



**THE ZANZIBAR STATE TRADING CORPORATION
ACT, NO. 11 OF 2011**

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SCHEDULE



ACT NO. 11 OF 2011

I ASSENT

{ DR. ALI MOHAMED SHEIN }
PRESIDENT OF ZANZIBAR
AND

CHAIRMAN OF THE REVOLUTIONARY COUNCIL

5th December, 2011

AN ACT TO ESTABLISH THE ZANZIBAR STATE TRADING CORPORATION AND TO MAKE BETTER PROVISIONS FOR PROCESSING, VALUE ADDITION, PRODUCTION, TRADE AND PROMOTION OF CLOVES AND OTHER AGRICULTURAL PRODUCTS AND OTHER RELATED MATTERS CONNECTED THEREWITH

ENACTED by the House of Representatives of Zanzibar.

**PART I
PRELIMINARY PROVISIONS**

- Short title and commencement. **1.** This Act may be cited as the Zanzibar State Trading Corporation Act, 2011 and shall come into operation on such date as the Minister may, by notice in the Official Gazette appoint.
- Application. **2.** This Act shall apply to cloves and other agricultural products.
- Interpretation. **3.** In this Act, unless the context otherwise requires:-
“allied products” means leaves, any part of the clove tree, and products related to or originating from cloves tree;
“Board” means the Board of Directors established under section 13 of this Act;



- “cloves” means the flower buds of the clove tree whether dried or otherwise, cloves or clove stems and its allied products;
- “commercial functions” means the functions referred to under section 7(2) of this Act;
- “Corporation” means the Zanzibar State Trading Corporation as established under section 4 of this Act;
- “Member” means a member of the Board and includes a Chairman;
- “Minister” means the Minister for the time being responsible for trade;
- “other agricultural products” means the agricultural products as listed by the Minister under the provisions of section 27 of this Act;
- “Premise” means land, building, factory, erection, vehicle, article, or receptacle whatsoever used for the purpose of growing, sorting, processing, storage, transporting or for any other activity connected to the handling of cloves or other agricultural products;
- “President” means the President of Zanzibar and Chairman of the Revolutionary Council;
- “Processing” means any act or thing done to cloves or other agricultural products for the purpose of adding its value;
- “Promotional functions” means the functions referred under section 7(3) of this Act;
- “Shared functions” means the functions referred to under section 7(4) of this Act;
- “Stakeholder” means a farmer, processor, or actor in clove and other agricultural products;



PART II
ESTABLISHMENT, OBJECTS AND FUNCTIONS
OF THE CORPORATION

Establishment of the Corporation. 4.(1) There is hereby established a Corporation to be known as the Zanzibar State Trading Corporation by acronym is ZSTC.

(2) The Corporation shall be a body corporate and shall:-

- (a) have perpetual succession and common seal;
- (b) in its corporate name be capable of suing and being sued;
- (c) be capable of purchasing or acquiring in any manner and alienating any movable and immovable property;
- (d) be capable of entering into any contract or agreement as may be necessary or expedient for the proper performance of its functions under the provisions of this Act; and
- (e) do all such other acts and perform such functions which a body corporate may lawfully perform.

Seal of the Corporation. 5.(1) There shall be a common seal of the Corporation which shall be of such form, shape and size as may be determined by the Board.

(2) The seal of the Corporation shall be kept by the Managing Director and shall be authenticated by the signature of the Managing Director or in his absence by any person acting on his behalf.

Objects of the Corporation. 6.(1) The objects of the Corporation shall be:-

- (a) to foster and encourage efficient, effective, quality production, processing, value addition, optimal supply chain and value chain activities and marketing of cloves and other agricultural products;
- (b) to carry out other activities as are necessary, advantageous or proper for the development of the cloves and other agricultural products;
- (c) to provide and foster the competitiveness of the cloves and agricultural products of Zanzibar, and to encourage among agricultural producers, processors and other stakeholders the spirit



and practice of thrift, cooperation and self help and in furtherance of those objects.

(2) Subject to the provisions of sub section (1) of this section, the Corporation may provide facilitation of:-

- (a) input services, including implements, equipment, fertilizers and agrochemicals, post-harvest management and handling materials;
- (b) extension of services to growers and other stakeholders of cloves and other agricultural products;
- (c) agricultural research on cloves and other agricultural products;
- (d) promotion of production, marketing, processing, storage and trade of cloves and other agricultural products;
- (e) the collection, analysis, and dissemination of information or data relating to cloves and other agricultural products;
- (f) the promotion of technological advancement in cloves and other agricultural products activities; and
- (g) the provision of assistance in the formation and support of farmers and actors, farmers groups, co-operatives or organizations.

Functions
of the
Corporation.

7.(1) Subject to the provisions of section 6 of this Act, the Corporation shall perform commercial, promotional and shared functions.

(2) The commercial functions referred to under subsection (1) of this section shall include:-

- (a) purchasing and selling cloves and other agricultural products at competitive prices;
- (b) ensuring and maintaining quality, hygiene, and safety standards and requirements of cloves and agricultural products;
- (c) blending of cloves and other agricultural products to requisite grades and to customer requirements;



- (d) entering into arrangements with selected agricultural producers, processors, traders, importers, and exporters;
- (e) exchanging trade and develop resources, technologies, goods and services that facilitate the sustainable growth and development of the clove and agricultural products and allied products;
- (f) purchasing, encouraging, adopting and adaptation, sale, disseminating and offering customer support for inputs and post-harvest management and handling equipment, facilities, technologies and techniques, training, and knowledge, skills, proprietary intellectual property and methods, for the use of persons and entities engaged in clove and agricultural produce industry;
- (g) providing agricultural assistance, cleaning, drying, weighing, grading and packaging services according to customer and market requirements and standards at market points, processing plants, warehouses or in any other area as demanded by the market;
- (h) supplying chain management facilities, building and maintenance of buying posts and warehouses; establishment of market centers with mechanism for enforcing standards; packing, storage and stocking in warehouses, logistics services; transport, freight and shipment activities and distribution;
- (i) undertaking process and value addition of cloves and agricultural product;
- (j) seeking out, exploit, whether by advertisement or otherwise, the most suitable market for cloves and agricultural product and value added products;
- (k) dealing with traders, intermediaries, distributors, market outlets and channels, distribution outlets, retailers, agents, and trading centers and exchanges;
- (l) leasing of properties, like buildings, processing plants and warehouses;
- (m) having representatives or offices in domestic and international locations for facilitating business operations;



- (n) dealing generally in import and export of cloves and allied products and other agricultural products;
- (o) enhancing market access and manage commercial, financial and legal risks;
- (p) performing any other production and commercial functions approved by the Board for the development, growth and trade of cloves and agricultural product;
- (q) engaging in general merchandise in the event of emergency as directed by the Government.

(3) The promotional functions referred to under subsection (1) of this section shall include to:-

- (a) look for market of cloves and allied products, agricultural products and Corporation activities and services to the public, potential customers and markets through adverts, exhibitions, launches, fairs, promotions and distribution outlets;
- (b) develop cloves and allied products, agricultural products brand and increase quality perception and appeal of products through registration, acquiring intellectual property and other rights;
- (c) promote uses of new innovation of market of cloves and agricultural products and value added products in global markets;
- (d) liaise with stakeholders to promote production, storage, processing and marketing of agricultural produce by developing and maintaining marketing centers and mini-processing plants, and establishment and access to quality warehousing facilities;
- (e) promote and utilize technological advancement in the agricultural industries, including use of equipment and machinery and acquisition and dissemination of good agricultural post-harvest management knowledge and practices, processing and industrial systems and processes;



- (f) promote certification and accreditation of systems, processes, products and services related to the clove and agricultural products;
- (g) educate stakeholders to understand Corporation value, proposition and benefit through technical support, education, training, demonstrations and skills development;
- (h) promote the acquisition and use of innovative materials, plants, equipment, technologies, expertise and other tools to add value to cloves and other agricultural products;
- (i) forecast, identify, promote and support the production of emerging valuable crops and their allied products that will be demanded by markets in the future.

(4) The shared functions referred to under subsection (1) of this section means functions to be undertaken by all stakeholders as agreed from time to time and shall include to:-

- (a) collect, refine, analyze, maintain, use or disseminate information, knowledge, data and statistics relating to the clove and other agricultural produce industries;
- (b) facilitate inputs supply;
- (c) undertake and support studies, research and development and generation of valuable outputs relating to all matters of value in cloves and other agricultural products;
- (d) provide extension services in collaboration with other relevant institution;
- (e) improve and encourage use of technologies, techniques, adoption, adaptation, training and delivery system;
- (f) subject to the provisions of the relevant law, support, manage and protect patents, trademarks, brands, knowledge of products, and services, and other related intellectual property items related to Corporation and cloves and other agricultural products;



- (g) eliminate smuggling and other illicit activities that interrupts, restricts, or adversely affect the supply and value chain activities in input supply, production, warehousing, processing, value addition, logistics, trade of cloves and other agricultural products;
- (h) establish training centers and provide education and training on matters relating to the development and growth of cloves and other agricultural products.

Delegation
of
functions.

8.(1) The Corporation may, subject to the approval of the Board and upon such terms and conditions as it may specify, delegate some of its functions to any Agent, provided that the Corporation shall not be prevented to perform the same functions or powers conferred on it under this Act.

(2) Notwithstanding the provisions of subsection (1) of this section, the Corporation shall not delegate its commercial functions to any Agents.

Powers of
the
Corporation.

9.(1) The Corporation shall in the performance of its functions under this Act, have powers to:-

- (a) be sole buyer and exporter of cloves and allied products;
- (b) purchase and sell other agricultural products at competitive price;
- (c) determine quality of cloves and other agricultural products;
- (d) set purchase price of cloves and other agricultural products;
- (e) set indicative price for picking of cloves and harvesting of other agricultural products;
- (f) build or otherwise acquire buildings or storage structures, warehouses and processing machinery;
- (g) establish cloves and other agricultural products market centers, show rooms and exchange centers; and
- (h) perform such other functions which advance the object of the Corporation under this Act.



(2) It shall be the duty of the Corporation in the exercise of its powers and in the performance of its functions under this Act, to act in such a manner as it appears to it appropriate for the purpose of promoting productivity, quality, competitiveness and revenue streams from the cloves and other agricultural produce industry within and outside Zanzibar.

PART III MANAGEMENT OF THE CORPORATION

Appointment
of
Managing
Director.

10.(1) There shall be a Managing Director of the Corporation who shall be appointed by the President.

(2) A person shall be qualified to be appointed as Managing Director if he:-

- (a) is a Zanzibari;
- (b) is a holder of at least first degree of business, economics or administration or its equivalent in the relevant field from a recognized Institution; and
- (c) working experience of at least five years in management, business administration or economics.

(3) The Managing Director shall be the Chief Executive Officer of the Corporation and shall be responsible for the day to day operations of the Corporation and be responsible to the Board.

(4) The Managing Director shall be appointed to hold office for a period of five years and shall, subject to his satisfactory performance, be eligible for re-appointment for further period of five years.

Appointment
of senior
officers and
other staff.

11.(1) Upon approval by the Board, the Managing Director shall employ senior officers and such other staff of the Corporation.

(2) The Corporation may, for facilitating performance of its functions under this Act, establish such departments and units to be headed by directors and other staff as may be determined by the Board.



Appointment
of agents
and
contractors.

12. The Corporation may, upon approval of the Board, appoint, upon such terms and conditions as shall be specified, such number of agents and contractors as it may deem necessary for the better carrying out of its functions under this Act.

Board of
Directors.

13.(1) There shall be a Board of Directors of the Corporation, which shall be the overall governing body.

(2) The Board shall have the following members:-

- (a) Chairman who shall be appointed by the President;
- (b) Managing Director; and
- (c) One member to be appointed by the Minister from each of the following institutions in consultation with the respective institution:-
 - (i) Ministry responsible for Trade;
 - (ii) Ministry responsible for Finance;
 - (iii) Ministry responsible for Agriculture;
 - (iv) one person from Clove Farmers Associations Unguja and one from Clove Farmers Association Pemba;
 - (v) Police Force; and
 - (vi) Zanzibar Chamber of Commerce, Industry and Agriculture.

(3) The provisions of the Schedule to this Act, shall have effect as to the tenure of office of members, cessation of membership, proceedings of meeting of the Board and other matters relating to the Board.

Secretary
to the
Board.

14. The Board shall appoint a person with at least first degree of law and experience of not less than three years in such field to be the Secretary of the Board.



Powers of the Board. **15.** The Board shall have a general supervisory powers in respect to the performance of the functions of the Corporation, and in particular shall have powers to:

- (a) provide strategic guidance;
- (b) conducting managerial oversight;
- (c) ensure sound corporate governance, policies, framework and practices are in place and implemented;
- (d) secure and ensure efficient use of resources, including approval of annual budget of the Corporation;
- (e) establish and supervise Staff Regulations, Financial Regulations and Salary Structures of the employees;
- (f) determine organizational structure of the Corporation including assessment of the need to establish branches within and outside United Republic of Tanzania.

Board to be disciplinary authority. **16.(1)** Save as to the Managing Director, the Board shall be the disciplinary authority of all employees of the Corporation.

(2) The Board may make general or specific rules prescribing procedures for disciplinary measures against the management or any employee of the Corporation.

Annual meeting of Board and the Ministry. **17.** There shall be an annual general meeting between the Board and the Ministry to determine the overall performance of the Corporation.

PART IV FINANCIAL PROVISIONS

Funds and resources of the Corporation. **18.** The funds and resources of the Corporation shall consist of:-

- (a) capital from the Government;
- (b) money derived from its commercial activities;



- (c) money raised by way of loans, donations or grants from within and or outside Zanzibar;
- (d) such sums of money or property which may become payable to or vested in the Corporation under this Act or any other written law or in respect of any matter incidental to the carrying out of its functions.

Expenditure
and
budget.

19.(1) There shall be paid out of the fund all such sums of money required to defray the expenditure incurred by the Corporation in the exercise, discharge and performance of its functions and duties under this Act.

(2) The Managing Director shall, not later than three month before the end of each financial year, prepare and submit to the Board for its approval, estimates of its income and expenditure for the next ensuing year, which, upon approval, shall be forwarded to the Minister.

(3) The Managing Director may at any time submit to the Board a supplementary estimate for its consideration and upon approval the Board shall notify the Minister.

Accounts
and
Audit.

20.(1) The Corporation shall cause to be kept and maintained proper books of accounts with respect to:

- (a) sums of money received and expended by the Corporation and matters in respect of which the receipt and expenditure took place;
- (b) the assets and liabilities of the Corporation; and
- (c) the income and expenditure statement of the Corporation.

(2) The auditing of the financial reports and books of accounts of the Corporation shall be made by the Controller and Auditor General or a person authorized by him.

(3) The Corporation shall, not later than six months after the end of financial year, submit to the Board for consideration and to the Minister a copy of the audited accounts and annual report on the activities of the Corporation in respect of that year.



(4) For the purpose of this section, "financial year" of the Corporation shall be a period not exceeding twelve consecutive months which conform to the financial year of the Government.

PART V GENERAL PROVISIONS

Directives of the Minister. **21.** The Minister may give to the Corporation lawfully directives of a general or specific nature in writing as to the exercise or performance of its functions and the Corporation shall give effect to such directives.

Offences and penalties. **22.** Any person who without the authority of the Corporation:-
(a) purchases or sells cloves; or
(b) using the brand or logo of the Corporation;

commits an offence and upon conviction shall be liable to a fine of not less than Ten million shillings or to imprisonment for term of not less than Five years or to both such fine and imprisonment.

Offence by body corporate. **23.(1)** Where any offence under this Act or regulations made under this Act is committed by a body corporate, any person who, at the time of the commission of the offence was concerned, as a director or an officer responsible for the management of the affairs of the body corporate, commits an offence and is liable to be proceeded against and punished accordingly unless he proves to the satisfaction of the court that he had no knowledge and could not by the exercise of reasonable diligence have had knowledge of the commission of the offence.

(2) Where an offence under this Act is committed by a body corporate, that body corporate shall be liable on conviction to a fine of not less than twenty million shillings.

Offence by Agents. **24.** Where an offence under this Act or regulations made under this Act is committed by agent or employee then, the principal or employer of such agent or employee, commits an offence and is liable to be prosecuted against and punished accordingly unless he proves to the satisfaction of the court that he had no knowledge and could not by the exercise of reasonable diligence have had knowledge of the commission of the offence.



- General penalty. **25.** Any person who contravenes the provisions of this Act or any Regulations made thereunder, commits an offence and if no penalty specifically provided, upon conviction shall be liable to a fine of not less than Two hundred thousand shillings or imprisonment for a term of not less than six months or both such fine and imprisonment.
- Regulations. **26.** The Minister may make Regulations for better carrying out the provisions of this Act.
- Agricultural products. **27.** The Minister may, by notice published in the Gazette, prescribe a list of other agricultural products for the purposes of this Act.
- Power to make rules. **28.** The Minister may, upon consultation with the Board, make rules for better farming, quality management, hygiene and safety, processing, value addition, logistics and trading for cloves, allied products and each category of agricultural products.
- Repeal of Legal Notice No 39 of 1968 and saving. **29.**(1) The Legal Notice No.39 of 1968 published in the Official Gazette Vol. LXXVII No. 4621 of 14th December, 1968 is hereby repealed.
(2) Anything done under the repealed Legal Notice under sub section (1) of this section shall be deemed to have been done in accordance with the provisions of this Act.

SCHEDULE **[Made under section 13(3)]**

- Tenure of Office of Members. **1.**(1) The Chairman of the Board shall hold office for a term of four years from the date of appointment and may be eligible for re-appointment for another term only.
(2) Other members shall hold office for a term of three years from the date of appointment and may be eligible for re-appointment for another term only.
- Resignation. **2.**(1) Notwithstanding paragraph 1(2) of this Schedule, any member may at any time resign by giving notice in writing to the Minister and from the date specified in the notice or, if no date is so specified, from the date of receipt of the notice by the Minister, he shall cease to be a member.
(2) Where a person ceases to be a member for any reason before the expiration of his term of office, the Minister shall appoint another person in his place and the person so appointed shall hold office for the remainder of the term of office of his predecessor.



- Meetings of the Board. 3. The Board shall meet quarterly in ordinary business and may convene extra ordinary meetings as may be deemed necessary for discharging of its functions under the Act.
- Vice-Chairman. 4. The Board shall elect one of their members to be a Vice-Chairman.
- Proceedings of the meetings. 5.(1) All meetings of the Board shall be convened by the Chairman or in his absence by the Vice-Chairman.
- (2) The Chairman or in his absence, the Vice-Chairman, shall convene a special meeting of the Board upon a request in writing signed by not less than four members of the Board and shall cause such a meeting to be held within twenty one days of receiving such request.
- Co-opt person. 6. The Board may co-opt any person to attend any deliberations of the meeting of the Board as an expert but such person so co-opted shall not have the right to vote.
- Decision of the Board. 7.(1) The Board shall make its decision by consensus and in the event of disagreement, the decision shall be reached by voting and in case of any equality in the votes the Chairman shall have a casting vote.
- (2) Notwithstanding subparagraph (1) decisions may be made by the Board by circulation of papers to the members whereby each member shall express his views in writing provided that any member may require that any such decision be deferred for discussion at a full meeting of the Board.
- (3) A circular resolution in writing signed by all members for the time being in Zanzibar but who shall not be less than five members, shall be as effectual as a decision made at a meeting provided that a member may require, notwithstanding the members' signature, the matter be brought at the following Board meeting.
- Quorum. 8. Half of the total number of members shall constitute a quorum at any meeting of the Board.
- Effect of vacancies. 9. Subject to the provisions of this Schedule relating to quorum, the Board may act notwithstanding any vacancy in the members thereof and no act or proceedings of the Board shall be invalid by reason only of some defect in the appointment of a person who purports to be a member thereof.



- Declaration of interest. **10.** A member who directly or indirectly has interest in a contract or proposed contract or any matter being deliberated by the Board, shall declare the nature of his interest to the Board and shall refrain from participating in the deliberation of the matter.
- Remuneration of Members. **11.** The Chairman and other members of the Board shall be entitled to be paid allowances and fees at the rates as the Minister may determine from time to time.
- Minutes. **12.** The Board shall cause to be recorded and kept minutes of all proceedings of its meetings and the minutes of each meeting of the Board shall be confirmed by the Board at its next meeting and signed by the Chairman of the meeting and Secretary.
- Power to regulate its proceedings. **13.** Subject to the provisions of this Schedule, the Board shall have power to regulate its own procedures in respect of the meetings and the proper conduct of its business.
- Committees. **14.** The Board may, for the purpose of facilitating the performance of its functions establish such number of Committees to perform the specific functions as the Board may determine.

PASSED in the House of Representatives of Zanzibar on 18th day of October, 2011.

{IBRAHIM MZEE IBRAHIM}
CLERK OF THE HOUSE OF REPRESENTATIVES
ZANZIBAR