

July 2022 Edition

THE Co-operative

THE VOICE OF THE CO-OPERATIVE MOVEMENT



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100 YEARS
First celebrated in 1923

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The Co-operative Bank is regulated by the Central Bank of Kenya

Coop Bank posts 65.7 per cent growth in Profits

By The Cooperative reporter

The Cooperative Bank's profits surged in the first quarter of 2022 posting 65.7 per cent compared to similar period last year. The bank that is the anchor of cooperatives in the country registered Ksh5.8billion, an improvement from Ksh3.5 billion recorded the same period last year.

The growth was supported by increase in non-interest income and cost management measures as loan repayment saw its loan loss provisions reduced by Ksh760

million, freeing the funds for more business.

The Managing Director, Mr Gideon Muriuki said the loan provisions decreased after more customers resumed paying loans after recovery from Covid-19 induced economic slowdown. The bank reported a reduced gross Non Performing Loan book at 5 per cent, with the NPL ratio standing at 13.3 per cent as compared to 15.2 per cent in the same period last year.

The bank which is third largest in Kenya in asset base had its revenue grow by 17 per cent to Ksh16.8billion in the period under review.

The total operating income stood at 14.4 billion, while the net interest income rose from Ksh9.8billion to Ksh10.4 billion. The bank registered an impressive growth

in its total assets to Ksh597 billion from Ksh522.9 billion realized in the same period the previous year.

The net loans and advances grew to Ksh324.5billion as compared to Ksh298.2 billion in the same period in 2021. The customer deposits rose to Ksh410.8billion from Ksh393.8billion recorded the previous year.

The growth was supported by increase in non-interest income and cost management measures as loan repayment saw its loan loss provisions reduced by Ksh760 million, freeing the funds for more business.

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MR. DANIEL MARUBE
CAK CEO

Letter from Chief Executive

The Cooperative Movement is celebrating a hundred years of resilience having been tested over these years, surviving major economic downturns to claim its place in the development all over the world. *First celebrated in 1923, Ushirika day this year marks 100 years* with the theme **'Coops Build Better World'** is most appropriate.

Through this period, the sector has demonstrated that values and principles of solidarity, democracy, good governance and responsibility offer needed flexibility to wither any challenges thrown at them. The first cooperative was formed in 1844 by a group of twenty eight weavers unable to afford household items during the industrial revolution in Europe, and has now morphed into a global phenomenon that cuts across many sectors. With a global membership of 1.2 billion, constituting 10 per cent of the global population, and an employment profile of over 300 million, the movement is key driver of the global economy. In 2012, United Nations in recognised its role in development.

As the movement gears for the second century, it is prudent to

reflect on the future sustainability the development model through improved governance and management. We shall be looking forward to even more rewarding century ahead as the movement enters another stage, with many opportunities and challenges.

In Kenya, the Cooperative movement has registered phenomenon growth since the first cooperative was started by colonial settlers in Kipkelion in Rift Valley and continues to play a great role in mobilizing savings estimated at 30 per cent of the total national savings, and employment of about 500000. It is ranked by World Council of Credit Unions at number seven globally and number one in Africa.

After facing near collapse in the 1990s following liberalization of the economy brought about by adoption of Structural Adjustment Programmes, several reforms by government from 2003 have seen the cooperative movement grow exponentially, with an estimated 22 million membership today. As a result Kenya has become the guiding light in cooperative movement, and many countries in Africa have at one time sought the expertise to replicate the same in their countries. The

Cooperative Policy that is in its last stages is expected to change the architecture, management, interactions and outlook of the cooperatives and place them on a faster growth trajectory. It seeks to give it leverage in the fast changing economy, to better cope with the demands of the fast changing economic environment and participate more in housing, health, food security, and industry.

As the country heads towards August general elections, hopefully there will be no interruption of the economy to enable faster recovery from the Covid-19 induced slowdown, and it is prudent that as cooperators we guard against further slowdown even as we participate in our civil duty of electing new national leaders.

Celebrating
100 YEARS
First celebrated in 1923

Letter From **MANAGING EDITOR**



MR. MWANIKI WAHOME
Managing Editor

Letter from Managing Editor

As the Cooperative Movement is celebrating a hundred years it is important to acknowledge that the business environment has rapidly changed with technology and globalization now part of the key drivers. The cooperative cannot therefore remain at the periphery as the environment changes as its part of the whole and key component in development.

From a simple grocery set up by a group of twenty eight weavers pressed by dwindling incomes that couldn't meet their daily needs, the cooperative has now grown into a major sector cutting across the various sectors from agriculture, transport, hospitality, financial, manufacturing and many others.

With a global membership of 1.2 billion, constituting 10 per cent of the global population, and over 280 million employed in the Cooperative movement globally, it will continue as an alternative model of development with a human face as opposed to unadulterated capitalism.

In Kenya, the Cooperative movement has grown by leaps

and bounds since first cooperative was started by colonial settlers in Kipkelion in Rift Valley to help the dairy farmers. So far, the sector holds an estimated 30 per cent of the total national savings. It has employed about 500,000, making it a single major driver of development. The World Council of Credit Unions has ranked it seventh globally and number one in Africa.

The resilience of the sector has been tested having survived near collapse in the 1990s after the adoption of Structural Adjustment Programmes that disrupted the various sectors through unplanned liberalization. Such farmers' bodies like Kenya Planters' Cooperative Union and Kenya Cooperative Creameries, among others ground to a halt, and nearly collapsed. The other challenges were the global economic meltdown in mid-2000s and the Covid-19 induced economic slowdown. Through a raft of administrative and legal reforms from 2003 the government has been able to improve governance. As a result of growing confidence in the sector, the membership has been growing, and today an estimated 22 million Kenyans are members of the Cooperative movement today.

The Cooperative Policy that will soon be adopted seeks to give leverage to the sector in the fast changing economic environment to participate more in housing, health, food security, and manufacturing.

The August general elections is yet another opportunity for Kenyans to renew the national leadership, and Cooperative Movement as part of the whole, and hopefully will continue to play its role in development as an anchor to farming, financial, transport and manufacturing.

So far, the sector holds an estimated 30 per cent of the total national savings. It has employed about 500,000, making it a single major driver of development.

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Mwalimu National is now running on the latest Core Banking System (CBS) that will revolutionize the way SACCOs transact in view of business growth. This is a scalable system that has been adopted by some leading SACCOs in the country.

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RAFT OF LOAN PRODUCTS LIFTS MWALIMU SACCO TO GIANT STATUS



Mwalimu National is among the oldest Saccos and draws its membership from the staff of the Teachers Service Commission (TSC) both in Secondary, Tertiary and Primary schools and the University lecturers and staff of the Ministry of Education.

It has been a reliable source of financial solutions to members who have benefitted from loans extended to them at reasonable rates. The Sacco has diversified its products to ensure stability.

DIVERSIFICATION and INVESTMENT

The Cooperative is providing competitive financial services by moving from the basic payslip loans as demand increases and diversifying by looking at the needs of the members who now even want to invest more by introducing Capacity loans making it exceptional for the last

47 years.

“We have over 107,000 members in this Society who have mobilized deposits to a tune of Ksh44 billion and from this we have been able to give out loans to a tune of Ksh38 billion which has created revenue to a tune of Ksh 7.6 billion and this is as at the end of December 2021” the Chairman of Mwalimu National Mr Joel Gachari said.

The Sacco has been able to distribute returns on member’s investment and out of the Ksh7.6 billion they gave returns of Ksh 3.5 billion.

“We realized that the basic loans have limitations because the government has the a third rule where one is supposed to remain with one third of their basic salary and for our members who sometimes have saved even over one million, it is impossible to get

the 3 times factor which they are entitled to because of the ability to pay as per government rule and thus the main reason for capacity loans” he said

The Chairman said, they have for the last four years diversified to capacity loans where individual members who are able to repay comfortably have structured loans that fit their capacity.

“We have a vast business appraisal of the products and we look at investment and the return on the investment, ability to pay and with this we are able to determine how a member can be able to pay”, he said adding that in the next five years, they might not need to rely on the payslip to provide loans but the capacity of members to pay.

Gachari further says that the Sacco has also developed a

product dubbed “Senior Saver” for members who have saved up to Ksh1.5 million and can qualify to get up to Ksh15 million but have to provide a collateral.

“This package has no guarantors. This portfolio has already grown for the last four years and we are talking about Ksh2.5 billion.” he said adding that the repayment period for this is normally 120 months and comes with a cheaper rate of 12.5 percent per annum on reducing balance basis”, the chairman says

The second package, Gachari said is for the members who have not reached the Ksh 1.5 million bracket but are able to demonstrate ability to pay from their business venture. This group can access loans from Ksh 150,000 to Ksh 5 million with a 5 years repayment period at an interest rate of 1.25 percent per month on reducing basis.

“For this type of loans, the members provide collateral in form title deeds or log books and any other security that the organisation can be able to charge”, he added.

This year they have also introduced asset financing whereby new young members are financed up to 80 percent of the value of say a new vehicle and they are allowed to pay up to 5 years.

“Young people usually want a quick fix, quick money to acquire assets, in terms of mode of travel such as personal vehicle and we have engaged them and come up with the asset financing”, he said. For those buying second hand or used vehicles we finance up to 70 percent and repayment period is 3 years. Others want to invest in PSV, either matatu or taxi

business, and for this category, we loan 60 percent with a repayment period of 2 years.

Mwalimu Sacco the chairman says has partnered with the Kenya Mortgage Refinancing Company to offer their members affordable housing.

“In major cities like Nairobi, Mombasa, Kisumu and Eldoret, we are offering mortgage financing of up to 8 million and in the rural areas within Counties, mortgages of up to 4 million”, he said

The mortgage is offered at an interest rate of 9% per annum on reducing balance for a duration of up to 25 years, mostly being the difference from the time you take the loan up to retirement

“For example, if one is 42 years they still have 18 years before they retire so we will give loan repayable for the 18 years and if one is 32 years they can take a maximum of 28 years.

COVID- 19

Gachari said Mwalimu National was not adversely affected during the Covid- 19 pandemic, unlike many SACCOs since their members are teachers and Teachers Service Commission continued to pay full salaries.

However, there was a minimal number, mostly Universities’ staff who were getting half salary and also those who had taken Capacity loans against their businesses.

“What we did with this category of members is that the board approved a moratorium and waived the interest in the period they were not in employment. For those with a payslip, we waited for learning institutions to be opened again and reviewed their loan

payment period, and for some we did waivers depending on their kind of business.

CSR

With the success of such investments, the Chairman said Mwalimu Sacco ensures the revenues they receive trickles back to the society through a foundation called “Child Foundation” established in 2011, and are able to sponsor two needy cases from all their 40 branches through secondary and university education.

“We sponsor a child whose deceased parent was a Mwalimu Sacco member. We currently have 82 beneficiaries in secondary school and 73 at the university, and have spent over Ksh 100 million”, he said adding that those at the university are also given an opportunity for internship and attachment at the Mwalimu Sacco’s 18 branches

FUTURE

Mwalimu Sacco Strategic plan that will end in 2023 focuses on growth especially on the asset base and according to the chairman, they aspire to be Ksh100 billion entity by then.

“We aspire to beat Ksh100 billion in terms of asset, currently we at Ksh60 billion in asset base. We aspire to move our membership base from 107,000 to 150,000 and deposits to Ksh70 billion from the current Ksh44 billion” Gachari said.



ALI NOOR ISMAIL
PS (State Department for Cooperatives,
Ministry of Industry, Trade and
Cooperatives)

Ali Noor Ismail has served as the Principal Secretary (PS), State Department for Cooperatives, for the last seven years now. He recently spoke to Lewis Njoka about his experience in office and his vision for the movement going forward.

Q: Who is Ali Noor Ismail?

A: My name is Ali Noor Ismail. I am the Principal Secretary, State Department for Cooperatives in the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. I have been the PS from 2015 to 2018 and again from March 2019 to date. In total, I have been privileged to be PS for this great movement for close to seven years.

Q. How would you describe the seven-year period that you have served? How has it been?

A: I will consider it as a period where there has been significant transformation in the Cooperative sector. During this period we have experienced a lot of growth in the sector. More critically, we have experienced a lot of stability. We've had key policy reforms.

Q: What would you say stands out as some of your major successes over that period?

A: **Number one**, the National Cooperative Policy. The policy that has been in use in this sector has been a policy that was put in place about 22 years ago. The 2010 constitution ushered in two levels of govern-

ment where certain responsibilities were assigned to the county governments with the national government retaining policy, legislation and institutional framework. In order to align the roles of these two levels of governments we had to review the policy. The policy was approved by the Cabinet in 2019 and is now already under implementation.

Number 2: As part of the implementation we had to review the legal regime, Cooperative Societies Act Cap 490, so that the provisions of that law are consistent with the provisions of the constitution. We have undertaken an extensive and intensive review process and were able to come up with a draft Co-operative bill. The bill has undergone all the other stages and is now awaiting approval by the cabinet.

Number 3: In 2020, we embarked on Non-Deposit Taking Sacco business. Up until now, there are about 125 deposit taking Saccos that are under regulation by the Sacco Societies Regulatory Authority (SASRA). We have realized as a sector, there are many more Saccos that are holding deposits but are not necessarily under SASRA's regulation. Under the Non-Deposit taking Sacco business regulations of 2020, which took effect in 2021, we have been able to bring under Sasra's regulation an additional 185 Saccos that are non-deposit taking but which are holding deposits of Sh100 million and above.

Number four: We have established a legal frame-

work for a Deposit Guarantee Fund (DGF). In the Sacco Societies Act there was already provision for it and was intended to make sure that if a Sacco unfortunately goes under, the members' deposits are insured. However, some legal amendments needed to be made first. The amendments have now been done and were approved by the Cabinet in May.

Fifth: Establishment of a legal framework for a Central Liquidity Facility (CLF) and shared services technology platform. At the moment, Saccos are not in the National Payment System, hence, they are not able to borrow from each other on a short-term basis. The CLF will be sort of a reserve to which the Saccos will pay some money and those that experiencing temporary liquidity challenges can borrow from each other. The CLF and the Deposit Guarantee Fund have already been approved by the cabinet.

Q: What are some of the key challenges you have faced

Whereas the government of his excellency the President has created a lot of stability and growth in the cooperative sector there are still challenges like in any other sector. A few Saccos we have issues of governance mostly because the governance structure has not been properly established. Some of the reforms I have elucidated earlier are designed to instill proper governance structures within these organizations.

There is still low adoption of technology in the sector. The low adoption means that sometimes it impacts on service delivery and they are not able to serve their members better. But because technology is very expensive, we are encouraging Saccos to share. That is what the shared technology platform is will do.

We also have a bit of challenges when it comes to remittance of Sacco dues by some employers. Most employers remit Sacco dues for their members but there are a few institutions, particularly universities, that have challenges.

The other challenge is that we still do not see a lot of youth and women in this sector, particularly in leadership positions. In the new policy, we made a deliberate effort to make sure that cooperative societies are able to bring women and youth on board.

Q: The next administration could pick you or someone else to hold this office. What would you advice the next person to hold this office?

A: First, I want to use this forum to thank his excellency President Uhuru Kenyatta for giving me this privilege to serve this great movement. If it is God's will and I am given the privilege to continue serving in the next government, I will do it with dedication. My advice to the incoming PS would be to say the movement is ready, it's willing, it's very easy to work with, and they are very friendly. They just want good leadership.

Q: If the next administration gives the job to someone else, what do you plan to do in retirement?

A: I have worked for nearly 37 years now. My career has been largely in the Cooperative sector, particularly the financial sector. I have a lot of experience in leadership, management, consultancy, and helping the community. There are a lot of things I can do to keep myself busy. I do not foresee myself as being idle.

Q: Parting shot?

A: I would want to thank the cooperative movement for the support they have given me for the nearly eight years I have served as PS. I really enjoyed working with them, they should continue moving forward.

“The National Cooperative Policy. The policy that has been in use in this sector has been a policy that was put in place about 22 years ago. The 2010 constitution ushered in two levels of government where certain responsibilities were assigned to the county governments with the national government retaining policy, legislation and institutional framework. In order to align the roles of these two levels of governments we had to review the policy. The policy was approved by the Cabinet in 2019 and is now already under implementation”.

CO-OPERATIVE ALLIANCE OF KENYA PROFILE



About Us

We exist to strengthen the Co-operative Movement in Kenya by lobbying and advocating for favorable legal and policy environment. We forge a united front in enhancing collaboration, networking, representation and the promotion of the growth and development of the Co-operative Movement. We are non-political and promotes the social and economic wellbeing of all its members irrespective of their political affiliations. We operate on the principles of integrity that promote honesty and transparency and accountability while shuns ills such as corruption, drug abuse and human rights violations.

The Co-operative Alliance of Kenya (CAK) is the National Apex Organization for Kenya's Co-operative Movement. Its membership is drawn from over

14,000 registered Co-operatives that include the National Co-operative Organizations (NACOs), Co-operative Unions and Primary Co-operative Societies. The individual members to these Co-operatives are over 10 million with mobilized savings of over Kshs. 250 billion or 30% of National Savings. Those employed in the sector are over 555,000 persons.

Membership is open to all cooperatives able to use their services and willing to accept the responsibilities of membership, without gender, social, political, racial, or religious discrimination.

To ensure that the interests of our members are safeguarded, our staff proactively engage with the relevant leaders of every society in order to identifies contemporary challenges which inhibit the growth of their societies to enable

CAK to better lobby for better environment in which the societies operates.

Mission Statement

To articulate and promote the interests of the Co-operative movement locally and internationally for wealth creation and social development.

Vision Statement

To lobby and advocacy for a favorable legal and policy environment through collaboration, networking, representation and the promotion of the growth and development of the Co-operative Movement.



A JOURNEY THROUGH A CENTURY OF CHALLENGES AND SUCCESSES

By Mwaniki Wahome

Celebrating

100 YEARS

First celebrated in 1923

Figure out this-twenty eight frustrated weavers in Britain who couldn't afford basic food stuffs in the midst of industrial revolution in 1844 come together, pushed by common predicament and decide to open their own grocery store selling butter, sugar, flour, oatmeal, and tea at prices they could afford. They make some money and pay patronage dividend. Today, the seed that Rochdale Society of Equitable Pioneers -as the group was called -is the basis of modern day Cooperative movement.

But Cooperative movement is as old as man and has grown organically as individuals organize themselves into groups to advance common interests and has exploded into an international development agent with an estimated membership of 1.2 billion people globally.

International Cooperative Alliance adopted what are known as Rochdale Principles that include voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and



information, cooperation among cooperatives and concern for community to guide the growth of the movement.

The story of Cooperatives in Kenya dates back to 1908 when the first Cooperative Society was established by colonial dairy farmers in Kipkelion in Rift Valley. From then on, many Cooperatives were formed most focused on marketing, among them Kenya Co-operative Creameries formed by milk farmers' in 1925, Kenya Planters Co-operative Union formed by coffee farmers in 1923 and Kenya Farmers Association also formed in 1923 to provide affordable farm inputs to farmers. Buoyed by the growth of Cooperatives, the colonial government enacted the first Co-operative Ordinance in 1931 to regulate the sector. Kenya Co-operative Creameries was the first Cooperative to be registered under the Co-operative Societies Ordinance.

KCC, KPCU and KFA that were initially registered as companies turned into Cooperatives after the Co-operative Ordinance was promulgated.

With Africans agitating for inclusion in the economy, the colonial government enacted a new Cooperative Societies' Ordinance in 1946 that allowed them to grow cash crops like Coffee following the Swynnerton Plan of 1955, spurring the growth of Cooperatives. By 1969 some 1,894 societies had been registered.

The sessional paper No. 10 of 1965 that paved way for African ownership of business gave impetus to the growth of the Cooperative movement as it advocated eradication of poverty which was consistent with the aspirations of the Cooperative movement. The first Government Co-operative Development Policy after independence was enacted in 1970 whose main goal was to consolidate the Cooperative

activities which included improvement of management of societies, intensification of education and training for members, committee and staff with provision of government support staff as supervisors.

In 1975 another review of the Cooperative Development Policy was done in further recognition of Cooperatives as vital cog in development and reiterated its commitment to pursue and promote expansion of Cooperative activities in all the productive spheres of the economy.

In the 1980s the government started implementing Structural Adjustment Programmes (SAPs) for a market economy as demanded by international development partners. Sessional Paper No.1 of 1986 on **“Economic Management for Renewed Growth”**, emphasized the importance of market driven private sector. The government through Sessional Paper No. 4 of 1987 on *“Renewed Growth through the Co-operative Movement”*, reiterated its commitment to enhance the participation of Kenyans in the economy through Cooperatives. In the new order, the responsibility of organizing and managing Cooperatives was left to the members and their management committees while the government played an advisory role.

The Sessional Paper No. 1 of 1994 on *“Recovery and sustainable Development to the Year 2010”* reaffirmed the need for a private sector led economy to accelerate sustained development. Through Sessional Paper No. 6 of 1997, on *“Co-operatives in a Liberalized Economic Environment”*, the

government reviewed its involvement in the management of co-operatives by providing a legislative framework under which Cooperatives were to survive in a competitive economic environment.

The Co-operative Societies Act No. 12 of 1997 removed the government's role in the affairs of Cooperative societies resulting into a near collapse of the entire Cooperative movement in the country. To forestall total collapse, the government carried out legislative and institutional reforms by amending the Co-operative Societies' Act No. 12 of 1997 vide the Co-operative Societies (Amendment) Act No. 2 of 2004 and prepared new Co-operative Societies Rules, 2004. It revamped the Co-operative Tribunal Court to speedily dispense the backlog of cases. This is the first Tribunal of its kind in Africa. The Tribunal has decentralized services by establishing registries across the country, namely; Mombasa, Kisumu, Embu, Nakuru and Kakamega.

The Savings and Credit Cooperative Organisations were growing by leaps and bounds by 2000 in terms of membership, capital and savings, and in 2008 the government enacted SACCO Societies' Act to pave way for vigorous enforcement of prudential standards for SACCOs, particularly those running Front Office services. SACCO Regulatory Authority (SASRA) was formed with the responsibility of regulating deposit-taking SACCOs.

Saddled by cases of misappropriation and embezzlement of funds, the

government established Ethics Commission for Co-operative Societies (ECCOs) that led to entrenchment of good corporate governance and best business management practices through the strengthening of the Audit Department.

As a result of these reforms and vigorous promotion efforts, Kenya Co-operative movement is currently ranked first in Africa and seventh internationally. In July 2013 World Council of Credit Unions (WOCCU) recognized Kenya SACCOs as the fastest growing subsector in the world. The Co-operative enterprises have generated over 500,000 direct employment opportunities and 2 million indirectly, making it single largest employer outside government. Savings mobilization in the SACCO subsector has been growing at the average rate of 30 per cent per year. Over the years, income to Cooperators have increased in all sectors that cut across agriculture, transport, hospitality, housing, among others.

The other remarkable feat has been tremendous growth of financial Cooperatives into giant financial power houses surpassing the conventional commercial banks. The Co-operative Bank of Kenya is the third largest bank in Kenya, while the Cooperative Insurance Company of Kenya (CIC Insurance) is the second largest in Kenya and the only one of its kind in Africa. The Co-operative College which was a National Cooperative Organization has been upgraded to a University College and is now under the Ministry of Higher Education.

SACCOS have mobilized huge

amounts of money, thereby support the economy. Deposit Taking Savings and Credit Cooperatives assets increased by 13.5 per cent from Ksh 555.9 billion in 2019 to Ksh 630.9 billion in 2020. Deposits increased by 13.1 per cent to Ksh 431.1 billion while loans and advances increased by 12.2 per cent to Ksh 450.8 billion, in 2020. Cooperatives bring about security, stability, prosperity and equity but unfortunately Cooperatives are not well understood and therefore their potential to reduce poverty and the inequality gap is not appreciated. In 1960s and 1970s, other important national cooperative organizations (NACOs) founded include the CAK (former Kenya National Federation of Cooperatives) in 1964, Kenya Union of Savings and Credit Cooperatives (KUSCCO) in 1971 and National Cooperative Housing Union (NACHU) in 1978. Some of the bodies that have contributed immensely to the development of the country include KPCU and New KCC. The two have gone through various stages, with triumphs and challenges at different periods. KCC operated very well up to the year 2000 when it was target of KANU mandarins who bought it for a song and renamed it KCC 2000. The New Kenya Co-operative Creameries Ltd was registered June 2003 after NARC government which had won power, repossessed it. It's now on recovery path- and expanding.

KPCU at its apex in the 1970s and 1980s was stable source of income for many small holder farmers. However the liberalization of the economy of 1990s that brought new players drove the premier farmers' organization to near collapse as farmers moved to

the new millers without clearing their debts. The union also faced stiff competition from the private millers, some of whom, used most unscrupulous ways, taking advantage of loosely regulated sector. At its height in 1988, the coffee production hit a record high of 130000 metric tonnes, but had plummeted to an average of 40,000 metric tonnes in recent years.

It's only recently that the farmers union was brought back to operation by the government as the dispenser of Coffee Development Fund, among other services like Marketing.

The Cooperative movement is on cusp of major reforms through National Development Cooperative policy which is before Parliament theme, "Promoting Co-operative for Socio-Economic Transformation.

The policy identifies contemporary challenges which inhibit the growth of co-operatives and presents a paradigm shift intended to establish a more proactive engagement between the national and county governments, the co-operative movement and other stakeholders.

It also seeks to rationalize the role of national and county governments in co-operative development in line with the Constitution of Kenya 2010 and national development goals set out in Kenya Vision 2030.

The policy provides interventions for Cooperatives to be at the forefront in mobilizing savings, enhancing agricultural productivity and value addition. It also supports co-operative in

participation in the provision of decent and affordable housing, fighting poverty and promoting inclusivity in wealth creation and empowerment. It provides a framework for mobilizing financial and technical assistance for co-operative development, encouraging Public Private Partnerships (PPPs) in value-addition, market linkages; and the promotion of co-operative education, training and research.

Cooperatives assets increased by 13.5 per cent from Ksh 555.9 billion in 2019 to Ksh 630.9 billion in 2020. Deposits increased by 13.1 per cent to Ksh 431.1 billion while loans and advances increased by 12.2 per cent to Ksh 450.8 billion,

UKULIMA SACCO TRANSFORMING MEMBERS LIVES



By Lewis Njoka

In 1972, the desire to escape poverty brought together employees of the then larger Ministry of Agriculture to form Ukulima Sacco Society Limited with an aim to transform their lives.

Ukulima is a Swahili word meaning Agriculture.

Since then, the Sacco has remained true to its promise by transforming lives through resource mobilization and provision of innovative financial solutions.

Today, Ukulima is one of the giant Deposit Taking (DT) Sacco's licensed by Sacco Society Regulatory Authority (SASRA).

It has over 45,000 active members drawn from National Government Ministries, all 47 County Governments, parastatals, government agencies, private companies, business people and Kenyans living and working in the

diaspora.

Thanks to its vast experience in the financial industry, Ukulima Sacco has transformed livelihood of many Kenyans through a variety of products and services.

Basically, members accumulate savings through monthly contributions, earning dividends and interests on savings. Additionally, they receive affordable loan facilities, access to banking services, enjoy benevolent fund, group lending, and mortgage facilities among others.

Ukulima Sacco has grown from strength to strength will be soon be rebranding. The society now has as an asset base of Sh13.7 billion, loan portfolio of Sh11 billion and member deposits totaling Sh9.7 billion.

In February, the Sacco launched its 2022-2026 strategic plan which will guide its operations for the next five years. The launch

coincided with its 50th anniversary celebration, an event officiated by Cooperatives Permanent Secretary, Ali Noor Ismail.

Key pillars of Strategic Plan 2022-2026 are: Members and Products, Assets and Liabilities, Operational efficiency and institutional arrangements.

During the review of the strategic plan, the society felt the need to renew vision and Mission. The Vision changed to "To be a world class preferred financial partner" and mission to "Transforming lives through resource mobilization and provision of innovative financial solutions".

To enhance on efficiency in service delivery and keep up with advancements in technology, the society has acquired business intelligence analytical tools and Customer Relationship Management (CRM) systems. Thus, members can now access services at their comfort, anywhere, anytime using mobile platforms.

The Sacco has also strengthened its social media sites and developed official Facebook account, Twitter handle (@ukulimasacco) and website (www.ukulimasacco.coop).

The society is headquartered at Nairobi, Ukulima Co-operative House located along Haile Selassie Avenue. It has eight FOSA branches in Nairobi, Kisumu, Mombasa, Eldoret, Embu, Nakuru, Kisii and Kakamega and a network of 108 virtual branches managed by branch officials.



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Karibu Member!

Core purpose

We exist to economically and socially empower our members through savings mobilization and provision of quality and affordable financial services.

Vision

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Mission

To mobilize savings and provide affordable, innovative and quality financial solutions to members

Motto

United We Prosper - Pamoja Twastawi

Spirit

Save Regularly, Borrow Wisely and Repay Promptly

Values

Quality, Integrity, Professionalism, Team work, Excellent Customer Service, Creativity & Innovation

Boresha Deposit Taking SACCO was registered in 1976 with initial Share Capital of **Kshs. 60,000**. The vibrant and fast growing SACCO has over 60,000 active Members strong and Asset base of **Kshs. 9.0 Billion**. Savings/Deposits is **Kshs. 6.5 Billion** while Loan book is **Kshs. 7.8 Billion**. The Society is among Tier One SACCOs in Kenya as per SACCO Societies Regulatory Authority (SASRA).

The Area of operation Republic of Kenya with Base in **Baringo County**. The SACCO has however expanded to **Uasin-gishu, Nakuru, Nandi, Laikipia and Elgeyo/ Marakwet** Counties - Total of 17 Branches. Continuous investment in Robust Technology by the Sacco has ensured that members are served effectively and efficiently in all the Branches and beyond.

The SACCO is stable and has stood the test of time as a reliable Financial Provider of Choice. Members attest the positive change that the SACCO has caused and are proud of the efficiency and array of all inclusive quality Savings & Loan products and Services offered.

The SACCO operates a Members Welfare fund scheme that gives bereaved Members funds for funeral expenses hence

according a decent send off for departed Members and their immediate families. In addition, upon demise of a principal Member, Savings/Deposits is doubled and paid to the next of kin. The deceased Member loans is also written off against the Welfare Fund.

Boresha DT Sacco is an economic hub in the region. We have lived to the core-mandate of affording Customer friendly Savings and Credit Financial Services to Members and the unbanked in the Community. The Economic change and prosperity has been realized. Members are encouraged to Save Regularly, Borrow Wisely & Repay Promptly. Quality, Integrity, Customer Focus, Innovation, Professionalism and Teamwork are our Core Values.



Join Boresha D.T SACCO to enjoy:

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- Loans up to 4 times your Deposits
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- Top up and buy-off of Loans
- Members welfare scheme benefits
- Competitive rates on Fixed Deposits

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Membership is open to:

- Teachers (Public & Private) Institutions
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- Civil Servants of all Cadres
- National & County Government Staff
- Individual Business persons and Farmers
- Private and Public Institutions staff

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Pamoja Twastawi - United we Prosper

GLOBAL COMMUNITIES PARTNER COOPERATIVES

By Tindi Sitati,

These briefs have been written by Tindi Sitati (Collaboration Learning and Adaptation Officer) with contributions from the CLEAR Program team; Ashley Holst, Senior Technical Specialist, Diana Macharia, Cooperative Development Officer and Mike Kipngeno, Cooperative Finance Officer. We also thank our partner cooperatives; Kigro Recyclers, Women In Solar Energy and Entrepreneurship (WISEe) and Vision 4 Housing Cooperative.

Kigro Recyclers

Kigro Recyclers, a waste management and recycling enterprise based in Nairobi County, was formed in 2019 as a self-help group to tackle the growing problem of garbage collection in their neighborhoods. The group has since established as a worker cooperative managed and owned by informal waste collectors, most of whom are youth. Kigro Recyclers operates within Karen in Nairobi and has 20 members who are also owners of the cooperative enterprise.

Garbage collection has always been a hard job especially in Nairobi County that produces around 2,400 tons of waste every day (NEMA, 2015). There are also several

private sector waste operators who work independently and operate without laws and regulations and have monopolized the business to eliminate competition and sector growth. By organizing themselves into a worker cooperative, Kigro Recyclers benefit from advantages such as access to markets and employment opportunities. They collectively address day-to-day issues that include negotiations with public and private intermediaries, occupational safety, and health for members.

Initially, Kigro only focused on waste collection but now the cooperative has diversified its member benefits to also provide community education on sanitation.

‘Our work is practical, so we train members on how to load, sort out waste and market the business to new clients. We also train new members on the cooperative business model’ Alex Kariuki, Treasurer, Kigro Recyclers.

Decision making within the cooperative is a collaborative effort. The board makes transportation and logistics decisions and determines where waste will be dumped since it is the cooperative’s policy not to dump waste at illegal sites. Members make decisions on opportunities for

marketing and partnerships. The operational costs of running the business are covered by the cooperative including payment of workers.

‘We pay workers every day, most of them have families and cannot rely on a monthly salary so many of them get a daily wage’. Rogers Rombe – Chair, Kigro Recyclers.

From its collection points, the waste is transported to its assembling center where it is sorted, weighed and some of it baled for sale while the other is transported to the legal dumping site. Initially, members used a hand cart to transport waste, however through their cooperative’s savings, they were able to buy a truck to meet the challenge of transporting large volumes of waste.

Global Communities helped us discover the worker cooperative business model and through Gender Equity and Good Governance trainings, we have realigned our business strategy and we are in a far much better place today, said Rogers.

Kigro Recyclers Worker Cooperative is an example of a cooperative that provides space for jobs creation and social inclusion by promoting meaningful work, increasing workers’ self-esteem, and im-

proving their living and working conditions – especially for young people!

Women In Sustainable Energy and Entrepreneurship (WISEe)

An estimated 600 million people across Africa do not have access to electricity according to the International Energy Agency, and in Kenya a large population has insufficient access to sustainable energy for cooking and lighting. Women in Sustainable Energy Entrepreneurship (WISEe) Cooperative believes that women are a key part of providing sustainable energy solutions through solar energy. Founded in 2015, WISEe is a worker cooperative that provides training and mentorship to women solar engineers in Kenya, to improve their entrepreneurship in Solar Photovoltaic Technology.

Women are underrepresented in the renewable energy sector, where they represent an average of 32% of the overall workforce according to the International Renewable Energy Agency (IRENA). Solar Photovoltaic technology can create jobs for women in installation, sales, and operations and maintenance. WISEe Cooperative is bridging the gender gap through providing hands-on installation training to women. Since the demand for Solar PV technical skills is on the rise due to the increased growth of the Kenya market – WISEe cooperative members are providing training and instal-

lation services and through this, they earn an income.

WISEe has 25 women members and provides a variety of ways to gain skills in Solar PV systems alongside their Empowered Entrepreneurship (EETP) Training. All members are trainers and consultants in solar PV system installation. WISEe has worked in Nairobi, Kajiado, Machakos, Makueni and Migori Counties through Solar PV installation projects that serve all income households in these communities. Through the worker cooperative business model that is people centered, WISEe is putting money into members' pockets by jumpstarting their solar installation entrepreneurship journeys and helping communities save money, that they would have spent on traditional lighting solutions that are often expensive in the long run. According to the International Energy Agency's World Energy Outlook 2020 report, renewables such as solar are undercutting fossil fuels to become the world's cheapest source of energy.

WISEe has received awards including: The Association of Energy Engineers (AEE) Energy Professional Development Award; Top 40 Under 40 Women Award; Women in Energy Awards, Kenya and Professional (Technical) Award.

Global Communities, through the USAID CLEAR Program has partnered with WISEe Cooperative to provide technical assistance and training in Strategic Business Planning, Gender Equity and Good

Governance.

Vision 4 Housing Cooperative

Vision4 Housing Cooperative was formed in 2014 to address two community challenges: first, a housing crisis that is facing many informal settlements across Kenya, characterized by dilapidated houses, poor drainage and polluted water and air; second, the necessity to develop affordable housing through an alternative purchasing model. Based in Nakuru County in Kenya, the cooperative has a total of 67 active members, 29 men and 38 women members. The cooperative is committed to its goal to purchase plots and provide affordable housing to members.

Membership within the cooperative is based on shareholding and members are expected to save and participate in cooperative activities. The cooperative structure has 8 board members and 3 members of the supervisory committee. Vision 4 Housing Cooperative has invested in member's training and capacity building, and through partnership with USAID CLEAR Program at Global Communities, members have been trained on leadership, governance, and marketing. They have also been trained on gender mainstreaming and this has improved women participation and engagement in leadership positions within the cooperative. Vision 4 also offers training in income gen-

erating opportunities including beadwork, making table mats and soap. These courses allow members to earn extra skills and income to support their families and save for their plots of land.

Members meet a monthly savings minimum which allow them to purchase a plot jointly. The cooperative purchases a large plot which is then split up into smaller plots for the member houses with title deeds listed under the cooperative's name. The cooperative allows members to own plots and construct their houses, most of whom would not be able to do so independently. Members are given allotment letters, but ownership of the land remains with the cooperative. The cooperative model has allowed for collective mo-

bilization and access to more affordable resources.

Through partnership with the Nakuru County Government, the cooperative supports the wider community through training on modern brick making techniques using the Hydraform machine. This initiative also helps to promote interlocking blocks which are more affordable and environmentally friendly. The cooperative has trained more than 60 artisans on using this technology, a third of the artisans being women. The trainees have also managed to get employment in the construction sector thanks to this training opportunity. Vision 4 Housing also conducts sensitization meetings on the importance of cleaning the

environment through proper waste disposal and through these community initiatives, Vision 4 contributes to cooperative principle 7 that focuses on Concern for the Community.

According to the Kenya National Bureau of Statistics (KNBS), cooperative societies had accumulated a total of 10.8 million members as of 2016. This growing membership indicates an increased demand for affordable housing and therefore calls for deliberate efforts to ensure that cooperative members become homeowners.



Vision 4 Housing Cooperative trains members on beadwork



Vision 4 Housing Cooperative Brick Making



Vision 4 Housing Cooperative Brick Making initiative for affordable housing



WISEe Cooperative Members



Some of the WISEe Founder Members in Kenya

CELEBRATING A MORE INCLUSIVE COOPERATIVE SECTOR- WORKING THROUGH STRATEGIC PARTNERSHIPS TO ADVANCE THE WORKER COOPERATIVE MODEL IN KENYA



By Olga Oyier,

This article has been written by Olga Oyier, Team Lead and Policy and Legislative Affairs Specialist, CLEAR Program with contributions from Kristin Wilcox Feldman, Chief of Party, CLEAR Program and Ashley Holst, Senior Technical Specialist, CLEAR Program.

Ushirika Day 2022 marks a significant milestone in Kenya's cooperative sector punctuated by the ongoing legislative reforms and provides an important opportunity for cooperators to pause-and-reflect on the positive strides made. This year we celebrate the 100th International Day of Cooperatives aptly themed "Cooperatives Build a Better World." The theme resonates with CLEAR's preliminary research project which is investigating the role cooperatives play in building individual and community resilience to external shocks. On this day Global Communities takes the opportunity to look back at its rich history of cooperative development and the lessons to be garnered in order to ascertain a promising future for cooperatives. More specifically, the worker cooperative model's potential to improve live-



lihoods and access to decent work cannot be understated. Further, the worker cooperative model's agility could potentially provide solutions to address socio-economic challenges such as climate change, unemployment, political, environmental and health crises.

Since 2018, Global Communities has been implementing the Cooperative Leadership Engagement, Advocacy and Research (CLEAR) Program funded by the United States Agency for International Development's (USAID) Cooperative Development Project (CDP). CLEAR's activities take a systems approach to supporting and enhancing Kenya's cooperative ecosystem and leverages USAID's Collaboration, Learning and Adaptation (CLA) method to facilitate new linkages and knowledge hubs to draw more people into the sector. One of the methods the CLEAR team utilizes is educating co-operators about all the potential opportunities there are to participate - particularly within the Worker Cooperative model which maximizes the opportunities inherent in the service sector and across Kenya's dynamic workforce.

Traditional cooperative models, ranging from producer, financial, housing and marketing cooperatives thrive in Kenya. With USAID and Global Communities support, Kenya's cooperative movement is diversifying to also embrace the Worker Cooperative model. A Worker Cooperative is a new approach to cooperatives that is employee-focused and provides an alternative for workers who are exhausted and frustrated by the competitive "gig-economy" that forces workers to engage in a 'race to the bottom' to successfully compete for work. Contrast this with the Worker Cooperative,

USAID CLEAR Program Components

Pillar I: Improve cooperative business enabling environments through policy legislative and regulatory reforms in 25 counties;

Pillar II: Improve cooperative business performance through tailored capacity building in governance, management, financial oversight, product/service marketing;

Pillar III: Support to the Kenyan cooperative sector through CLA, research, and cross cutting themes of Gender and Youth.