standardizing their book-keeping, accounting and audit services and other procedures to a Secondary Cooperative Society;
- (g) represent its members Cooperative Societies in collective bargaining;
- (h) represent its members Cooperative Societies in international Cooperative Society movement;
- (i) establish and operate the General Fund for business development and supervisory services to their members Cooperative Societies; and
- (j) perform any other function provided for under by-laws of Apex Organization which in its opinion is connected with or is ancillary to the functions enumerated under this Act.

PART FOUR REGISTRATION OF COOPERATIVE SOCIETIES

Registration of Cooperative Societies.

17.-(1) A Cooperative Society shall be registered by the Director under the provisions of this Act.

(2) The Director shall, in registering Cooperative Society under subsection (1) of this section, among other things, consider compliance of universal Cooperative Principles and Values provided under this Act.

(3) Procedures for registration shall be prescribed in the Regulations made by the Minister under this Act.

Procedures for application of registration.

18.-(1) The Cooperative society shall, in the prescribed manner under the Regulations, make application to the Director for registration under this Act.

(2) Upon receiving the application for registration, the Director shall, subject to the provisions of this Act, validate the application and where he is satisfied, shall register the Cooperative Society by entering in the Register of Cooperatives Societies kept for that purpose.



(3) Upon recording a Cooperative Society, the Director shall issue a Certificate in the prescribed form under the Regulations which shall be conclusive evidence of being registered.

Effect of registration.

19. The registered Cooperative Society from the date it is registered shall be a body corporate with perpetual succession and a common seal and shall, in its name, be capable of:

- (a) suing and be sued;
- (b) acquiring, purchasing, disposing of movable or immovable property;
- (c) receiving or giving loans, borrowing or lending money;
- (d) entering into contracts; and
- (e) doing or performing all other acts or things for proper performance of its functions under this Act or its by-laws.

Refusal of registration.

20. The Director may, if he is satisfied that the Cooperative Society has failed to meet the prescribed requirements for registration, or satisfied that the Cooperative Society does not exist or fail to meet with any other requirements prescribed under this Act, refuse to register such society, and shall inform the same in writing the reasons of such refusal.

Appeal against refusal to register.

21.-(1) A person who is aggrieved by the decision of the Director under section 20 of this Act, may appeal to the Minister within fourteen days after such decision being made.

(2) The Minister shall, within twenty one days from the date of receiving the appeal, determine the appeal.

Cancellation of registration.

22. The Director may cancel registration of any society if he is satisfied that, the Cooperative Society has the following:

- (a) less than minimum number of members required by this Act;
- (b) not transacted business during a period of six months after inspection, audit and advisory services provided to the Cooperative Society;
- (c) not interested to further doing any activity stipulated in its by-laws;
- (d) has dissolved itself;



- (e) ceased to be a Cooperative Society within the meaning of this Act;
- (f) not complied with Cooperative Principles and Values; and
- (g) contravened any provisions of this Act or Regulations made under this Act.

Appeal against
cancellation
for
registration.

23.-(1) Cooperative Society may, within thirty days after cancellation of registration, appeal to the Minister.

(2) The Minister shall, within twenty one days from the date of receiving the appeal, determine the appeal.

PART FIVE CAPITAL STRUCTURE, SHARES AND PROPERTIES OF THE COOPERATIVE SOCIETY

Capital of
Cooperative
Society.

24. The sources of capital of Cooperative Society may comprise of any of the following:

- (a) entrance fees;
- (b) membership fees or subscriptions as stipulated in the Cooperative Society's by-laws;
- (c) shares from members and a revolving loan funds;
- (d) grants, donations and other contributions from public or private donors legally obtained;
- (e) loans from members, other Cooperative Societies, banks and public or private financial institution for investment purposes;
- (f) deposits from members and other Cooperative Societies;
- (g) surplus in terms of patronage refund, the disbursement of which is deferred subject to the conditions provided by the Cooperative Society by-laws; and
- (h) any other capital lawfully derived from any source other than those mentioned under this section.



Reserve Fund
of Cooperative
Society.

25.-(1) A Cooperative Society shall set up a Reserve Fund wherein such Cooperative Society shall deposit at least thirty five per cent of the surplus as a reserve that is indivisible amongst its members, during a financial year.

(2) A Cooperative Society may use the Fund referred to in subsection (1) of this section only in accordance with the manner contemplated in section 26 of this Act.

(3) The Reserve Fund of a Cooperative Society shall be monitored for compliance by the Director or any person authorized by him through the audited annual financial statements.

The purposes
of Reserve
Fund.

26.-(1) The Reserve Fund may be used to:

- (a) invest in the fixed deposit account in official recognized institution or Bank operating in Zanzibar;
- (b) meet legal obligations of the Cooperative Society;
- (c) invest in real estate;
- (d) invest in developing necessary facilities to meet members' needs;
- (e) support necessary expenses such as equipment, or administrative services;
- (f) invest in Government stock and treasury bills;
- (g) invest in better performing Cooperative Society; and
- (h) do any other legal investment opportunity for the welfare of the Cooperative Society.

(2) A Cooperative Society shall, before the use of the Reserve Fund of the members have the special resolution of the General Meeting for that purpose.

Conditions
as to
distribution of
bonus.

27.-(1) The Cooperative Society shall distribute amongst its members any bonus accrued to its members equitably.

(2) A Cooperative Society shall not distribute or pay any part of its profits before the balance sheet is audited and approved by the Director after a resolution of the members at General Meeting.



(3) A Cooperative Society shall also distribute amongst its members, any bonus only after setting aside at least thirty five percent of the net profit in any year to a Reserve Fund.

(4) Payments from the remainder of profits and from any profits of past year available for distribution, may be made among the members to such extent and under such conditions as may be prescribed by the Regulations made under this Act or by-laws of Cooperative Society.

Permitted and Prohibited loans and security.

28.-(1) A Cooperative Society may give financial assistance by means of a loan or the provision of security to:

- (a) any member in the ordinary course of business if the lending of money is part of the ordinary business of the Cooperative Society;
- (b) any person on account of expenditures incurred or to be incurred on behalf of the Cooperative Society;
- (c) employees of the Cooperative Society or of any of its members to enable or assist them to purchase or build business or living premises.

(2) A Cooperative Society shall not give financial assistance in terms of subsection (1) of this section, whether directly or indirectly if there are reasonable grounds to believe that:

- (a) the Cooperative Society, after giving the financial assistance will be unable to pay its liabilities as they become due; or
- (b) the realizable value of the Cooperative Society's assets, after giving the financial assistance, will be less than the aggregate of its liabilities, share capital and reserves.

(3) In determining the realizable value of the Cooperative Societies' assets contemplated in subsection (2) of this section, the amount of any financial assistance in the form of a loan and in the form of assets pledged or encumbered to secure a guarantee shall be excluded.

Investment of funds.

29.-(1) A registered Cooperative Society may invest or deposit its funds to the following investments:

- (a) in the Government Banks and other Government funds;



- (b) Government bonds, Securities and Commercial Banks;
- (c) in the shares or on the security of any other registered Cooperative Society;
- (d) any bank or legal person carrying on the business of banking approved for this purpose by the Minister; or
- (e) in any other mode permitted by Regulations and approved by Minister.

(2) Any investments or deposits made before the commencement of this Act which would have been valid if this Act, had been in force, are hereby ratified and confirmed.

Misapplication
of the
property of
a Cooperative
Society.

30. A person who:

- (a) obtains possession by false representation or imposition of any property of a registered Cooperative Society;
- (b) having any property of a registered Cooperative Society in his possession, withholds or mis-applies the property; or
- (c) wilfully applies any part of the property mentioned in paragraph (a) or (b) of this section, for the purposes other than those expressed or directed in the by-laws of the Cooperative Society and authorized by this Act, is, on the complaint of the Cooperative Society or of any member authorized in that behalf by the Cooperative Society or a committee thereof, or the members of the management committee.

commits an offence and upon conviction, is liable to recover the amount misappropriated, and a fine of not less than One Million Tanzania Shillings or to imprisonment for a term of Six months or to both such fine and imprisonment.

PART SIX SAVINGS AND CREDIT COOPERATIVE SOCIETIES

Application
of this Part.

31.-(1) This Part applies to Savings and Credit Cooperative Societies (SACCOS).

(2) The Saving and Credit Cooperative Societies shall comply with the requirements of this Part, other relevant provisions of this Act and SACCOS Regulations.



Objects of Savings and Credit Cooperative Societies.

32. For the purpose of this Part, Savings and Credit Cooperative Society is a member based financial institution whose object is to mobilize financial resources of members through savings share and deposits for loaning out to members at reasonable and agreed rate of interest and fines; SACCOS shall provide capital to members to invest on social and economic ventures.

Requirements of by-laws.

33. For the purpose of this Part, every SACCOS shall develop by-laws which shall stipulate the manner of formation of its management, operation and supervision in respect of matters provided in the Regulations made under this Act.

SACCOS licensing.

34. Any Cooperative Society shall carry out SACCOS operations within the meaning of this part if:

- (a) a SACCOS is registered under the provisions of this Act; and
- (b) holds a valid license issued under this Act.

Application for License.

35.-(1) The SACCOS shall apply for license to the Director in the manner prescribed in the Regulations made under this Act.

(2) Applications under subsection (1) of this section, shall be accompanied with:

- (a) a copy of the certificate of registration and the by-laws of the SACCOS;
- (b) evidence that the SACCOS meets the minimum capital requirements prescribed in Regulations;
- (c) information relating to the physical address of the business;
- (d) the prescribed fees;
- (e) annual report of SACCOS containing:
 - (i) SACCOS Performance status;
 - (ii) membership and share capital;
 - (iii) list of members of the Management Committee;
 - (iv) financial plan;
 - (v) management team;



- (vi) financial and audited report;
- (vii) risk analysis and mitigation;
- (viii) minutes of the meetings; and
- (ix) such other information as the Director may prescribe.

(3) SACCOS which exists prior this Act, shall be provided a period of twelve months to re-register in accordance with the provisions of this Act.

Consideration
for licensing.

36.-(1) The Director shall consider every application made under section 35 and may, if satisfied that the applicant meets the requirements of this Act, grant a license to the applicant upon payment of the prescribed fee.

(2) The Director shall, upon the payment of the applicant of the prescribed fee, issue a license to a SACCOS to carry out its business.

Refusal of
licensing.

37.-(1) The Director may refuse to grant license to any SACCOS, if the requirements under section 35 have not been fulfilled.

(2) The SACCOS may appeal to the Minister in case of refusal to be granted license, within fourteen days after being notified of the refusal.

(3) The Minister may reverse the decision of the Director whereas:

- (a) the Director failed to follow required procedures in making decision;
- (b) the Director's decision was contrary to the Act or the Regulations; and
- (c) based on a review of the records, the Director committed a manifest error in assessment of facts, or abused his discretion in taking decision.

(4) The Director shall, in consultation with the Minister, make guidelines providing for further requirements to be fulfilled before the grant of license to a SACCOS.

Renewal of
the license.

38.-(1) Every SACCOS shall renew the license and pay renewal fee on such amount and in a period as may be prescribed in the Regulations.

(2) The SACCOS which fails to renew the license in a specified time shall, in addition to any action by the Director, be liable to pay penalty as the Director may prescribe.



(3) The SACCOS which fails to commence its business within six months of the grant of a license under this Act shall, if it still proposes to operate such business, make fresh application under section 35 of this Act.

Revocation
of license.

39.-(1) The Director may, by notice in writing to a SACCOS, revoke the license, if that SACCOS:

- (a) ceases to carry on its business, or goes into liquidation or is wound up or is otherwise dissolved or deregistered under this Act;
- (b) fails to comply with this Act, or any rules, regulations, orders or directives issued under this Act or any condition of the license;
- (c) does not hold at least fifty percent of paid up share capital;
- (d) has knowingly engaged in serious criminal or fraudulent acts that are likely to cause insolvency, substantial dissipation of assets or earnings or may otherwise weaken the deposits of the SACCOS or seriously prejudice the interests of the SACCOS members.

(2) The Director shall, before revoking a license, give the SACCOS fourteen days' notice in writing of his intention, and shall consider any representations made to him in writing by the SACCOS within that period before revoking the license.

(3) The Director shall cause the name of every SACCOS whose license is revoked under this section to be published in the Official Gazette and at least one newspaper widely circulated in Zanzibar.

(4) Where the license of a SACCOS is revoked, the SACCOS shall not be entitled to any refund of the license fee in respect of any unexpired period of the license.

Appeal in
respect of
revocation of
license.

40.-(1) SACCOS which is aggrieved by decision of the Director may, within thirty days after revocation of license, appeal to the Minister.

(2) The Minister shall, within twenty one days from the date of receiving the appeal, determine the appeal.

Restriction
of licensing.

41.-(1) Where it appears to the Director that, there are reasonable grounds for the revocation of a license, but the circumstances are such as the revocation would not be expedient or would be unjust to the members, the Director may restrict the license in accordance with subsection (2) of this section.



(2) A license may be restricted by imposing:

- (a) limit on the duration of the license for a period not exceeding six months; or
- (b) such additional conditions for the protection of depositors as the Director may deem necessary.

Publication of
SACCOS.

42.-(1) The umbrella of SACCOS shall cause to be published the list of all SACCOS every year at least in one newspaper widely circulated in Zanzibar.

(2) Issuing correspondences to SACCOS shall include:

- (a) publications of SACCOS;
- (b) minimum share capital requirements to SACCOS;
- (c) minimum liquid assets;
- (d) prohibited business;
- (e) place of business;
- (f) application for loan or credit facility from external sources; and
- (g) investment in SACCOS.

PART SEVEN DISSOLUTION AND DISPUTE HANDLING IN COOPERATIVE SOCIETIES

Dissolution
of
Cooperative
society.

43.-(1) A Cooperative Society may be dissolved by:

- (a) a special resolution of at least two third of its members; and
- (b) a Court upon application of at least half of number of members of a Cooperative Society.

(2) A Cooperative Society may be dissolved due to the following reasons:

- (a) the Cooperative Society is unable to pay its debts;
- (b) there is no reasonable probability that it will be able to run its business as a viable Cooperative Society; and



(c) where it appears just and equitable to do so.

(3) Where the Cooperative Society is dissolved in accordance with subsection (1) (b) of this section, the court, in considering an application, may:

- (a) adjourn the hearing thereof conditionally or unconditionally; or
- (b) prior to granting or refusing the application, make any provisional or other order as it may deem fit.

Appointment
of liquidator.

44.-(1) Where a Cooperative Society is dissolved in accordance with section 43 (1) (a), the Director shall appoint competent person to be the liquidator of the Cooperative Society, and all the assets and liabilities of the Cooperative Society will vest in the liquidator as from the date his appointment takes effect.

(2) A person appointed under subsection (1) of this section shall be declared in the Government Official Gazette.

Powers of
liquidator.

45.-(1) The liquidator shall have the powers to:

- (a) institute and defend suits and other legal proceedings by, and on behalf of the Cooperative Society by his name or office and to appear in court as a litigant in person on behalf of the Cooperative Society;
- (b) determine the contribution to be made by the members in respect to the assets of the Cooperative Society;
- (c) investigate all claims against the Cooperative Society and subject to the provision of this Act, to decide questions of priority arising between claimants;
- (d) determine from time to time by what persons and in what proportion the cost of liquidation are to be borne;
- (e) take possession of the books, documents and assets of the Cooperative Society;
- (f) examine and investigate any claim which the Cooperative Society may have against any person;
- (g) determine liability for the costs of the liquidation; and



- (h) give such directions in regard to the collection and distribution of the assets of the Cooperative Society and the disposal of the books and documents of the Cooperative Society as may appear to him to be necessary for winding up the affairs of the Cooperative Society.

(2) The liquidator shall, in exercising his powers, comply with the provisions of relevant law relating to liquidation.

Power of Director to control liquidation.

46. The Director, in respect of powers which are exercised by Liquidator under section 45 of this Act, may:

- (a) rescind or vary any order made by liquidator and make other new order required;
- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of a Cooperative Society;
- (d) by order in writing, limit the powers of a liquidator under the provisions of this Act;
- (e) require accounts to be rendered to him by liquidator;
- (f) make an order for the remuneration of the liquidator;
- (g) refer any subject of the dispute between a liquidator and any third party to settlement if that party shall consent in writing to be bound by the decision to be given by the dispute.

Admission and proving of claims against Cooperative Society.

47.-(1) A person who has a claim, other than a claim against a Fund of members, against a Cooperative Society that is being dissolved shall lodge an affidavit to the liquidator by:

- (a) specifying the amount of the claim together with any supporting documents; and
- (b) containing any prescribed particulars relating to the claim.

(2) A claim referred to in subsection (1) of this section, shall be lodged within ninety days of the publication of the notice of appointment of the liquidator.

(3) In the case of delaying, within a further period of thirty days with the consent of the Director.



(4) The liquidator may:

- (a) admit or refuse the liability of a Cooperative Society for the amount of a claim referred to in subsection (1) of this section; or
- (b) admit the liability of a Cooperative Society for any portion of such amount.

(5) A person who is aggrieved by a decision of a liquidator under subsection (4) of this section may, within thirty days after being notified of that decision, appeal to the Minister.

(6) A member who does not want his claim against a Fund of members to proceed, shall inform the liquidator in writing.

(7) The provisions of this section do not prevent a creditor from proving a claim in a Court of competent jurisdiction.

Preservation
of books
and records.

48. The liquidator shall hand over to the Director all books and records of the Cooperative Society, and the Director may after the period of two years from the removal of the name of the Cooperative Society from the register, cause such books and records to be preserved in accordance with the laws governing archives.

PART EIGHT AUDIT, INQUIRY AND INSPECTION OF COOPERATIVE SOCIETIES

Keeping of
accounts
and
records.

49.-(1) A Cooperative Society shall keep proper books of accounts and other books for the purpose of recording all transactions relating to its undertaking, funds, activities and properties not later than first three months of the new financial year.

(2) A Cooperative Society shall:

- (a) ensure that all payments are authorized and correctly made and that adequate control is maintained over its income, its expenditure, assets and liabilities;
- (b) keep all accounts and records in such manner that they truly reflect the financial situation of the Cooperative Society so that the internal controller or the auditor can have access to them at all reasonable times; and



- (c) ensure that all accounts in respect of financial year are drawn up and audited in accordance with the provisions of this Act and Regulations.

Audit.

50.-(1) The Director or any person authorized by him shall audit the accounts of every registered Cooperative Society at least once in every year.

(2) The purpose of such audit shall be to:

- (a) ensure that financial statements are drawn up in conformity with generally accepted accounting standards and practices;
- (b) verify that the Cooperative Society has maintained adequate records in accordance with the requirements of its by-laws and this Act;
- (c) report generally as to whether the assets and facilities of a Cooperative Society are being properly managed and the operations of a Cooperative Society are being conducted in accordance with Cooperative Principles; and
- (d) report on any other matter the auditors are required to report on terms of a Cooperative Societies' by-laws.

Approval of Auditor's report and financial statements.

51.-(1) A Cooperative Society may circulate draft of audited financial statements reports to its members at least seven days prior to an annual general meeting.

(2) The annual general meeting shall consider approval of the auditor's report and financial statements.

(3) The chairperson of the Management Committee, or the person who acted as such in a meeting where the auditor's report and financial statements were approved, shall sign the auditor's report and financial statements to confirm their approval.

(4) A Cooperative Society shall not issue, publish or circulate copies of the financial statements unless the statements are:

- (a) approved by the annual general meeting and signed in accordance with provisions of subsection (2) of this section; and
- (b) accompanied by a report of the auditor.

(5) The auditor's report and financial statements shall be available for inspection at the registered office of the Cooperative Society for at least twenty one days after approval of such report and financial statements.



(6) The Management Committee shall:

- (a) submit a copy of the financial statements and auditor's report to the Director within fifteen days of its approval; or
- (b) where for any reason the annual general meeting fails to approve the financial statements and auditor's report, notify the Director within fifteen days of the reasons for such failure and of the action the Cooperative Society proposes to take in order to address the situation.

Auditor
disqualified
from acting.

52. A person is disqualified from being an auditor of a Cooperative Society if:

- (a) that person has a personal or material interest in a Cooperative Society or in any of its affiliates or in any of its subsidiaries or in the business of any of its directors or senior employees; or
- (b) in any other circumstances that are considered to constitute a conflict of interest in terms of accounting practice.

Appointment
of Auditor.

53.(1) A Cooperative Society shall appoint an auditor to audit books of accounts of a Cooperative Society, provided that such appointment is approved by the Director.

(2) If a Cooperative Society fails to appoint an auditor in accordance with sub section (1) of this section, the Director may approve the person nominated by the Management Committee of the Cooperative Society to audit its books for one financial year.

(3) A period of an auditor to hold office shall be as prescribed by the Regulations.

(4) The remuneration payable to an auditor shall be approved by the Management Committee.

(5) An auditor of a Cooperative Society ceases to hold office when the auditor dies, resigns or is removed in terms of section 54 of this Act, or is struck off from the roll of auditors in terms of the laws applicable in Zanzibar.

(6) A resignation of an auditor becomes effective on the date on which a written resignation is received by a Cooperative Society, or on the date specified in the resignation, whichever is later.



Removal of
an auditor.

54.-(1) The members may by ordinary resolution, remove an auditor from office.

(2) A vacancy created by the removal of an auditor shall:

- (a) be filled at the meeting at which the auditor is removed; or
- (b) if not filled at the meeting, within thirty days of the creation of a vacancy, be filled by the Management Committee of Cooperative Society subject to the Director's approval.

(3) An auditor appointed in terms of subsection (2) of this section, holds office for the unexpired term of his predecessor.

Right to
information.

55. At the request of the auditor, the members, Management Committee, employees, agents or Cooperative Society shall provide any information, explanations and access to any documents of the Cooperative Society or any of its subsidiaries that are, in the opinion of the auditor, necessary for the purposes of the audit.

Notice of
error.

56.-(1) A Management Committee member or employee, who becomes aware of any error or misstatement in a financial statement that the auditor or former auditor has reported on, shall notify the auditor without delay.

(2) An auditor or former auditor of a Cooperative Society who is notified of, or in any other manner becomes aware of, a material error or misstatement in a financial statement on which they have reported, must inform the Management Committee accordingly.

(3) When the auditor or former auditor informs the Management Committee of Cooperative Society of an error or misstatement in a financial statement in terms of subsection (2) of this section, the Management Committee shall:

- (a) prepare and issue revised financial statements; or
- (b) inform the members and the Director of the error or misstatement.

Inquiry by
Director.

57.-(1) The Director may, on his own discretion, or shall, on the directives of the Minister, as the case may be, or on the application of not less than one-third of the members present and voting at a meeting of the Cooperative Society which has been duly advertised, hold an inquiry or direct any person authorized by him in writing to hold an inquiry, into the by-laws, working and financial conditions of any Cooperative Society.



(2) Officers and members of the Cooperative Society shall produce such cash, accounts, books, documents and securities of the Cooperative Society, and furnish such information in regard to the affairs of the Cooperative Society, as the person holding the inquiry may require.

(3) The Director shall report the findings of his inquiry at a General Meeting of the Cooperative Society and shall give directions for the implementation of the recommendations of the inquiry report.

(4) Where the Director is satisfied, after due inquiry, that the Management Committee or Committee of a Cooperative Society is not performing its duties properly, may:

- (a) dissolve the Committee; and
- (b) cause to be appointed an Interim Committee consisting of not more than five members from among the members of the Cooperative Society for a period not exceeding ninety days.

(5) A person who contravenes the provisions of subsection (2) of this section, is guilty of an offence and shall be liable to a fine of not less than Two Hundred Thousand Shillings for each day during which the offence continues.

Inspection of books of indebted Cooperative Society.

58. The Director may, in circumstances and manners as prescribed in the Regulations, and on the application of a creditor of a Cooperative Society, inspect or direct some persons in writing to inspect the books of the Cooperative Society.

Expenses of inquiry and inspection.

59.-(1) Where an inquiry is held under section 57 (1) of this Act, or an inspection is made under section 58 of this Act, the Director may, by a certificate under his hand, make an order apportioning the expenses, or such part of the expenses as he considers proper, between the Cooperative Society, the members or creditor demanding the inquiry or inspection, and the officers or former officers of the Cooperative Society; and the decision of the Director thereon shall be final.

(2) Any sum awarded by way of expenses under subsection (1) of this section, shall be a civil debt recoverable summarily on production of the certificate referred to in subsection (1) of this section.

Impromptu inspection.

60. Notwithstanding the provisions of section 58 of this Act, the Director may, from time to time, carry out impromptu inspection and into financial affairs, by-laws and activities of a Cooperative Society.



PART NINE MISCELLANEOUS PROVISIONS

Official seal.

61. The Director shall have official seal to be stamped on the registration certificate issued to Cooperative Society and other documents issued by the Director in terms of this Act.

Submission of Annual Report.

62.-(1) A Cooperative Society shall submit to the Director an Annual Report.

(2) The Annual Report under subsection (1) of this section, shall contain particulars as prescribed in the Regulations.

(3) A Cooperative Society which contravenes the provisions of this section, commits an offence and shall be liable to a fine of not less than Five Hundred Thousands Tanzanian Shillings.

Power to make by-laws and its contents.

63.-(1) The registered Cooperative Society shall have power to make by-laws, the format and contents of such by-laws shall be prescribed by the Regulations.

(2) The registered Cooperative Society shall have powers to amend its by-laws through special resolution of the General Meeting.

Offence relating to registration or license.

64. A Cooperative Society which operates without registration or valid license, as the case may be, commits an offence and shall be liable to a fine not exceeding Five Hundred Thousand Tanzanian Shillings.

General offences and penalties.

65. A Cooperative Society or Member of Cooperative Society who commits any offence or contravenes any provision under this Act for which no specific penalty is provided under any part of this Act, shall be liable to a fine not exceeding Five Hundred Thousand Tanzanian Shillings.

Fees.

66. The Cooperative Society shall pay fees in respect to the following matters:

- (a) issue of registration;
- (b) audit, inquiry or inspection, of the accounts of Cooperative Society, upon application of members or creditors;
- (c) charges in respect of offences committed by registered Cooperative Society or any person; and
- (d) any other matter in respect of which a fee is chargeable under the provision of this Act.



Minister
may review
fine and
fees.

67. The Minister may, from time to time, review the fines and fees provided under this Act.

Powers of
the Minister
to make
Regulations.

68.-(1) The Minister may make Regulations for better carrying out of the provisions of this Act.

(2) Without prejudice to the generality of subsection (1) of this section, the Minister may specifically make Regulations relating to:

- (a) the Procedures for registration;
- (b) the maximum number of shares or portion of capital of a Cooperative Society which may be held by a member;
- (c) the forms to be used and conditions to be complied with in the making of application for the registration of a Cooperative Society and the procedures in the matters of such applications;
- (d) the matters in respect of which a Cooperative Society may make by-laws and for the procedures to be followed in making, altering and abrogating by-laws;
- (e) the conditions to be complied with by person applying for admission of membership and provide for the election and admission of members, and the payment to be made and the interest to be acquired before the exercise of the right of membership and to provide for the termination of membership;
- (f) the manner on which funds may be raised by means of shares or debentures or otherwise and the form in which application for financial assistance from the government and any bank or any financial institution shall be made;
- (g) conditions meeting of the members and for the procedures at such meeting;
- (h) conditions the appointment and terms of service of employees of a Cooperative Society;
- (i) conditions the submission of the annual estimates for the approval of the Director;



- (j) periodical publication of a balance sheet showing the assets and liabilities of a Cooperative Society;
- (k) conditions provide for the persons by whom and the form which copies of entries in books of Cooperative Societies may be certified;
- (l) form of the register of members and for the particulars to be entered therein;
- (m) types of Cooperative Society to be registered; and
- (n) fee structure for the services rendered to Cooperative Society.

Repeal and
saving.

69.-(1) The Cooperative Societies Act, No. 4 of 1986 is hereby repealed.

(2) Section 2(1) (d) of Business Entity Registration Act No. 12 of 2012 is hereby repealed.

(3) Notwithstanding the repeal under subsection (1) and (2) of this section, anything done prior this Act coming into operation, shall be deemed to have been done under the provisions of this Act.

PASSED by the House of Representatives of Zanzibar on 3rd December, 2018.

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(RAYA ISSA MSELLEM)

Clerk of the House of Representatives of Zanzibar.