

## ABSTRACT

Clove production in Zanzibar Islands has been continuously declining for decades now. While this happens, ZSTC have been mandated with a monopoly to purchase and sell cloves in Zanzibar. This research was aimed at analyzing the performance of Zanzibar State Trading Corporation (ZSTC) in clove purchasing, a case of Pemba.

A case study design was employed in this study whereby documentary review, questionnaires, interviews and observations were the tools which were used to collect data.

The results show that to a large extent, ZSTC is ineffective in purchasing and exporting cloves. This ineffectiveness has been caused by decreased clove production, price fluctuations and smuggling in the world market. These factors undermine the ability of ZSTC to perform its duties as the sole purchaser and exporter of cloves in Zanzibar.

Liberalization of cloves industry will give up ZSTC monopoly in purchasing and exportation of cloves. This will obviously improve prices due to competition. Awareness on benefits of growing cloves is important in raising campaigns for increased clove production and hence, limit trend of clove farmers from switching to other cash crops.

To improve the effectiveness of ZSTC in purchasing and exporting cloves, it is recommended that; the government should commit to revive the production of cloves in Zanzibar by offering farmers with exemptions to agricultural inputs, credits and strengthening of extension services. However, the government should motivate clove farmers by offering competitive prices to their products.

