THE Co-operative

THE VOICE OF THE CO-OPERATIVE MOVEMENT

CO-OPERATIVE ALLIANCE OF KENYA LIMITED

The National Apex for Kenya's Co-operative Movement

JULY EDITION 2023

MERU CENTRAL DAIRY COOPERATIVE UNION HOSTS A SUCCESSFUL 8th FIELD DAY ON 17th JUNE 2023.

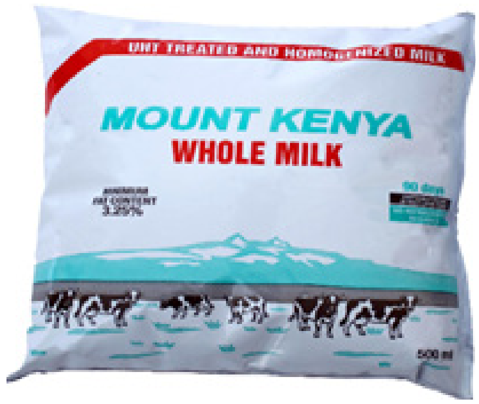
CEO of Meru Central Dairy Coop' (processor of Mount Kenya products) explains factory operations & processes to the President & Deputy President, pictured are CS, Agriculture & Livestock and CS, Cooperative & MSME Development

Meru Central Dairy Cooperative Union (MCDCU) is a cooperative in Meru County processing and packing milk under the brand name ***Mount Kenya products*** and is the ***second*** largest milk processor in the country marketing over 400,000 litres of milk daily.

In 2023, the union has been recognized and awarded by the Kenya Dairy Board as the fastest growing milk processor in the country. Our products can be found in all the leading supermarkets and retails shops countrywide.

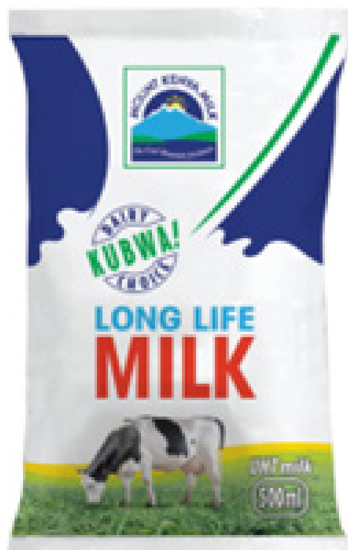
The union has been organizing farmer's field day to train them on how to fully commercialize dairy farming. The Union marked its 8th farmer's field day on 17th June, 2023 which focused on training farmers on commercialized dairy farming using modern and specialized technology. The successful event was graced by ***H.E President of the Republic of Kenya, Hon. Dr. William Samoei Ruto.*** The 8th edition exceedingly surpassed the previous annual events by attracting over 40,000 dairy farmers cutting across Meru County and its environs.

During the colorful event, Mount Kenya products were hailed to be the best and famous in the country, a fact the union has been enjoying for years. The famous Mount Kenya Pouch (pictured left) has been in the market since 1982, translating to 30 years of enjoying and maintaining preference by its loyal customers. This product is celebrated by many households in the country.



Mount Kenya Milk Pouch

Recently, the union has launched Mount Kenya "Dairy Choice Kubwa' which has hit the market and received an overwhelming positive response. Try it today to enjoy the rich and authentic taste.



Dairy choice Kubwa

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MR.DANIEL MARUBE
CAK CEO

Letter From CEO

The Cooperatives are celebrating 101 years of phenomenon growth. In Kenya, the role of Cooperatives in national development is cemented, and the recent decision to disburse the Hustlers Fund through the Cooperatives will further enhance the objectives of the movement- that of equity, inclusion and empowerment of those at the bottom of the pyramid.

It's encouraging that the new Cooperative Policy and review of the Cooperatives Act are on course, and the net result of their implementation will be to unlock the potential that lies in the movement to be more competitive against others, particularly the private enterprises.

Cooperative Alliance of Kenya has been keen to see technological transformation in the sector and recently launched a Shared Services Platform to enable the sector to come at par with other financial service providers. This will go a long way in assisting the Savings and Credit Cooperative Societies that have no financial ability to invest in versatile systems for reliability, efficiency and cyber security to access the services at affordable rates.

Such versatile ICT systems will further boost the growth of Savings and Credit subsector that has been key anchor for members' material advancement through education, house construction and business loans. . As we celebrate this year's Cooperatives Day, we take pride in the movement for having demonstrated its values and principles of solidarity, democracy, good governance and responsibility.

Going forward, we expect the Agriculture Cooperatives to regain vibrancy through the government stated objective of setting up Aggregation and Industrial Parks across the country. This will enable farmers to add value to their produce, have proper storage and be able to negotiate for better prices for their products. It will be great relieve for farmers who for years have been fleeced by middlemen and brokers offering dismally low farm gate prices.

Farmers in coffee, pyrethrum, rice, sugar, macadamia, tea, cereals and even fisheries and meat sectors will now be able to discover market prices for their produce and fetch better prices. Also worth of note is the government intention to establish 25,000 internet hotspots, particularly in markets across the country where the traders and farmers can access connectivity for free. The cooperatives will be seeking to ride on these initiatives to enhance their reach and efficiency.

The initiatives coupled with the Cooperative Policy are expected to change the architecture, management, interactions and outlook of the Cooperatives and place them on a faster growth trajectory to cope better with the demands of the fast changing economic and technological environment.

MR.MWANIKI WAHOME
Managing Editor

Letter From MANAGING EDITOR

As we celebrate 101 International Day of Cooperatives, The Cooperative Magazine dedicates this to the Coffee sector, one of the key drivers of rural development. The government has shown a renewed interest in improving the income of the long suffering coffee farmers. This issue explores what the government is doing, while attempting to make the readers understand where the problems begun.

During the three day Coffee Conference held in Meru, the leaders from the coffee growing areas recommended a raft of measures to increase coffee production and improve farmer's incomes.

Among these reforms were the review of the Coffee Act to streamline the management of the coffee from the farm to the market. They want prompt payment of their coffee, reforms at the Nairobi Coffee Exchange and expanding avenues of marketing to the commodities market. Their expectation is that the government will introduce Guaranteed Minimum Return as they promised during campaigns.

The farmers have experienced the highs and lows, particularly in recent years, with plummeting production and unstable prices that make it hard to plan. The Structural Adjustment Programmes that liberalised the sector in 1990s, effectively ending monopoly of Kenya Planters' Cooperative Union was the first shock as it denied farmers cheap credit and affordable inputs. From 130,000 metric tonnes in 1988, the coffee production now averages only 40,000 metric tonnes per year.

The government has effected debt waivers of about Ksh10 billion debts accumulated by the farmers from the 1990s, but still this hasn't stabilized the coffee sector. Sometimes farmers in some of the coffee societies have received upto Ksh120 per kilo of cherry, before dipping by half, as has happened this year.

Yet, the history of coffee marketing has been fraught with human greed, and the market of coffee has been described as the most speculative in the international market. Worse, Kenya doesn't have a sustainable domestic consumption market that would cushion farmers from international price volatility.

The push by farmers and leaders to have Guaranteed Minimum Return on the coffee produce could partly solve the problem of rapid price swings, but more fundamentally there is need to invest in increased production, and expansion of the market destinations as past attempts to take on the current marketers has been a vicious dirty war for they are deeply entrenched in Europe and America markets where most of Kenya coffee is sold, mostly to blend other coffees for taste, aroma and density.

Some experts in coffee marketing opine that the easier way to beat this dominant group in the coffee market is to look for alternative markets in China, Korea, India, among others, where they have no grip.


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Mombasa Port Sacco rebrands to Ports Sacco

By Lewis Njoka

Mombasa Port Sacco has rebranded to Ports Sacco, a move that signifies the society's renewed drive to uplift more people across the country.

The new brand name reflects the Sacco's commitment to serving members in various ports across the country, beyond Mombasa.

The former name, Mombasa Port Sacco, made it harder for the Sacco to convince potential members that it operated beyond Mombasa.

"The rebranding to Ports Sacco is not only about the logo and name change, but a reflection of our renewed commitment to providing members with unparalleled financial services that meet their needs. This marks a new chapter in our mission of uplifting people," said Alfred Jaka, the Chairman Ports Sacco.

"We are on the right path to becoming a formidable financial institution, aiming for a membership growth of 10,000 per annum; deposits growth of Sh1 billion per annum; and a loan book of Sh1 billion per annum, by providing competitive financial solutions to a happy, healthy and prosperous people," he added.

Jaka reiterated that the purpose of the Sacco, which began operations in November 1966, has been to innovate by offering competitive financial solutions that positively impact the lives of its members and the society it operates in.

He spoke during a ceremony to unveil the new branding held on May 10 this year.

According to Ports Sacco Chief Executive Officer (CEO), Dedan Ondieki, the branding process was well thought out and involved conducting surveys and focus-group discussions to get the input of Sacco members.

"Our products offering, service delivery channels, and commitment to members, are all aligning with the new brand. We wanted to ensure that the rebranding reflects the values and aspirations of our members, who are our most valuable assets," he said.

"The new name, Ports Sacco, resonates with our members in various parts of the country and the diaspora," he added.

In readiness for to serve more members across the country, the sacco has successfully upgraded its core banking to Business Central, introduced a loyalty programme, and developed a transactional member portal.

Cooperatives and MSMEs Development Cabinet Secretary, Simon Chelugui, commended Ports Sacco for rebranding noting that the move signaled the society's transition to the next phase of transforming its members' lives.

"Mombasa Port Sacco, now Ports Sacco, deserves applause for the tremendous growth it has achieved over the years. With total assets worth more than Ksh8.1 billion, supported with member deposits of Ksh4.58 billion and a membership to a tune of 11,741 as per the audited financial results of 2022, the Sacco has set itself on the right path for further growth and expansion," he said.

Similarly, Mombasa County Government commended Port Sacco on its newest milestone noting that the society has played a key role in promoting financial inclusion in Mombasa.

"The Sacco has played a critical role in mobilizing savings and providing affordable credit to its members, thus empowering them economically," said Mombasa County CEC in Tourism, culture and Trade, Mohammed Ali.

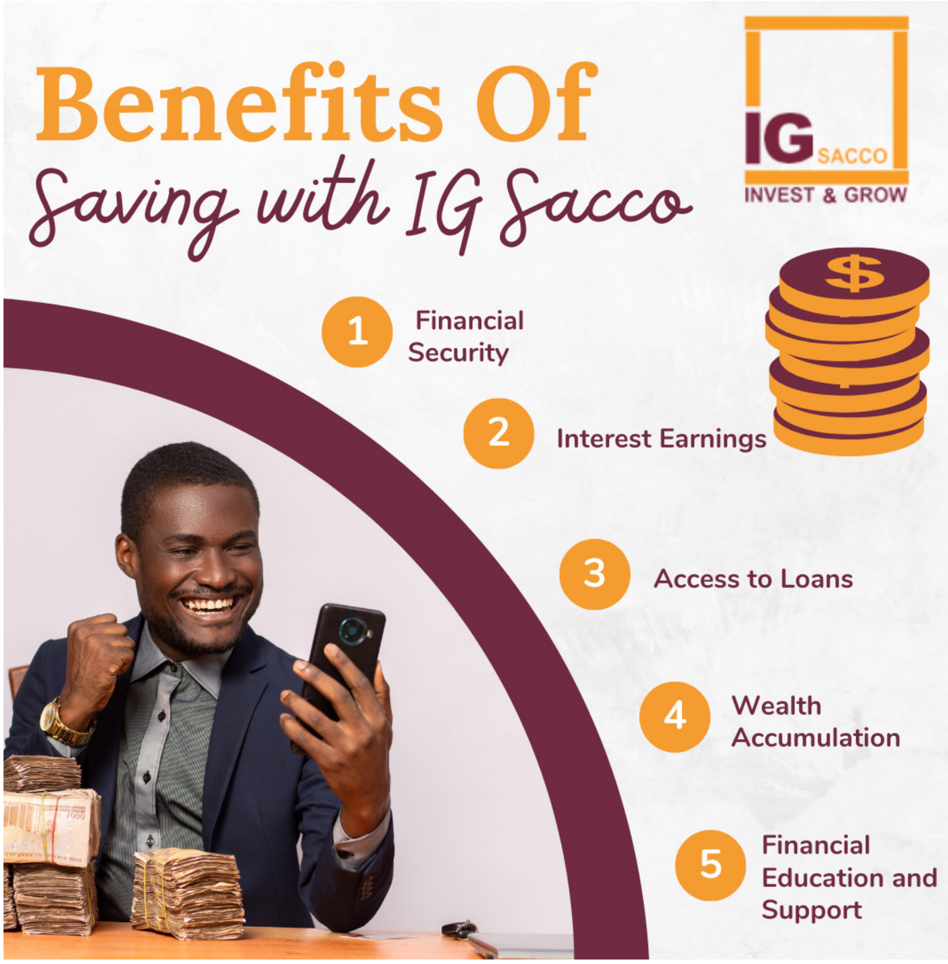
The new logo for the Sacco has two official colors; Turquoise Blue and Orange and comes with a new slogan, *uplifting people.*

As part of the remodeling, the Sacco plans to introduce new products and services that are designed to meet the diverse needs of clients, according to the CEO.

Ports Sacco serves over 10,000 members across the country and in the diaspora, and has a strong presence in Mombasa, Nairobi, Kisumu, and Voi.

The rebranding is expected to enhance the Sacco's image and attract more members.

It offers various services to its members, including savings, loans, and investments. Some of the loans include Jiendeleze, Mega Loan, Normal Loan, Additional Loan, School Fees Loan, Emergency Loan, Masaa Loan, and Ukulima Loan.



SACCO LAUNCHES E-GUARANTOR INITIATIVE

By Nicholas Waitathu

Members of the 46-year-old Invest and Grow (IG) Sacco Society LTD will in the future use online platforms to apply for loans in addition to using the same seek guarantors' approval, thanks to an ambitious plan to implement E-guarantorship initiative.

The E-guarantorship programme is designed to enable members to guarantee each other through online platforms and thus minimize time wastage among other costs. In the long run, the strategy is aimed at growing the Sacco's numbers as well as expanding the market to counties beyond the Western and Lake region.

A departure from the current programme where a loan applicant has to physically look for guarantors to be part of the loan security, the new method once implemented is further expected to expand the Sacco loan book.

IG Sacco Chairman COG. Kennedy Keya says the initiative will help in easing time as well as enhance efficiency in loan advancement. The loan applicant and guarantors can transact comfortably from homes, on the road, offices provided one is connected to the latest technology.

The new strategy Keya explains, is part of a broad approach the Sacco will fast track in future to enhance deposit talking business.

"Our new focus is to capitalize on the adoption of modern technology in order to expand our market share. We have rolled out an upgraded Sacco core banking system, which will automate most of the Sacco operations, for example, digital loan products, E-guarantorship to enable members to guarantee each other on an online platform and a members portal which will enable them to get statements from the members portal," says Mr. Keya.

The Sacco has undertaken the automation of key processes that include the upgrading of the Core Banking System, implementation of the Electronic Data Management System and Mobile banking solutions through Pesa Pepe.

He adds, "Sacco mobile application will enhance members interaction with M-banking services. Electronic Document Management System (EDMS) is also on course and it will digitalize most of our records to enhance members' service delivery. We urge our members to enhance their ICT skills, as it is the way to go."

Further, Mr. Keya confirms that IG Sacco is in the process of establishing a Call Centre and Customer Relationship Management (CRM) system that will enhance members' service delivery and prompt communication.

All the calls Mr. Keya adds will be attended to simultaneously and be escalated to the relevant departments. The CRM will automate the Sacco's workflow for each department to ensure all members' enquiries are handled to a conclusion. Overall, the

CRM and Call Centre will ensure the members get the best experience when interacting with us.

CPA Peter Vuhyah, the CEO, notes that the strength of any Sacco will depend on the growth of its membership.

"We, therefore, urge all stakeholders to help the Sacco to recruit newly employed teachers and other potential members as well as help retain the existing members so that we maintain a strong Sacco. Think of what impact it would make if one member recruited just one other member to join the Sacco and one salary earner recruited just one other salary earner to earn through the Sacco. The figures would double with a ripple effect in all key performance indicators including income," states Mr. Vuhyah.

The visibility of the Sacco on various social media platforms has kept members informed on Sacco's operations and activities.

During the 2022 financial year, the Sacco's assets grew by 11 per cent from Ksh11.69 Billion in 2021 to Ksh12.95 Billion in 2022. During the review period, the society's income increased to Ksh1.86 Billion in 2022 compared to Ksh1.71 Billion in 2021 accounting for a nine per cent increase of Ksh153 Million.

Mr. Vuhyah, stated that the Sacco despite the harsh economic realities witnessed a 22 per cent loan growth in the period under review reaching Sh9.12 Billion compared to Ksh7.44 Billion in the 2021 financial year. "The Sacco assets base has continuously grown over the past years arising from the continuous contribution by members towards share capital and other monthly subscriptions to non-withdrawable deposits as guided by our strategic plan 2017 to 2022. The loan portfolio also increased due to an increase in loan uptake following the review of the credit products features," he states.

The share capital improved by 15 per cent to Ksh1.3 Billion in 2022 compared to Ksh1.1 Billion in 2021, a growth attributed to the annual increment of share capital by Ksh4, 000 per member as indicated in the strategic plan.

While non-withdrawable deposits increased by 10 per cent in 2022 to Ksh5.9 Billion from Ksh5.4 Billion in 2021 due to the consistent contribution of deposits by members.

The Credit disbursed as of December 2022 grew by 34 per cent of Ksh2.1 billion whereby it increased to Ksh8.5 billion from Ksh6.3 billion in the previous year. "We realized growth in Income based loans at 46 per cent compared to Investment based loans at 20 per cent due to the review of the credit policy that extended repayment period, prompt loan disbursement and multiplier factor of our products. To sustain this steady growth of our loan disbursement, the board will continuously keep on reviewing the credit products features to ensure they meet the members' needs in the current economic environment," he adds.

IG Sacco is one of the best-managed tier one Saccos in the country, and currently enjoys a membership of over 44,000 from the initial 115 registered on August 3, 1977. The Sacco is largely concentrated in counties of the former Western Province with members located all over the world.

The Sacco's Head office is in Kakamega town with seven branches spread in Kakamega and Vihiga counties, thus Serem, Luanda and Mbale Branches in Vihiga County, Mumias, Butere, Malava and Lumakanda Branches in Kakamega County.

"Sacco mobile application will enhance members interaction with M-banking services. Electronic Document Management System (EDMS) is also on course and it will digitalize most of our records to enhance members' service delivery. We urge our members to enhance their ICT skills, as it is the way to go."

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Mhasibu SACCO is a savings and credit co-operative society for all professionals. Over the years, it has grown to become one of the leading Tier 1 SACCOs in Kenya that is regulated by SASRA, with over 23,000 members globally and an Asset Base of over KES. 8.5billion.

The SACCO offers a wide range of products and services tailored to meet all your needs. Whether you want to save for your future, invest in your business, buy a home, educate your children, or access emergency funds, Mhasibu SACCO has a solution for you.

But why consider Mhasibu SACCO in the first place? Here are some of the benefits of joining and investing with them.

1. Competitive interest rates on savings and dividends.

Mhasibu SACCO pays interest on deposits and dividends on share capital every year to all its members. The interest rate on deposits is based on a pro-rata basis, which means you earn interest according to your balance throughout the year. The dividend rate on share capital is based on the profitability of the SACCO.

2. Flexible and affordable loan products.

Mhasibu SACCO has various loan products that cater for different purposes and repayment periods. You can borrow up to four times your deposits plus share capital (current offer is 5 times), depending on the type of loan. You can also top up your existing loan or refinance it at a low interest rate. In case you have an emergency, you can instantly access up to 1 million through the Rahisi loan product without any paperwork and repay at an interest rate of 10% p.a. on reducing balance. Some of the other loan products offered by Mhasibu SACCO include Normal Loan, Gold Loan, Swift Loan, Emergency Loan, School Fees Loan, Development Loan, Asset Finance Loan, Mortgage Loan, and Mobi Loan.

3. Convenient and secure payment modes.

Mhasibu SACCO has made it easy for its members to make their monthly contributions and loan repayments through various payment modes. You can use M-Pesa, standing orders, deposit slips, cheque payments, or online banking. You can also access your account information and statements through the online portal, USSD and mobile app.

4. **Financial literacy and empowerment programs.**

Mhasibu SACCO is committed to enhancing the financial well-being of its members by providing them with financial education and advice. The SACCO organizes regular hybrid seminars, workshops, webinars, e-bulletins, and newsletters that cover topics such as budgeting, saving, investing, debt management, retirement planning, and entrepreneurship. The Sacco equally contracts the services of financial and investment consultants to educate an empower its members in each of these forums.

5. **Social welfare and networking opportunities.**

Mhasibu SACCO is more than just a financial institution; it is also a community of professionals spanning from accountants, marketers, doctors, nurses, graphic designers, engineers, human resource, and supply chain professionals just to name a few that share common interests and values. The SACCO organizes social events such as sports days, family fun days, member education days, and annual general meetings that enable members to interact and network with each other. The SACCO also has a risk fund that provides financial assistance to beneficiaries of members in case of demise of a member where the payment is double the amount saved, any existing loan is cleared and KES. 150,000 paid towards burial expenses.

6. **Wide Variety of Acceptable Collateral**

Mhasibu SACCO differentiates itself from its peers by not relying on guarantors as the only acceptable collateral. The SACCO accepts the following as security for a loan.

a. Title deeds
b. Logbook
c. NSE Listed Shares
d. Life Insurance police
e. Money Market Unit trusts
f. Mhasibu Fixed Deposit
g. Mhasibu Junior Deposits

7. **Exclusive Partnerships for its Members**

Mhasibu Sacco has enhanced its value proposition by having the following partnerships in place to enable its membership to save that extra coin on purchases made. These partnerships include:

a. 15% discount for all mattresses and items sold by Silent Night Bedding Limited country wide.
b. 5% Discount on all purchases made in Textbook Center stores countrywide.
c. Upto 10% discounts on vehicles sold by CFAO motors, Maridady Motors, Taraji Motors and Motorshop Dealers.
d. Exclusive discounts for devices sold at all Safaricom stores countrywide.
e. Exclusive discounts for tanks sold by Toptank Limited.

Who can join Mhasibu SACCO
All professionals, Registered Groups and Corporates
Membership application is done online through https://members.mhasibusacco.com/site/login where you will be required to attach the following documents:

- A copy of your national ID or passport.
- A copy of your PIN certificate.
- A passport-size photo.
- Copy of nominee identification document
- Proof that you are a professional
- A membership fee of KES. 1,000.

For more information, you can write to info@mhasibusacco.com and can also visit the head office in Nairobi or any of the satellite offices in Mombasa and Kisumu.

That said, Mhasibu SACCO is a smart choice for all professionals globally who want to enjoy the benefits of saving and borrowing with a trusted and reputable financial partner. Get started with Mhasibu SACCO here today and secure your financial future while cultivating a savings culture for you and your loved ones.

Security for a loan.

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Repayment period 48 Months.
Logbook acceptable as Collateral.
Plot buying
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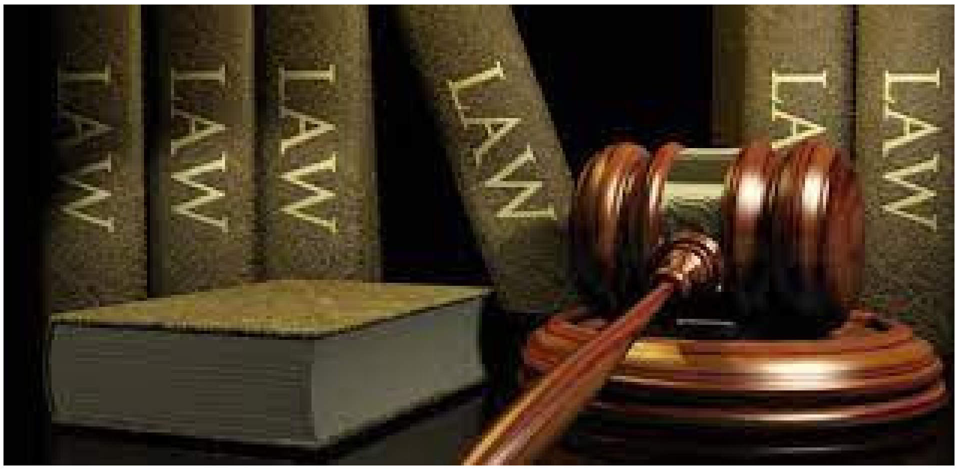
Step-by-step the Cooperatives have grown in the 101 years



By Mwaniki Wahome

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 focused on marketing. They included Kenya Co-operative Creameries formed in1925, Kenya Planters Co-operative Union formed in 1923 and Kenya Farmers Association also formed in 1923 to provide affordable farm inputs.

The first law on Cooperatives, the Co-operative Ordinance was enacted in 1931 to regulate the sector. Kenya Co-operative Creameries was the first to be registered. 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. The first Government Co-operative Development Policy was enacted in1970 with the objective of consolidating 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 there was review of the Cooperative Development Policy that recognized Cooperatives as vital cog in development in all the productive spheres of the economy. . 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.

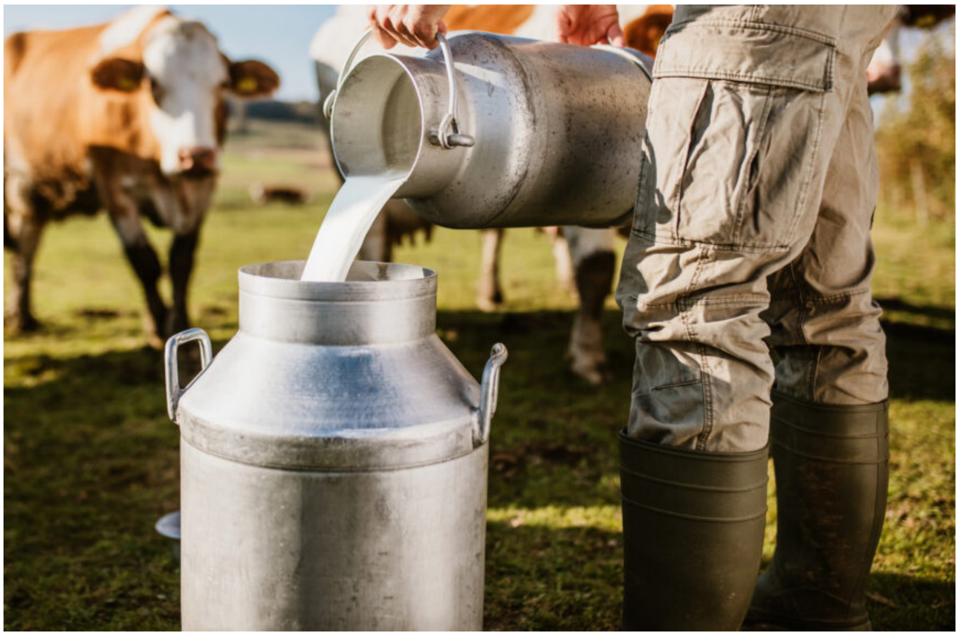
In the1980s the Structural Adjustment Programmes (SAPs) demanded by international development partners resulted in Sessional Paper No.1 of 1986 on "*Economic Management for Renewed Growth*", that emphasized the importance of market driven private sector.

The government through Sessional Paper No. 4 of 1987 on "*Renewed Growth through the Co-operative Movement*", placed the responsibility of organizing and managing Cooperatives on 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 provided 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. 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. The Tribunal established registries in Mombasa, Kisumu, Embu, Nakuru and Kakamega.

By 2000, the Savings and Credit Cooperative Organisations were growing by leaps and bounds in terms



of membership, capital and savings, and in 2008 the government enacted SACCO Societies' Act to enforce prudential standards particularly those in 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.

Kenya Co-operative movement is currently ranked first in Africa and seventh internationally by World Council of Credit Unions (WOCCU), and in July, 2013 was recognized as the fastest growing subsector in the world.

The Co-operative enterprises provide 500,000 direct employment opportunities and 1 million indirectly, making it single largest employer outside government. The Sacco subsector has mobilized 30 per cent of national savings. Its ripple effect on the economy has been phenomenon as it cuts across agriculture, transport, hospitality, and housing, among others.

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.

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.

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

Aggregation and Industrial Parks to spur growth of Agriculture Cooperatives

By The Cooperative writer

The government's ambitious plan to establish Aggregations and Industrial Parks in the 47 Counties is expected to spur growth of the Agriculture Cooperatives that have been lagging behind in growth compared to Savings and Credit Cooperative Societies.

According to the plan, each County will be allocated Ksh100 million conditional grant which they will add to from their annual allocation to establish the aggregation and industrial parks equipped with value addition and preservation facilities to enable farmers to hold on their products for longer time and negotiate for better prices.

In this years' budget, the government has allocated Ksh26.9 billion that will go into various ministries, departments and agencies for the purposes of achieving the objective.

"To further promote local industries, I propose to National Assembly to effect budget allocation of Ksh26.9 billion under various ministries, departments and agencies. Out of this Ksh4.7 billion is for establishment of County Integrated Agro-Industrial Parks, Ksh 3 billion for construction of Export Processing Zones flagship, Ksh3.1 billion for Supporting Access to Finance Enterprise Recovery (SAFER) project, Ksh500 million for development of Special Economic Zone Textile Park Naivasha and Ksh 1.8 billion for construction of effluent plant at Kenaine" said Proff. Njuguna Ndungu, the Finance Cabinet Secretary.

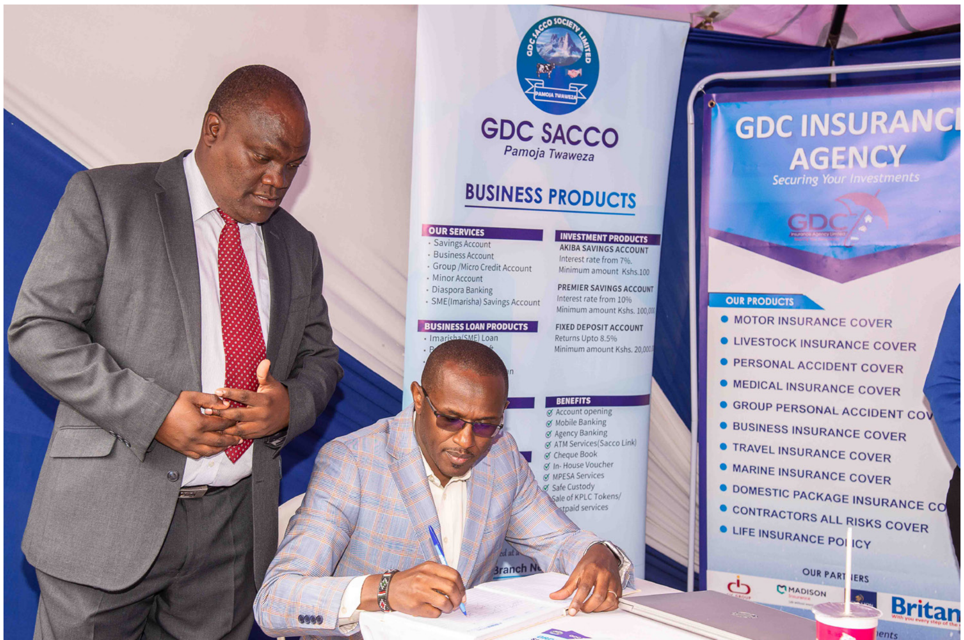
The establishment of the aggregation and industrial parks is expected to cut on the farm waste and post- harvest losses, estimated in some of the crops to be more than 50 per cent due to poor storage, transportation and lack of markets. As a result of lack of proper storage facilities, most of the perishable products like mangoes, bananas, and vegetables are spoilt causing farmers huge losses.

It is expected that farmers will now be more organized into Agriculture Cooperatives for common bargaining, cutting off brokers who have been buying their produce at farm gate prices for a song.

"Farmers who work together in cooperatives guided by cooperative principles enhance their capacities by accessing agricultural services, information, market linkages, and entrepreneurship. With leadership from the cooperatives, delivery of technical support and inputs for their members' is coordinated and this results in increased production for individual smallholder farmers and, ultimately, in the aggregated produce of the cooperative. Noteworthy is the fact that when the cooperative receives good returns and is well managed, the farmers also receive good returns, and their trust in the cooperative continues to be enhanced," says *We Effect*, an organization working with farmers in Makueni.

Among the problems faced by agriculture cooperatives in Kenya are low commodity prices, operational difficulties, and increasing costs of production. Others are labour related, low margin of profits, competition, and aging membership, among others

According to Economic Survey 2023, Agriculture Cooperatives have been growing in various sectors. For example coffee cooperatives grew to 688 in 2022 compared to 673 in 2021. In sugarcane sector the cooperatives increased to 223 from 217, while in pyrethrum one more cooperative was registered bringing the number to 153 in 2022. Similarly in cotton sector, one more cooperative was registered to top the number to 67. Dairy sector has been growing rapidly and reached 689 cooperatives after adding 19 new ones in the period under review. The multipurpose cooperatives remained 2854, same with farm purchase cooperatives at 126. Fisheries cooperatives increased from 121 to 123 in the period. Other Agriculture Societies increased from 2850 to 2975 in the period under review. Overall, the number of Agriculture Cooperatives increased from 7729 to 7898 between 2021 and 2022. The Aggregation and Industrial Parks are expected to strengthen these cooperatives, with more being formed to tap into the new opportunities.



GDC Sacco CEO Mr. Charles Kioko and Sasra CEO Mr. Peter Njuguna

How Githunguri Residents built milk business empire

By Nicholas Waitathu

Whenever milk industry is discussed in Kenya, Githunguri Dairy Farmers' Cooperative Society Limited pops up. It is testimony that when business integration is well managed, it produces impressive results.

It has succeeded where others, in this multi-billion cooperative movement, failed due to grand corruption, leadership wrangles, conflict of interest, lack of innovation and foresight. It serves as a case study for those yearning to incorporate their businesses.

"Integration is a key component to stimulate high business growth. But it is not easy to achieve as this requires sound management, innovation and visionary leadership, "says Charles Kioko CEO of GDC Sacco in Githunguri Sub County.

A good example of this failure is the former giants' district cooperative unions which in the 1960s formed Union Banking Sections (UBS) to enable them to advance farmers' soft loans to finance their farming activities.

The (UBSs) thrived well in the coffee sub sector until the mid-1990s when the Government issued a circular to make them autonomous and transformed them into Savings and Credit Cooperative Societies (SACCOS).

After these farmer- centered - unions became independent, the leaders started fighting and the unions are either struggling to survive or have collapsed. Majority of cooperative societies formed, mostly for agriculture marketing collapsed, creating gaps that middlemen and bogus traders use to fleece farmers. In the dairy sector, the majority of cooperative unions started then, either collapsed or were bought out by new entrants.

But for Githunguri Dairy Farmers' Cooperative Society Limited, the story is different. Situated in Githunguri Sub County in Kiambu County the union has thrived through the years due to sound business integration, and good governance. This has ensured close to three quarter of the population in the area receives Sh365.7 million every month for delivering 245, 000 litres of milk to the Society.

Formed in 1961 by 31 members, the Society has grown to an economic powerhouse in Kiambu County, and the country, despite stiff competition from other processors. It has resisted past attempts at buyouts, attracting national attention, and now dairy farmers from other regions use it as case study of resilience of a local community enterprise.

From the Githunguri Dairy Farmers' Cooperative Society Limited, the institution has built an ecosystem of other businesses –venturing into manufacturing, marketing fresh dairy brands, offering Artificial Insemination services to farmers, animal feeds and human food items, member training and extension services. In addition, it offers financial support to its affiliate Saccos –GDC Sacco and K-Unity.

Other businesses include GDC Foundation, Pambazuka Housing Cooperative Society and GDC Insurance Agency. All the business units operate independently and the currently majority of the farmers are the original members of the 62 years farmers' cooperative society. The dairy society has over 27,000 members all within the Githunguri Sub- County.

Dairy society

The dairy society operates within Githunguri Sub County and buys milk from Githunguri and its environs. Surprisingly, the dairy society operates within a sub county that has a population of 165,232 people and about three quarters of them benefit financially. The society established and commissioned a dairy processing plant in 2004 and currently is the third manufacturing unit in the country. Githunguri is the producer of the popular Fresha and

Zito milk brands, among others.

"Our catchment area is Githunguri Sub County unlike our competitors that enjoy a national jurisdiction. We do not have intentions of expanding to other sub counties. In fact we are yet to fully exploit the endowed potential in the area," says Fredrick Muriithi General Manager the dairy society marketing manager.

Muriithi says the dairy society has remained vibrant over the years for their continued prompt payment to farmers. Currently farmers are paid Sh50 per litre and there is retained earnings which is payed at the end of every year. .

The milk infrastructure of the milk processor comprises of 86 milk collection centres, 13 cooling plants, and seven depots. The processor collects milk from affiliated farmers who are paid every 5th day of the month.

"We have not maximized the Sub County's potential. Our strategy is the end -consumer approach. We don't make powder milk because significant production is all sold," says Wairimu Chege the society marketing manager.

The Society is working on strategies to woo back farmers who migrated to other dairy societies as part of expanding their business. To retain farmers, the Society offers them artificial insemination services, subsidized farm inputs and human food stuffs on credit. They also ensure farmers are regularly trained on good agricultural practices.

Through the check-off system, the society on behalf of farmers contributes to the National Health Insurance Fund (NHIF), ensuring they access healthcare.

And as part of Corporate Social Responsibility, the Society educates five secondary students every year. Despite this good run, there are challenges that the Society continues to grapple with.

"The main challenge is the high cost of producing a litre of milk. We must look for other alternative sources of materials and plant fodder that has more protein content to reduce high dependence on commercial fields," says George Kinyanjui

GDC Sacco Society

Once farmers deliver milk to the processing plant, their payments are processed through GDC Sacco and other financial institutions, for example, K-Unity.

Charles Kioko the CEO of GDC Sacco says the business units operate independently without any interference from each other. The Sacco with over 30,000 members has continued to register great performance over the years, riding on the back of the milk business.

"GDC Sacco is an autonomous institution and enjoys cordial working relationships. The Sacco also has members drawn from other quarters like the business community and local institutions," says Mr. Kioko.

As at end of December 31, the Sacco assets stood at Sh4.2 billion compared to Sh3.5 billion in 2021 while Sh3.5 billion loans were given out against Sh3 billion recorded in the 2021 financial year. During the period under review interest on members deposits grew by 6 per cent accounting for Sh103 million and dividend on share capital increased by 12.5 per cent amounting to Sh38.3 million.

The Sacco, with majority shareholders being dairy farmers, has through prudent management and product innovation managed to remain vibrant in the crowded money market business of 27 financial institutions. In the recent years, the Sacco opened doors to others like in education, religious sector, small and medium enterprises (SMEs), and aims to explore more opportunities to increase the return on members' funds.

"Through formulation of a new strategic plan with a view to get to tier 1 position –our hope and efforts is to ensure we hit the Sh5 billion mark this year," said Mr. Joseph Gitau Mburu the Sacco chairman.

Members' deposits, he said increased by 15 per cent to Sh3.1 billion compared to Sh2.6 billion registered in 2021.

"We have managed to achieve exemplary performance over the years due to cordial relationship with the Board of Directors, dedicated staff, farmers' commitment to deliver their milk to the Society and agreeing to get payments from the Sacco," adds Mr Kioko.

The CEO says owing to continuous product development, good number of youth have joined dairy farming, a trend which has helped to tame social cultural challenges like alcoholism, drug abuse and insecurity.

Some of the attractive products are like the instant loans of less than Sh300, 000 for the borrowers. The Sacco has extended its footprints in Mai Mahiu and Ruiru. Going forward the credit union is targeting small businesses' and institutions of higher learning.

The Sacco, with majority shareholders being dairy farmers, has through prudent management and product innovation managed to remain vibrant in the crowded money market business of 27 financial institutions.

Coffee cartels and why they still rule the market

John Arbuckle summed up the situation thus 'there seems to be no help for it, coffee is the most speculative business in the world.'

The coffee market has always been volatile. Rumors of major producers like Brazil having frost problem sends prices skyrocketing in the international market. On the other hand, large harvests bring dreadful declines, along with misery for farmers and laborers.

Market forces complicated by nature and human greed, have resulted in extended cycles of boom and bust that continue to this day.

Since coffee trees take four or five years to mature, the general pattern has been for plantation owners to clear new lands and plant more trees during times of rising prices. Then when supply exceed demand, prices fall, and then farmers are stuck with too much coffee.

Coffee, unlike other crops involves a major commitment of capital that cannot be easily switched to another crop. Thus for another four years, a glut ensues. This is sometimes complicated by effects of plant disease, war, political upheaval, and attempts to manipulate the market. And the most recent challenge is the effect of climate change that has distorted the flowering period and brought occasional drought spells, leading to losses,

Trinity

As coffee industry boomed in 1870s, a syndicate of US importers made of three firms known as the Trinity-B. G Arnold and Bowie Dash &Co of New York and O. G Kimball & Co of Boston dominated the market. Headed by Arnold, described by a trader as 'a born trader, fighter, commercial wizard and experienced merchant in politics, weather and geography' ruled the coffee market for ten years in the country 'absolutely as hereditary monarch controls his kingdom.'

In 1878, when it was clear Sao Paulo, a Brazilian state would flood the market with coffee, marking a turning point in coffee trade -with production exceeding consumption- the tide had turned and Trinity struggled to maintain its stranglehold on the market.

The Trinity had artificially kept the prices of Java coffee high for many years but as market flooded with coffee, it increasingly became difficult to hold on to stocks for better prices.

On December 4, 1880, Kimball died, and some ascribed it to anxiety over market situation.' At 42, he was not known to have health problems, and many thought he had committed suicide.

His death spelled the end of his two cohorts in the Trinity.

Bowie Dash & Co suspended transactions with liabilities of $1,400,000 as market faced suspicions that hindered trading. The year 1880, was one of loss and disaster such as never experienced before in the US.

Coffee Exchange

Some who were affected by market slump decided to create a Market Exchange, where the buyer contracted with the seller to buy a certain number of coffee bags at a certain time in the future. In this arrangement, as time passed, the value of the terms changed, according to the market factors.

Most coffee men used the contracts as hedges against price changes, while speculators (cartels) provided liquidity. The speculator provided price risk insurance for coffee dealers.

The Coffee Exchange sharply divided the players in coffee business-some argued for and others against- just like today. Finally, the exchange was incorporated in 1881, a year after Arnold &Co went bankrupt.

Arnold was first president, but Coffee Exchange never quite picked up for lack of trust and it became a 'laughing stock' for a period. It eventually however became a frenzied scene of buyers, sellers and speculators yelling and screaming at one another in the pit.

Rather than discouraging attempts to corner the market, however, the Exchange added new wrinkles to the power play, as ticker tape became the heart stopping centre of attention, spitting out price symbols.

Hermann Sielcken, a brilliant German immigrant soon became major force within the world coffee market. He was feared, respected and loathed by many in the trade.

The most speculative business in the world

With technology making communication instantaneous, New York Exchange tracked the day's price of coffee for delivery, comparing it with the previous year. This information was exposed to the coffee brokers to guide on contracts.

Despite these sophisticated communication-or perhaps due to it-speculation and attempts to outguess or corner the market continued unabated. In ensuring years, the coffee drama repeated itself many times in different, unpredictable permutations, with rumors of over or underproduction, war, disease and manipulation.

John Arbuckle summed up the situation thus 'there seems to be no help for it, coffee is the most speculative business in the world.'

A novelist Cyrus Townsend Brady penned *The Corner in Coffee*- a melodramatic tale of love, betrayal, bears, bulls and coffee speculation. He interviewed coffee dealers, brokers and members of the coffee exchange and concluded that the speculation had caused him to make 'a solemn resolution not to touch it except as a beverage.'

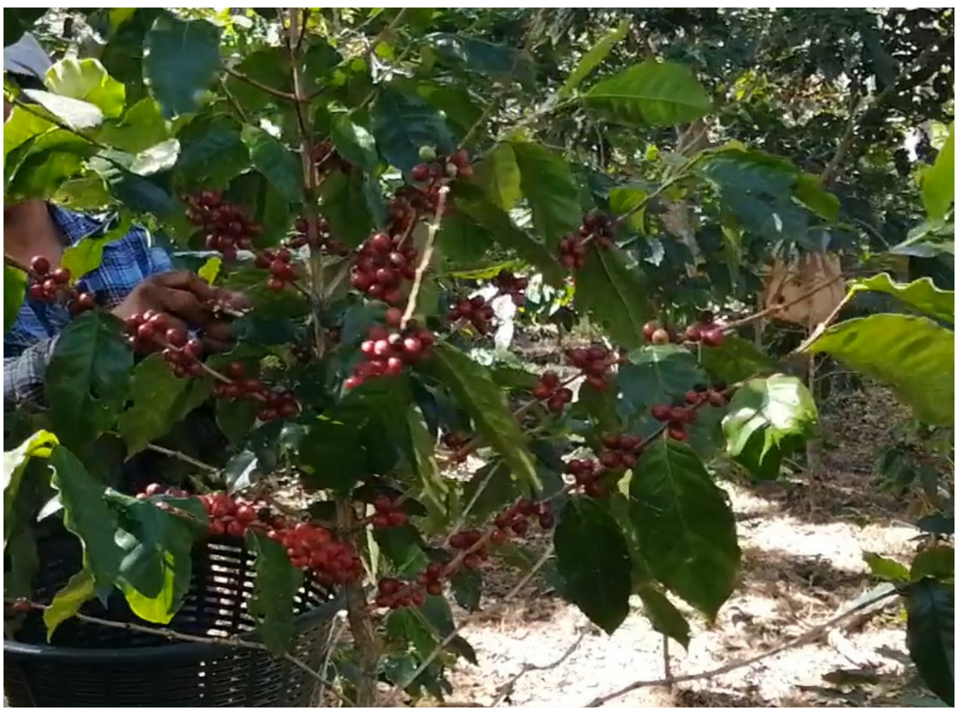
High coffee production between 1901 and 1902 of 15 million bags made it difficult to manipulate the market. The position of the coffee producing countries was pitiful. Abraham Wakeman wrote 'they were dependent on coffee crops for their livelihood. Many were ruined. This was especially so in mild coffee districts, located at great distances from ports of shipment'

A crash between John Arbuckle and H. O Havemeyer (a hard-nosed capitalist) between 1897 and 1903 shaped the coffee wars. Havemeyer, described as outspoken, gruff and dictatorial had tried to drive Arbuckle out of market, but failed.

"There is a prevailing hostility to wealth. This is perfectly illogical. Everyone wants money. It is the abuse of money, not the possession which is opposed to public interest," Havemeyer said.

Brazil had struggled with overproduction throughout the decade, by holding millions of bags off the market. In 1921 they had jointly financed a third of valorization with British American loan totaling $9million and secured by 4.5 million bags of coffee held in Brazil, London and New York.

The coffee barons, now millionaires lived in splendor, indulged in luxurious lifestyles, splitting their time between the plantations, town mansions and Paris-their choice destination. They collected tall blondes in Manhattan to serve their fantasies and send their children to American universities- a measure of prosperity. Regardless of the coffee owner's prosperity, however the workers in the farms earned a pittance



15 cents a day.

Even James Hill, one of the coffee dynasties acknowledged the inequalities. "We dig the holes for the trees, we clear the weeds, we prune the trees, we pick the coffee. Who earns the money then? We do. Yes, there will be trouble one of these days" he said.

A surge in coffee production, old stockpile against declining credit sent the Brazilians into a panic. As warehoused coffee commanded higher prices, the traders used it as collateral for even higher loans, just as US investors bought on margin. Then the market crashed.

On October 11, 1929, the Institutes broker sat through Santa Bolsa, the coffee exchange but failed to buy even after the sellers offered lower prices. The secret was out- the Sao Paulo Institute was broke. The 1930 Great Depression ushered in years of lower prices, but no one stopped drinking the black brew.

Entry of specialty coffee

Specialty coffee was the go-go drink in 1980s favored by young urban professionals willing to pay top dollar. Specialty coffee did not fit neatly into corporate coffee statisticians' world of retail share since usually it was sold in bulk or through direct mail.

By 1983, the *Tea & Coffee Journal* noted that gourmet market represented 3 per cent or four roasters entered the market every month. By 1985, an expert estimated that specialty coffee constituted 5 per cent of all US retail sales and new roaster set up shop every week. There were 125 wholesalers in US and Canada, with their number growing by 25 per cent every year.

Even with International Coffee Association (ICA) quotas, early 1980s witnessed price volatility. In 1981, the first years of quota, prices dropped to below $1.15 a pound, triggering four successive quarterly cuts.

As the decade wore on, ICA regulations frustrated roasters who sought quality beans. The other mild countries like Kenya, Ethiopia, and Central America, Peru were not allowed to export more of their better beans to consumers with taste for better blends of specialty coffee.

Again, specialty coffee big boys concentrated only in providing the perfect cup, there were inequalities built in the system of coffee cultivation, processing and export. The beans of the highly-priced cup were produced by poverty- stricken farmers.

Talks of possible collapse and hopeful reports of agreement (that brought uncertainty) sent prices swinging up and down in 1988 and 1989, and finally sank as Brazil and America squared out in final confrontation.

Deadlocked negotiations were so bitter that ICA abruptly suspended export limits on July 4, 1989 before the expiry of the existing agreement that was due in September. The collapse of the talks coincided with Kenya's unprecedented record harvest of 130,000 metric tonnes. Today the country produces an average 40,000 tonnes, and the market is dominated by six foreign companies.

(Excerpts from Uncommon Grounds: The History of Coffee and how it transformed our World by Mark Pendergrast)

Written by Mwaniki Wahome

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Ukulima Sacco Initiates coping Measures as Cooperative Movement Faces Global Recession

In the face of an unprecedented economic environment caused by a global recession and a harsh financial crisis resulting from a drought that has devastated the livelihoods of citizens, the cooperative movement in Kenya has been severely affected. The country's soaring inflation rates and the high cost of living, exacerbated by the Covid-19 pandemic, have weakened the purchasing power of many Kenyans. As a result, they are struggling to afford basic commodities and are finding it difficult to service loans, which has adversely affected SACCO operations.

Membership recruitment drives have declined significantly, as potential clients lack the capacity to join and save in Sacco's due to the economic downturn. The inflationary pressure has pushed consumers to dig deeper into their savings for consumption, leading to decreased investments. The cooperative sector is now facing intense competition, driven by rapid changes in the financial sector.

Dr. Philip Cherono, the Chairman of the Board of Directors at Ukulima SACCO, acknowledges the challenges faced by the organization. During the economic crisis, members' savings power declined significantly as their resources were directed towards consumption and basic household needs. Dr. Cherono believes that the high inflation rates and changes in the regulatory environment have contributed to increased expectations from SACCO members. This has made them easy targets for competitors who take advantage of their desperation and exploit them.

Dr. Cherono expresses concern about the impact of technological advancements, which have exposed SACCOs to stiff competition from other financial and banking institutions offering similar products and services, such as Fintech companies like Tala, Mshwari, Kopa, and Fuliza. He warns members about the unrealistic terms offered by some of these institutions, which cleverly hide their exorbitant interest rates of about 60-80% per annum. Dr. Cherono emphasizes that these institutions take advantage of citizens' desperation, leading them into a financial quagmire that often results in the loss of their collateral through public auctions.

Despite these challenges, Ukulima SACCO has managed to weather the storm and achieve impressive performance over the past five years.

The society's membership has grown from 32,908 to 45,806, reflecting an increase of 39.2% from 2017 to 2021. Assets have also increased from Ksh. 10.6 billion to Ksh. 13.7 billion, a rise of 29.2% during the same period. The society's revenue has grown by 44.1% to Ksh. 1.7 billion, member deposits have risen by 27.8% to Ksh. 9.7 billion, and reserves have increased by 20.5% to Ksh. 1.977 billion.

To continue this positive trajectory, Ukulima SACCO has developed a strategic plan for 2022-2026. The plan includes initiatives such as reviewing loan products and introducing products for Micro, Small, and Medium Enterprises (MSMEs) to spur growth and meet annual targets. By introducing MSME products, the SACCO aims to attract a larger membership and generate more income. The society also plans to increase interest on deposits and boost dividends on share capital.

Ukulima SACCO has embraced digital solutions to enhance its services. The society offers bank-to-bank transfers and PESALINK services, allowing members to conduct transactions and utility payments through their phones.

However, Dr. Cherono cautions members about the risks associated with technological advances, such as fraudsters who exploit unsuspecting users. The society remains committed to ensuring the security of members' personal information.

In conclusion, Ukulima SACCO is taking proactive measures to address the challenges posed by the global recession and the changing financial landscape.

Despite these challenges, Ukulima SACCO has managed to weather the storm and achieve impressive performance over the past five years.

UKULIMA Sacco
United in Creating Wealth

Coffee farmers hopeful of better earnings as government presses for reforms

By The Cooperative Correspondent

Buoyed by the renewed attention on coffee, farmers are full of expectations that the government will implement their proposals and solve their perennial challenges. During the three day Coffee Conference held in Meru, the leaders recommended a raft of measures meant to increase coffee production and improve farmer's earnings.

Some of the recommendations are the review of the Coffee Act to streamline the management of the coffee from the farm to the market. They want prompt payment of their coffee, reforms at the Nairobi Coffee Exchange and expanding avenues of marketing to the commodities market to get the best prices. Their expectation is that the government will introduce Guaranteed Minimum Return as they promised during campaigns.

They want the unbundling of the licences to cushion the farmers from market manipulation that they blame for the low prices in the country. They argued that the dealers and marketers tied the farmers through providing them with credit for farm inputs, and thereafter dictating the prices. Instead they want the government to revive Coffee Development Fund from where farmers can access credit and also called for the government to intensify its subsidy programme on fertilizers to enable the farmers to increase production.

In pursuit of this, they recommend that the ownership of Kenya Planters Cooperative Union (KPCU) reverts to farmers, currently owned by the government, for it to play its earlier role of handling the issues of coffee farmers in the country.

Mr Charles Mutwiri, a farmer from Meru recommended expansion of cherry advance fund to provide loans to cooperative societies and reduction of time between coffee delivery by farmers and the subsequent payment for coffee sales.

He said maintaining control over coffee grading and daily reserve price setting would ensure they reap more from the produce adding that this could be done through reclaiming their rightful position in marketing through KPCU.

"We are calling on the legislators to come up with laws that will support our idea to take up the KPCU that will.facilitate negotiations of coffee prices between farmers and buyers, said Mr Newton Nderitu, another coffee farmer from Nyeri.

Some farmers said they were hopeful that the government will fulfill its promise to provide coffee inputs subsidy, provision of extension officers, rehabilitation of coffee factories, timely payment of farmers, as well as opening up of the lucrative international coffee market for them.

"As a cooperative movement across the country, we are in support of the coffee regulations 2019 because they favour the farmer. It regulates the management of coffee proceeds to ensure the farmer is paid in time. It also allows societies to sell their coffee directly without going to the auction," said Mr Ephantus Majau the Chairman of the Meru Central Coffee Union.

He said the farmers should be motivated through prompt payment of their produce, with 80 per cent paid upfront.

"Since coffee is a key foreign income earner, we expect the government to actively look for markets," he said

Deputy President Rigathi Gachagua said the recommendations will be condensed into Bill that will be taken to parliament in the next three months to begin the process of reclaiming the lost glory of the coffee sector. "I will push off anyone who stands on my way in the process of implementing these reforms. I urge the farmers to be patient a little bit as we put things into order," he said.

Coffee production has been declining over the years from a high of 130,000 metric tonnes in 1988 to the current average of 40,000 metric tonnes per year, denying farmer's income and the government, the much needed foreign exchange reserve

Other leaders who pitched for better, and expanded market include Embu Governor Cecily Mbarire, Agriculture Cabinet secretary Mithika Linturi, Simon Chelugui (Cooperative and MSMEs), Moses Kuria (Investment Trade and Industry).

Kenya coffee market has been dominated by three multinational companies,that some farmers accuse of colluding at the Nairobi Coffee Exchange to give them low prices for their coffee crop.

The DP said they would fight brokers and other middlemen in the value chain to ensure the farmer enjoyed better prices.

"I want to categorically announce to cartels that your time is up. You should either give way or align with us (government plan) or we get you out of the way. Going forward, you must get what is due for you." he said.

He said the government was committed to the proposed radical reforms in the sub sector, exuding confidence that the Members of Parliament and Senators will come up with relevant legislative proposals to anchor the recommendations and make it law.

The DP also said plans were underway to establish of a coffee research institute which will carry out research in coffee farming.

"Today the research institute that was in Ruiru is a pale shadow of the former self and this is when the rain started beating us. We will introduce coffee cess and determine the percentage to be channeled to the institute," said Mr Gachagua.

Some farmers had said Coffee Research Foundation (CRF) should be reinstated and operate independently.

The DP noted that mismanagement of cooperative societies was also another fact that contributed to the troubles in the sub sector, blaming cartels of interfering with elections at the societies with the objective of taking advantage of the farmers.

"From where I sit, we lost it when we allowed greedy cooperative society officials to divide the giant and big societies into uneconomical units increasing the operational cost and cost of production," he said.

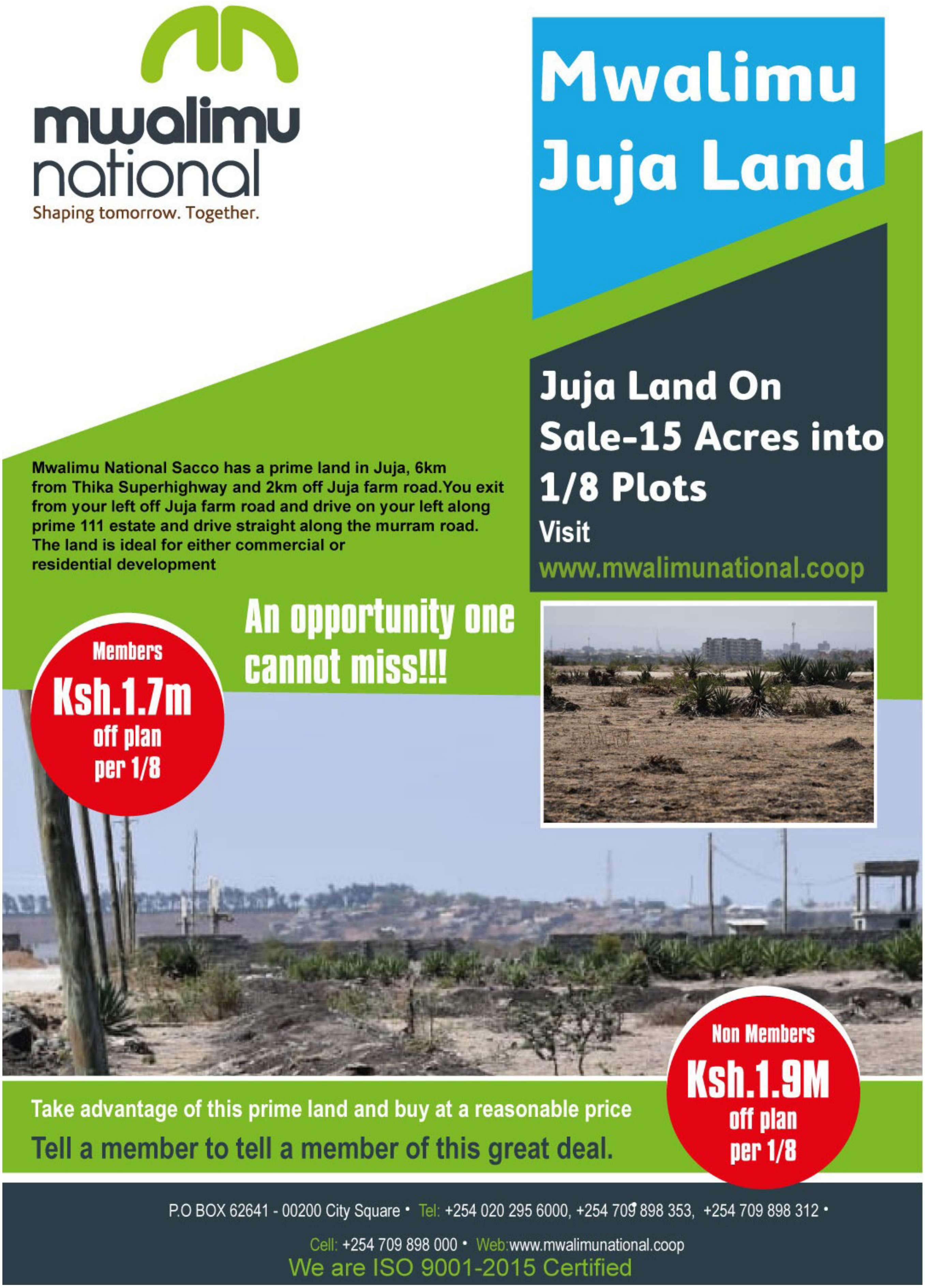
He said some cooperative society officials were funded by marketers during elections, who in return reserved some coffee which they (marketers) bought at the prices of their choice.

Ms Mbarire said the multiple licences of the companies that dominate the market were also in milling coffee, marketing and were buyers of the same, saying this was the reason farmers wouldn't get better prices for their produce.

The farmers emphasized on the need to empower cooperative societies to enable them to independently grade their parchment inorder to attract fair payment. They also recommended promotion of coffee houses around the country to encourage consumption of coffee locally.

Farmers said there were many substandard and ineffective pesticides in the market and the board in charge should take action immediately.

> "From where I sit, we lost it when we allowed greedy cooperative society officials to divide the giant and big societies into uneconomical units increasing the operational cost and cost of production,"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OPINION

Coffee Wars: Will the government crack it this time?

by Mwaniki Wahome

Coffee is a sweet-bitter cup of beverage for farmers in Kenya. It's a crop that is intricately and emotionally tied to the history of the country, playing part in mobilizing citizens against the British colonial rule, and subsequently occupying the space of politics and economics in the country's post- colonial period.

The farmers have experienced the highs and lows, particularly in recent years, even as the crop has lost its top position as a foreign exchange earner. The first challenge came in the 1990s with the Structural Adjustment Programmes that liberalised the sector, effectively ending the central role that Kenya Planters' Cooperative Union played in providing farmers with cheap credit and affordable inputs, and marketing coffee. The coffee production plummeted from 130,000 metric tonnes in 1988 to the current annual average of 40,000 metric tonnes, as the farmers support base on credit and inputs crumbled.

The private players, some who had been insiders in KPCU easily turned the once giant farmers union into a shell, reeling from uncollectable debts and heralded what today are called cartels, that farmers cannot control, but have immense power to manipulate the market forces. They are accused of tying-up farmers with debts on inputs, and dictating prices through their multiple licences as millers, dealers, and marketers.

Several taskforces have been formed by successive governments, and debt waivers have been instituted in bid to boost coffee sector, but it has been like throwing good money after bad money.

For example, the last government between 2003 and 2012 waived about Ksh10 billion debts accumulated by the farmers from the 1990s, but still the sector hasn't stabilized to offer farmers better and stable incomes, except for brief periods when the international market is hard pressed for coffee. In such periods, farmers in some of the coffee societies have received upto Ksh120 per kilo of cherry, and then dipping by half, as has happened this year.

In the last government, a taskforce was appointed to collect views of the coffee farmers on how to improve their fortunes, but even before the recommendations were implemented, the current government organized a three-day coffee conference in Meru attended by leaders from the coffee growing counties.

Even then, some of the recommendations made during the tail end of Uhuru regime were met with resistance from sections of the farmers, stalling the full implementation. Some farmers argued that there was tampering with what they had told the task force, underwriting the deeply vested interests in the sector.

The three day conference in Meru made a raft of recommendations that Deputy President Rigathi Gachagua said would be taken to Parliament in 90 days to become law. The farmers and leaders said they want prompt payment for their coffee, Guaranteed Minimum Return, improved credit and inputs scheme among others,

But will this dwell a blow to the so called cartels, and return coffee's lost glory?

The late Governor of Nyeri, Mr Nderitu Gachagua tried to edge out the quartet that control the market by attempting direct sales, but this turned disastrous as a major campaign to discredit the move was mounted in the international markets by this group, ending up with stocks of coffee staying in the stores, for luck of buyers offering good prices.

The late Minister of Cooperatives, Mr Joseph Nyagah attempted the direct sales route through organizing Cooperatives under the Kenya

Cooperative Coffee Exporters (KCCE) but again they encountered the same forces, and today KCCE handles under 5 per cent of the coffee.

The problem is that these marketers are deeply entrenched in Europe and America markets where most of Kenya coffee is sold, mostly to blend other coffees for taste, aroma and density.

During the conference former Cooperative minister, Mr Njeru Ndwigah cautioned that these forces were 'extremely powerful' and 'influential,' and he should know because he has the insider knowledge of how they conduct their business with ruthless efficiency in self-interest.

Some experts, who wouldn't want to be disclosed as they do business with them opine that the only way to beat this dominant group in the coffee market is to look for alternative markets in China, Korea, India, among others, where they have no grip.

Nevertheless, Mr Gachagua says he will take them on, and knock them out if they stand on his way. He said a team from the ministry of Agriculture, ministry of Investment and Industry, Ministry of Cooperatives and Medium and Small Micro Enterprise, Council of governors, farmers, and the academia will be formed to go through the recommendations, and separate those that require legislation and those that require policy change.

For recommendations requiring legislations, he said he would convene a meeting with the Senators and MPs from the coffee-growing regions to come up with Coffee Act.

"I want to assure coffee farmers that this Conference is not a talk show. I have information that cartels are saying we are just talking as we always do. I want to assure them that this is a very serious forum with commitment from the highest level of government that the coffee sub sector must be sorted for the benefit of the coffee farmer," he said.

He said he was aware the cartels would attempt to influence the legislators.

He added: "I want to send a message to the cartels that even if they spend huge amounts of money, the reforms in the coffee sub sector are unstoppable. This sector must be sorted out urgently and the coffee farmer must prevail."

He called on the legislators from the coffee growing zones to be ready for the tough battle ahead. "Those Chairpersons and Secretaries controlled by the cartels will fight back but they will not be able to sustain the war.

"So you must be prepared because they will be funded and start fighting us from the grassroots through propaganda but they will only manage it for a short time," said Mr Gachagua.

Alternatively, he told them to double the coffee prices in the intervening period and make a commitment that the prices would be sustainable.

The government will however have to help triple coffee production to capture and keep the lucrative coffee market that abhors vacuum.

"I want to send a message to the cartels that even if they spend huge amounts of money, the reforms in the coffee sub sector are unstoppable. This sector must be sorted out urgently and the coffee farmer must prevail."

State allocates Sh100 million to revamp Cooperative ginneries

By Lewis Njoka

Cotton farming in the country received a boost after the National Treasury allocated Sh100 million towards the revamping of cotton cooperative ginneries in the 2023/2024 budget.

"Mr. Speaker, I also propose to the National Assembly to effect budget allocations of Sh100million for modernization of cooperative cotton ginneries, Sh134 million for National Edible Oil Crops Promotion Project, and Sh270 million for Sugar Reforms Support Project," said Treasury Cabinet Secretary, Njuguna Ndung'u, when he presented the 2023/2024 budget statement to Parliament.

The allocation is a follow up to a promise President William Ruto made to farmers earlier where he promised to revive the cotton sector and provide farmers with to BT cotton seeds for better yields.

"We are going to work together so that we can give you improved BT cotton seeds so that we can enhance the production of cotton, get better returns for our farmers and develop the textile industry in Kenya," President Ruto said in Homabay October last year.

"We want to revive cotton farming in Nyanza and parts of Western regions on a large scale to boost the region's economy," he added.

He said the move to revive cotton farming in the country was part of the bigger plan to improve industrialization, value addition and agro-processing in the country.

Kenya approved commercial farming of BT Cotton in late 2019 but access to the modified seeds has been a challenge to many small-scale farmers.

BT cotton is genetically modified cotton and is considered to be better that the conventional cotton varieties in terms of resilience and productivity.

With BT Cotton, a farmer can harvest about 1,500 kilograms per acre using rain fed agriculture and 2,500 kilograms using irrigation.

During the political campaigns last year, Ruto pledged to revive the textile industry in the country to boost garment making for local use and export.

"We have a plan to reform the EPZ. We want to save the Sh40 billion used to import garment- making materials through increased cotton production. We will use the local materials to make garments for local use and export. That is the way out for the future," he said in June last year.

Homabay County had a vibrant cotton industry which collapsed in the 1990s. Mismanagement of cooperatives and lack of strong government support saw all cotton ginneries in the county lock their gates indefinitely.

Many farmers abandoned the crop in search of more profitable alternatives. Things seem to be changing for the better with cotton production slowly increasing.

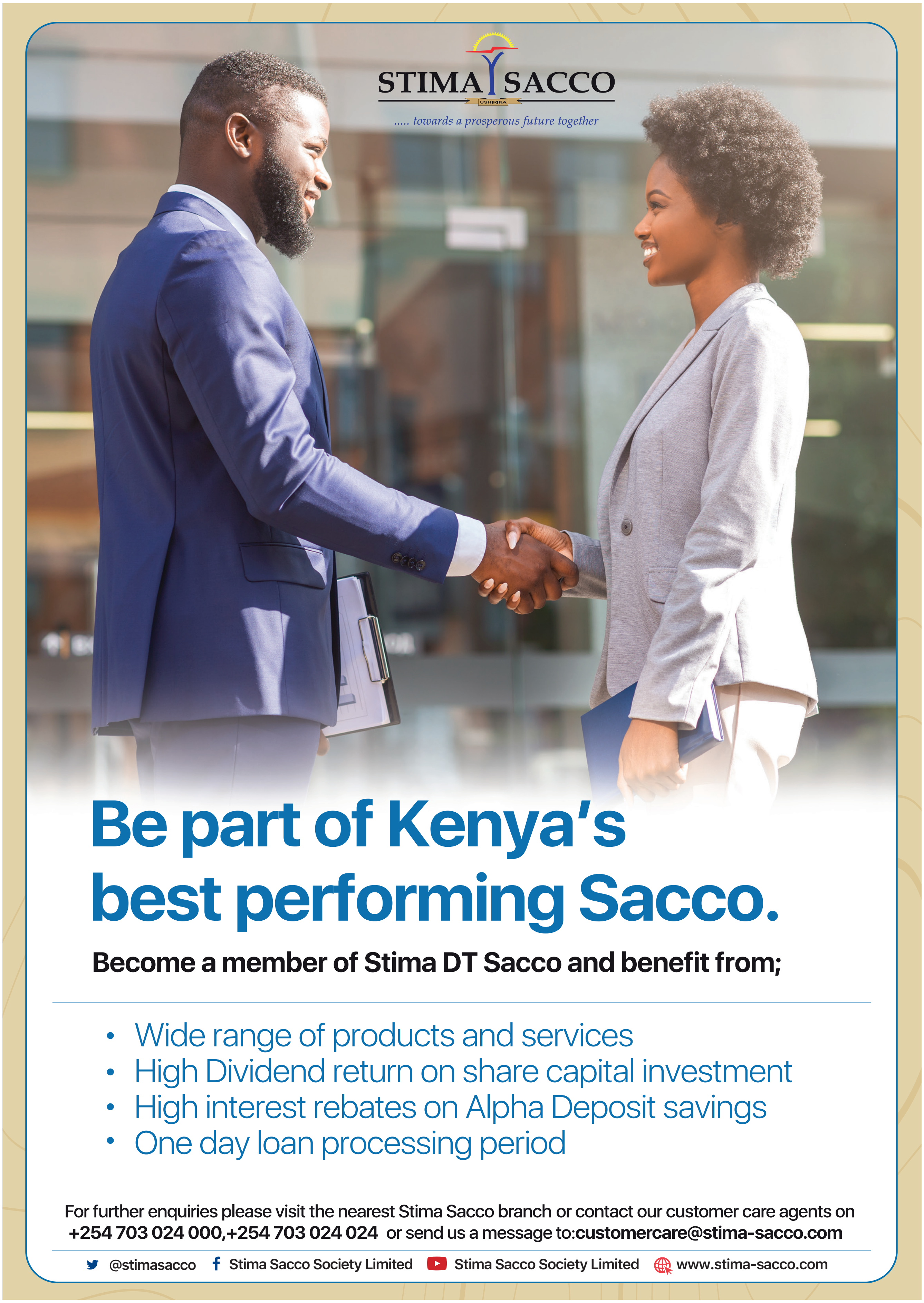
In 2022, the quantity of cotton delivered to marketing boards increased almost threefold to 3.8 thousand tonnes up from 1.3 thousand tonnes in 2021, according to Kenya National Bureau of Statistics (KNBS).

The quantity is still low compared to 2018 when 12 tonnes of cotton were delivered to the marketing board.

With the Sh100 million allocation by Treasury and the efforts to reform EPZ, farmers have hope that cotton farming will return to its former glory.

Stakeholders in the sector are confident that increased cotton production will spur growth in the value chain and increase employment opportunities in the country.

"We want to revive cotton farming in Nyanza and parts of Western regions on a large scale to boost the region's economy,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Stima Sacco proud of financial inclusion track record

By Lewis Njoka

Stima Sacco has expressed satisfaction with the gains it has made so far in driving financial inclusion in the country especially among the lower segments of the socio-economic pyramid.

As the second largest Sacco in Kenya in terms of asset base, Stima Sacco has taken a leading role in driving financial inclusion in the country, a role it has carried with pride.

"Let me begin by pointing out that one of the biggest achievements that the Sacco movement has made in post-independence Kenya is driving financial inclusion especially among the lower segment of the population," said Stima Sacco Chairperson, Rosemary Oduor.

"For any nation to develop economically, it must inculcate a savings culture among its people. All around the country, testimonies can be shared of families educating their children, building homes, and even founding businesses, all through their Sacco savings and investments," she added.

Similar views were expressed by Stima Sacco Chief Executive Officer (CEO), Gamaliel Hassan, who said the Sacco would be building upon the strong foundations it has established to reach more people and impact their lives positively.

"One thing that has deeply impressed me is how our Sacco resides in the fabric of so many people's lives. The part we play in helping build better futures for our members, their families, and their communities is a source of pride and purpose for all of us," he said.

To reach more people, the Sacco plans to increase its branches across the country to 12 from the current nine. It will also be seeking to reach more people via its mobile apps dubbed M-Pawa and M-Stima.

Additionally, Stima Sacco hopes to impact more Kenyans with its services through its agency banking initiative dubbed Stima Sacco Mlangoni.

By the end of the year, the Sacco hopes to have increased the number of banking agents to 180 from the current 57, according to Hassan.

"Our main goal as a Sacco is to redefine our members' financial wellness, and we cannot do this without first ensuring that we reach as many members as possible," the CEO said.

In 2022, the Sacco delivered a strong performance achieving significant growth across all its business aspects despite 2022 being an electioneering year and the long-term effects of the Covid-19 pandemic.

Consolidated deposits increased by 15 per cent to Sh39.43 billion from Sh34.2 billion in 2021 while the loan book grew by 12 per cent to Sh41.3 billion from Sh36.8 billion in 2021.

The Sacco's balance sheet grew by 16 per cent to Sh53.8 billion in 2022 from Sh46.48 billion in the previous year.

Additionally, total revenue increased from Sh6.8 billion to Sh7.4 billion.

"Our audited financial performance for the past year has been remarkable, and we have achieved exponential growth in all our key performance indicators, including assets, deposits, loans, and profitability," Oduor said.

According to the chairperson, the growth is driven by a combination of factors, including the successful launch of new products, expansion into new markets, and an ongoing commitment to delivering exceptional customer experiences.

The impressive growth, largely boosted by the implementation of the Sacco's 2019 -2024 strategic plan, focused on key drivers including mobile banking, agency banking and physical branch networks, as well as a diversification of income streams through strategic partnerships and delivery of alternative business channels such as Shariah banking.

Established in 1974 to serve employees of the then East African Power & Lighting Company, the Sacco's efforts are geared towards making it a one-stop-shop to meet all the financial needs of its members.

"For any nation to develop economically, it must inculcate a savings culture among its people. All around the country, testimonies can be shared of families educating their children, building homes, and even founding businesses, all through their Sacco savings and investments,"

Study shows why Saccos should mount public awareness campaigns

By The Cooperative Writer

Nearly 40 per cent of Kenyans don't know a good Savings and Credit Cooperative Society they can join and therefore did not have a Sacco Account by 2021. Even worryingly, 10.1 per cent said they didn't trust the Saccos with their money.

According to 2021 FinAccess Survey, the sixth since the 2006 baseline Survey and subsequent Surveys in 2009, 2013, 2016, and 2019 that track financial inclusion dynamics over time, the use of Saccos Accounts dropped to 9.6 per cent in 2021 from 11.3 per cent in 2019.

"The overall SACCO usage slightly dropped to 9.6 percent in 2021 from 11.3 percent in 2019, perhaps reflecting the negative impact of COVID-19 pandemic," the Report says.

It adds: "The main reasons cited by the respondents for not using a Sacco Account in 2021 are lack of information about a good SACCO at 38.3 percent, Voluntary withdrawal at 20.4 percent, No job/Collapse of business/no money at 16.2 percent and lack of trust at 10.1 percent."

The drop in number of those using Sacco Accounts could be explained by the 20.4 per cent of voluntary withdrawals, which would require the Saccos to be more introspective to understand the reasons for such a huge number leaving.

The FinAccess Surveys were initiated to enhance financial inclusion measurement, provide better understanding of the financial inclusion landscape indicators in line with the Kenya Vision 2030 financial sector development agenda outlined in the Medium–Term Plans (MTP) towards achieving an inclusive financial services ecosystem.

The financial inclusion measurement cuts across the four dimensions of Access, Usage, Quality and Impact/ Welfare. The 2021 Survey was conducted and funded by the Central Bank of Kenya (CBK) in collaboration with the Kenya National Bureau of Statistics (KNBS) and Financial Sector Deepening Trust (FSD) Kenya. Others were the Alliance for Financial Inclusion (AFI), SACCO Societies Regulatory Authority (SASRA), Equity Bank, Insurance Regulatory Authority (IRA), Capital Markets Authority (CMA), Retirement Benefits Authority (RBA), Kenya Deposit Insurance Corporation (KDIC), Safaricom Limited, Postbank and Muungano Microfinance Bank.

The fact that many potential Sacco members do not have information on a good Sacco to join, and others do not trust the Saccos with their money calls for concerted efforts in education and public awareness campaigns to attract more members and keep them in the movement.

The main considerations by most of the respondents in choosing the savings product/device were safety or security of their money, convenience and ease of access in case or emergencies. The response rates for the three reasons increased in 2021 compared with 2019. The three-consideration accounted for 81.1 percent of all reasons given in 2021 compared with 74.7 percent of the reasons given by the respondents in 2019

The Surveys that include the whole financial institutions spectrum like banks, microfinance institutions, insurance companies, capital markets, pensions provide very useful data that is widely used by the public and private sector players in influencing policy, strategies, innovations and supporting research. The data gives useful insights to guide evidence-based decision-making and policies geared towards financial deepening and enhanceing financial inclusion across the country.

The 2021 Survey was undertaken in the midst of the evolving Corona virus disease (COVID-19) pandemic, coupled with localized shocks such has the locust invasion and drought, whic had impact on the Survey outcomes. The Survey was also the first in the series to provide National Government and the 47 Counties with data that can provide very useful information in terms of heterogeneity of financial inclusion landscape across the country.

The Survey also included sustainable finance (green finance) and financial health matrices. Furthermore, the continuous tracking of time series variables along the access, usage, quality and impact dimensions, provide rich information for policy makers, private sector players, investors, researchers and academicians.

Overall, financial access in the country increased to 83.7 percent in 2021, from 82.9 percent in 2019, mainly driven by use of technology but of great interest was the adult population that reported to be completely excluded from accessing any form of financial institutions.

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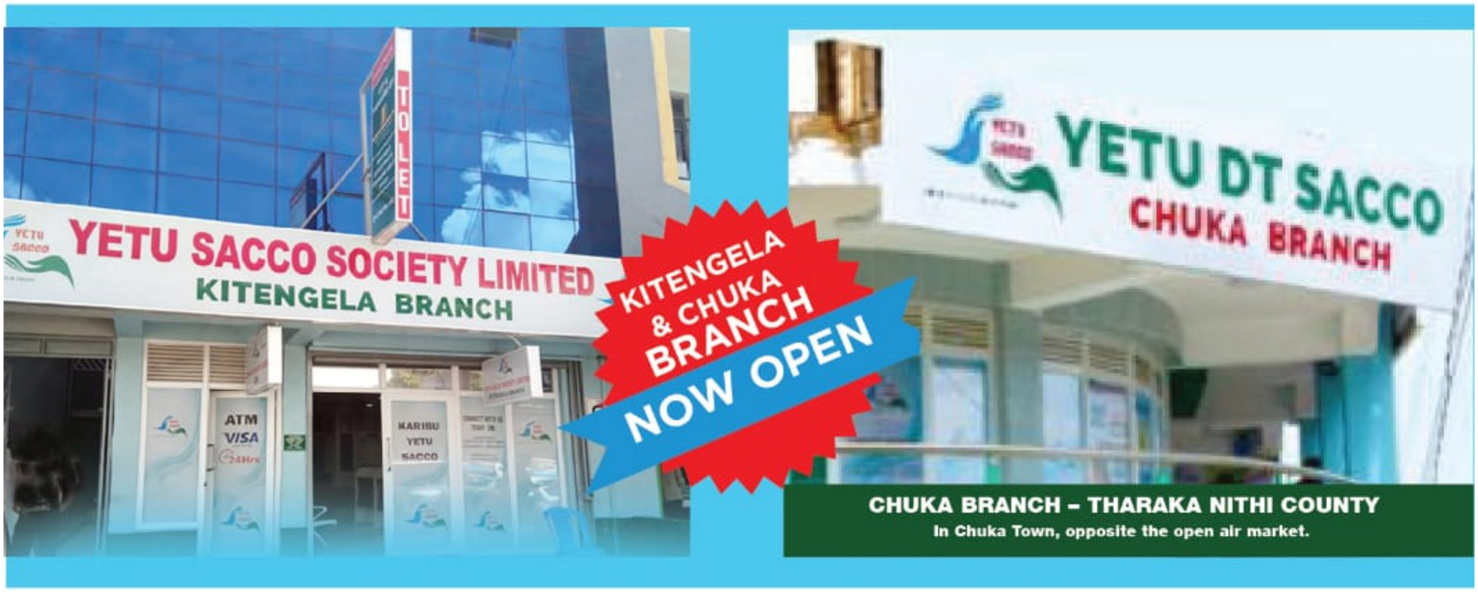

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YETU SACCO GROWTH AND RETURN ON INVESTMENT			
Year	Asset Base	Interest on deposits	Dividend rate
2018	3.3 billion	11 %	13%
2019	3.7 billion	12%	13%
2020	4.1 billion	12%	13%
2021	4.7billion	12%	15%
2022	5.3 billion	13%	18%

SAVINGS ACCOUNTS TYPES

- ☑ Hazina Account
- ☑ Bakisha Account
- ☑ Biashara
- ☑ Kilimo Account
- ☑ Coffee Account
- ☑ Mapato Account
- ☑ Digital Account
- ☑ Faida Account
- ☑ Yetu Junior
- ☑ Akiba Account
- ☑ Corporate Account
- ☑ Tea Farmers
- ☑ General Savers
- ☑ Business People
- ☑ Dairy Farmers
- ☑ Coffee Farmers
- ☑ Salaried Customers
- ☑ Vijana/ Youth
- ☑ Savings For Emergencies
- ☑ Children With Less Than 18 Years
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Kenya seeks to learn from Colombia coffee sector

By The Cooperative Writer

Kenya seeks to benefit from knowledge of the more developed coffee sector in Colombia. An agreement signed between the two countries include benchmarking on the production and value addition of the southern American country.

The third highest coffee producer in the world after Brazil and Vietnam has a rich history of a well -developed domestic coffee drinking culture, unlike Kenya which exports over 97 per cent of its produce, exposing it severely to vagaries of international market.

The annual coffee export of Colombia is between 11 and 13 million bags and due to the frequent wet climate, it uses washed processing method, giving the coffee its crisp acidity, pleasant sweetness and high level of flavour clarity. Just like Kenya's coffee that is highly reputed for its flavor, density and aroma, and used to blend other coffees, the two countries have something to learn from each other.

"We will be at disposal to Kenya in sharing production techniques and helping farmers," said Vice President of Colombia Her Excellency Francia Marquez when signing the agreement with Deputy President Rigathi Gachagua. She invited Kenya coffee players to visit her country to learn more on what they are doing to ensure steady production, and their value chains.

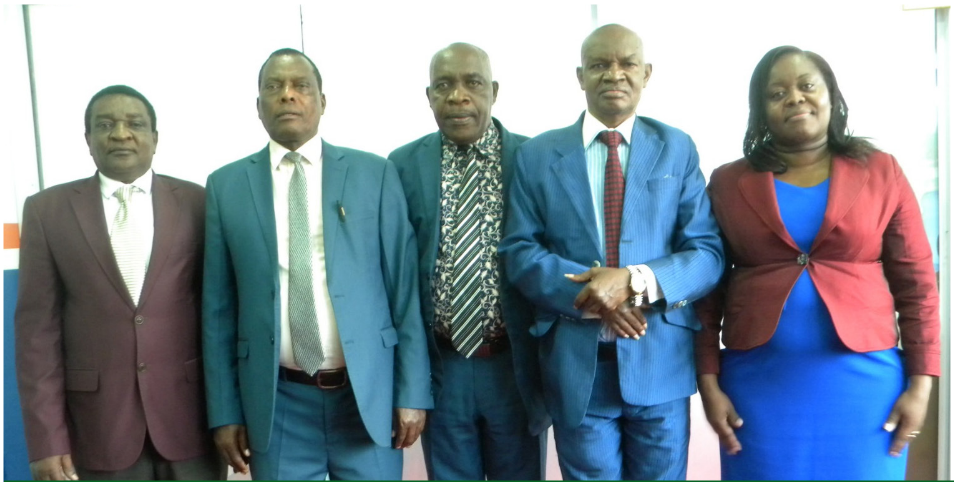
Just like Colombia, Kenya has two harvest seasons, the first being in March and the second in June. The smaller harvest period falls between September and December. Kenya's coffee season falls between November and December and between May and June for what is called Fly Crop. However, Kenya's coffee production has been plummeting from a high of 130,000 metric tonnes to the current average 40,000 metric tonnes, mostly to unpredictable and dismally low prices, exacerbated by high cost of production, competition from other activities like real estate development, and climate change. Kenya would benefit from Colombia as it seeks to triple production as envisaged in Vision 2030 blueprint.

The 600,000 coffee producing farmers in Colombia are near similar to coffee farmers in Kenya, most of them being small and rurally located in the two countries. The coffee infrastructure in Colombian gives them a way to get higher value for their crop in the market.

Through Aggregation and Industrial centres supporting coffee, Kenya seeks to learn more about co-operatives, value chains, and improved coffee governance, digitization of Coffee Societies with Guaranteed Minimum price for the farmers.

Colombia is reputed for its mass export of coffee beans, but coffee also plays a social role, and gives national identity as its common for friends and family to meet over a cup of coffee in rural areas while older people pass time over coffee beverage. In Kenya, coffee drinking is more of an urbanite culture, mostly of the upward mobile youth, and the beverage is quite expensive

Colombian coffee is home to dozens of micro-climates just like Kenya which has coffee in Mt Kenya region, parts of Rift valley and Western that have diverse climatic situations, making the flavours also diverse. However, Colombian coffee is generally has a gentler flavour and is superior to some of the stronger, bitter varieties grown around the world.



The Executive plus the CEO

Cosmopolitan DT SACCO Society Ltd: Leading the Way

Cosmopolitan SACCO, located in Nakuru County, has come a long way since its formation in 1977 as Nakuru Teachers' Sacco, all along registering an upward growth trajectory. It commands an asset base of over 9 billion and prides in a membership of over 30,000. Cosmopolitan SACCO draws members from all counties in Kenya and overseas having opened its common bond, thus taking part in financial inclusion and diversification by allowing anyone to join - from teachers and farmers to civil servants and startup entrepreneurs and societies.

Under the leadership of Mr. John Rukwaro the chairman, able board of directors, CEO, CPA Elizabeth Wambui, Cosmopolitan SACCO has continued to thrive. With five branches - Nakuru (HQ), Naivasha, Bahati, Molo, and Narok plus three Satellites; Mwisho wa Lami, Subukia, and Gilgil - the Sacco continues offering tailor-made savings and credit packages to suit the wide range of members' needs from emergencies to capital all under one roof.

As a commitment to paying out dividends each year, in the year 2022 the sacco paid a double-digit rate of 15% to its members for whom there is constant education on emerging and existing technologies, procedures, and products to ensure their financial well-being in a dynamic financial environment. The Sacco has also taken great measures to employ the latest technology to ensure it keeps abreast with the current trends.

With 51 staff, commitment to training, and continuous improvement, Cosmopolitan SACCO ensures seamless services at our premises and digital platforms. Other touch points besides the brick and motor include mobile banking options ranging from USSD, Paybill to M-Cosmo app. The Sacco also offers ATM services which are VISA branded.

For its over 1000 members spread throughout all the continents, the Sacco is in tune with international money transfer platforms while also making them feel home away from home with constant communication and information sharing.

The Sacco thrives on its cooperative values including democracy, integrity, equity, honesty, teamwork, solidarity, openness and social responsibility, self-responsibility, and quality services.

The Sacco mobilizes savings and offers cheap loans to the members to empower them economically and socially. The Sacco rides on a three years strategic plan developed in a participatory process involving the Board of Directors, Senior Managers, Branch Managers, and HODs with guidance from consultancy.

Cosmopolitan SACCO is truly a leader in its field, providing financial security and opportunities. With a strong commitment to its members and a forward-thinking approach to finance, it's no wonder that Cosmopolitan SACCO is leading all the way.

The Sacco strives to attain its all-strategic objectives in Growth, Members' experience, operational efficiency, and capacity to execute.

The Sacco has applied mechanisms to tap available opportunities in the National government, county government, and internationally.

Maize farmers to form Cooperatives for value addition and better prices

By Nicholas Waitathu

The National Government and cooperative movement players will support maize farmers in the country to form cooperative societies and aggregation centers to enhance the growers' income and make the subsector more competitive.

State Department for Cooperatives Principal Secretary Patrick Kilemi said that the National Government's new focus is to aggregate various value chains to help farmers contribute more to efforts in achieving food security. The food subsectors in the country have few cooperative societies and are therefore more vulnerable to manipulation by middlemen.

"The maize subsector is among the biggest food subsectors in the country but has very few cooperative societies. We have formed a technical committee to mobilise and help small scale farmers to form cooperative societies. In this way farmers will manage to negotiate for better prices and bulk purchase of farm inputs," said Mr. Kilemi.

He said due to lack of strong Cooperative Societies farmers struggle with cases of fluctuation of prices every year as other broker and middlemen take advantage of the loopholes to offer low prices.

The PS added, "We have six maize cooperatives in the North Rift region but these are not enough since the sector is big. We want to aggregate famers into big cooperatives so that they can negotiate for good prices for their products, get affordable farm inputs and this will enable the country to meet the maize shortfall occasioned every year," said Kilemi.

The secondary actors, he said, frustrate efforts to form aggregation centers fearing stiff competition that would phase them out of business.

"During independence the majority of the food subsector thrived because of the national spirit driven by the fore fathers. But over the years the spirit fizzled out and cooperative and other farmers' organisations collapsed. Kenya kwanza Government plans to revive as well as create new cooperative societies to enable farmers to benefit from the available business opportunities," said Mr. Kilemi.

In a recent interview in Nairobi, Kilemi said farmers can only join cooperatives in order to confront current setbacks they are grappling with.

Kilemi said the Government was targeting 17 priority value chains in the cooperative movement both at the national Government and counties, among them, dairy, coffee, cotton and potato. He added that aggregation power of cooperative societies will play a critical role in the Government's agenda of economically uplifting Kenyans who are at the bottom of the pyramid.

The country's cooperative movement has over 14 million members drawn from 26,000 cooperative societies spread across various subsectors. Cooperative Alliance of Kenya (CAK) Chairman Macloud Malonza said that cooperative societies in food production are struggling with price fluctuations and poor governance issues.

Malonza said food subsectors and especially maize farmers do not have sound cooperative structures to enable them enjoy economies of scale.

"The absence of cooperatives in the maize industry has created a huge opening for the cartels, brokers and unscrupulous traders who manipulate farmers, largely by offering poor prices," he said.

The government plans to boost food production in the next five years by leasing huge chunks of idle land to the private sector. "Our approach as the cooperative custodians is to help farmers form cooperative societies as part of confronting challenges they are grappling with. Then they will be assisted to participate in the Government food production initiative," Mr. Malonza said. .

NEW KENYA PLANTERS
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New KPCU regaining farmers trust through transparency

Mr. Timothy Mirugi - MD

By Lewis Njoka

Coffee miller and marketer, New KPCU, is quickly regaining the trust of farmers by allowing them unrestricted access to scrutinize its operations, a first in the country for coffee millers.

When New KPCU was formed in 2019, it faced a lot of mistrust from coffee farmers mostly due to the losses the farmers incurred under its predecessor, KPCU.

That is now changing for the better thanks to the miller's transparency policy.

"The biggest challenge here was corporate governance and the fact that farmers had lost money and coffee. When we came in the first thing that we tried to do was restore the confidence amongst farmers by instituting some measures and putting in place systems that promoted transparency," said New KPCU Managing Director, Timothy Mirugi.

"We introduced something called farmer inclusion in our operations where we invite farmers to come and witness the coffee being weighed at the point of entry and being milled. They are free to visit and access their coffee any time of the day, which is never the case with many of our competitors," he added.

According to Mirugi, the miller now consults farmers on the prices it receives from either the auction or direct market, ensuring that the farmer has the final say.

During its predecessor's (KPCU) time there were allegations that farmer grades used to be inverted, a problem New KPCU sought to cure through transparency.

"We are very accountable to the farmer in terms of our operations. I think we are the only people who a farmer can walk in, query his accounts and is given up to date records of how the transactions are being done and leave satisfied. And that is something we pride ourselves in," Mirugi said.

New KPCU is a state corporation under the State Department for Cooperatives and is a totally different from the former KPCU.

It was formed following the liquidation of its predecessor, KPCU, over debts owed to local commercial banks.

The transparency strategy employed by New KPCU is bearing fruits. The miller has managed to bring on board over 236 cooperative societies since it began operations in 2019, according to Mirugi.

It has brought on board over 300 estate farmers who are now milling and marketing with New KPCU and managed to reduce the cost associated with processing, such as milling.

Currently, the miller is charging $40 per tonne which is highly affordable compared to the prevailing market rate of over $65 per tonne.

"Remember we started from zero. We didn't inherit any society, we built from scratch," the MD said.

Thanks to the increasing trust among farmers, New KPCU has made commendable progress disbursing the Coffee Cherry Advance Revolving Fund (CCARF) on behalf of the government.

The Sh3 billion cherry fund was rolled out in 2019 to provide affordable, sustainable and accessible

cherry advance to smallholder coffee farmers.

Members of registered coffee societies can apply for an advance payment amounting to Sh20 per kilo of cherry delivered to their respective factories.

Smallholder estate farmers with land not exceeding 20 acres can apply to receive an advance payment amounting to 40 per cent of the prevailing average sales price of clean coffee at the coffee exchange.

According to Mirugi, more than 80,000 farmers have benefitted from the cherry fund with over Sh800 million disbursed so far.

"Sh600 million of this Sh800 million has just been done in the last six months. This is because we have been able to bring farmers closer. We are working with farmers' unions and the apex body like the National Coffee Cooperatives Union (NACCU) which is the apex body of 19 unions from across the country," he said.

At first the uptake of the cherry fund

was slow because of factors such as low production, mistrust, and the fact that farmers at the time were heavily indebted having borrowed from commercial financial institutions, some at interest rates as high as 40 per cent.

"The farmers have started appreciating. In four years, they are seeing something different in New KPCU and that is why they are patronizing our services. In another one year, I don't think the money will be there because farmers' confidence in New KPCU has grown. They have seen we are dependable," the MD said.

Between March 2022 and November 2022, New KPCU disbursed subsidized inputs to coffee farmers worth Sh1 billion under the government's Coffee Farm Input Subsidy Program.

"It was very successful. We had about 136,000 farmers accessing the inputs and as a result, the national coffee output shot from 35,000 metric tonnes in financial year 2021/2022 to 51,000 metric tonnes in financial year 2022/2023, representing about 50 per cent increase in just one year," Mirugi said.

Going forward, New KPCU is looking to bring the youth and women into coffee farming, a move that will earn them a living and help save them from alcoholism and drug abuse.

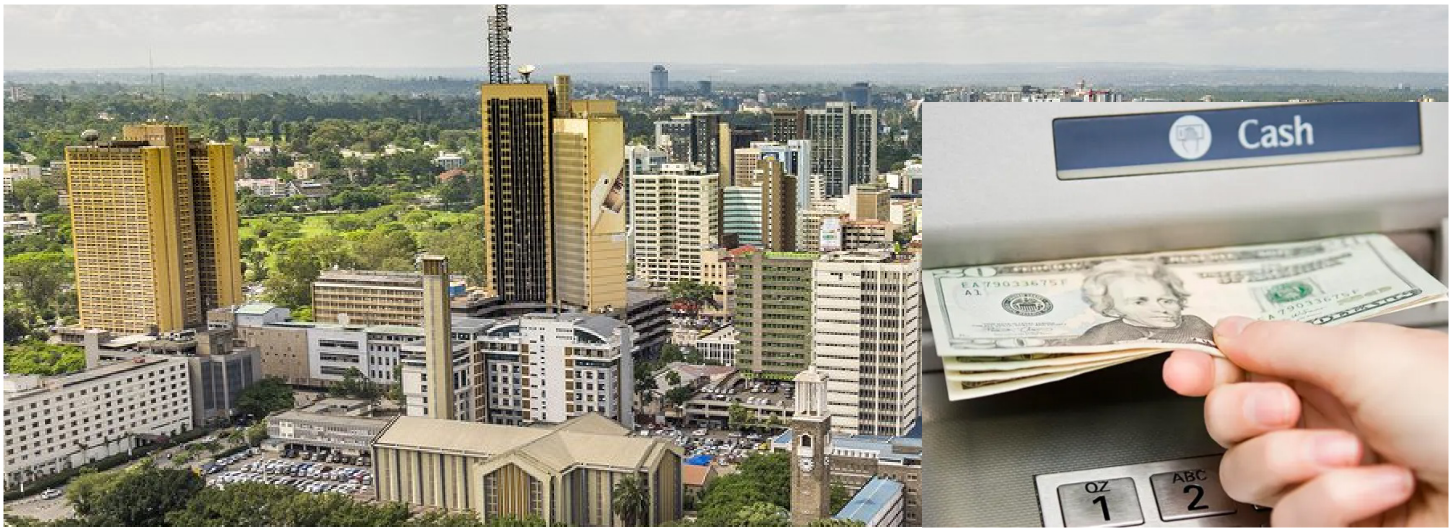
Already, the miller has established demonstration farms in Kisii, Meru, Murang'a, ran by the youth with the earnings going back to the same youth.

Through these and other efforts, New KPCU is targeting to move the country from producing 51,000 metric tonnes annually to producing 200,000 metric tonnes by the year 2027.

New KPCU plans to increase the national coffee output from two kilograms to eight kilograms per tree by teaching farmers in 33 counties how to grow coffee the right way.

"The future looks bright for coffee. There are reforms being steered by the Deputy President, whom we are fully behind. We are seeing that the fruits of coffee farmer's labour will soon become a reality and they'll put money in their pockets," Mirugi said.

"We introduced something called farmer inclusion in our operations where we invite farmers to come and witness the coffee being weighed at the point of entry and being milled. They are free to visit and access their coffee any time of the day, which is never the case with many of our competitors,"



Nairobi County tops in Non Withdrawable Deposit Saccos to be supervised

By The Cooperative writer

Nairobi County tops in the number of Non-Withdrawable Deposit Taking saccos that will start paying supervision levy to the regulator, Sacco Societies Regulatory Authority to be supervised.

According to Sasra figures, out of 169 of Non-Withdrawable Deposit Taking (NWDT) saccos, 143 that sought for registration for supervision and were accepted by December 2021were from the city. Kiambu County was second with 20 that sought registration out of which 17 were accepted.

Mombasa County came third, with 11 seeking to be registered, and out of which ten were accepted. Others from other parts of the country that sought to be registered were 25 out of which 21 were accepted. Overall out of 199 Non-Withdrawable Deposit Taking (saccos that sought registration 169 of them were accepted while 30 were declined. Many more are expected to join once the expanded Sasra mandate is operationalized.

The Non-Withdrawable Deposit Taking Saccos that were brought under Sasra had to have a total deposit equal or exceeding Ksh 100 million. They also must be mobilizing their membership and share capital through digital platforms, and these include those in the diaspora.

The figures indicate where the Saccos are most active in the country, pushed by demand for credit to do business. Sacco Societies Regulatory Authority (SASRA) mandate has been expanded to bring Non-Deposit Taking Saccos under its supervision to protect members' funds, enhance equality and promote awareness. The NWDT will file returns periodically for closer monitoring to prevent possible loss of members funds. In the arrangement, there will be on site and off site supervision of the entities.

In March, the Co-operatives and Micro, Small and Medium Enterprises Development cabinet Simon Chelugui said it had become necessary to expand the supervision in the sub-sectors to tame and manage cases of fraud, cyber insecurity, financial mismanagement and leadership wrangles, among other challenges.

The new mandate has come through operationalization of the provisions of Section 15 of the Sacco Societies Act and Section 5(d) that creates a Levy Order. The legislation imposes a Sacco Societies levy to be paid by Deposit Taking Saccos and Non-Deposit Taking Saccos upon authorization pursuant to the Regulations 2020.

Currently Deposit Taking Saccos remit a levy of 0.175 per cent on deposits held to Sasra. The rate applicable to Non-Withdrawable Deposit Taking-Saccos has been set at 0.165 per cent with a maximum capping of Sh8 Million.

"Taking into account the fact that the intensity of supervisory and regulatory activities over Deposit Taking Saccos is higher than that expected of the Non-Withdrawable Deposit Taking Saccos, it follows from a cost recovery model that the rate payable by the latter should be less than that payable by the former," Sasara CEO Mr Peter Njuguna said.

There are 359 Saccos consisting of 176 Deposit Taking Sacco's and 183 Non-Withdrawable Deposit Taking Sacco's and classified as Tier 1 and 2, that are regulated by the SASRA under specified regulations. They have to meet specified regulatory benchmarks to be allowed to operate.

Saccos brace for increased borrowing from members shunned by banks

By The Cooperative writer

Savings and Credit Cooperative Societies are likely to come under increasing pressure for loans from their members crowded out of the banks by the government's appetite for domestic borrowing.

Financial experts say individuals and corporate borrowers will find it difficult to compete with government for loans, and will have to turn to other financial institutions, among them Savings and Credit Cooperative Societies.

In this years' budget the government says the Ksh718 billion deficit will largely be met through borrowing Ksh536.5 billion from local banks.

"The immediate effect will be higher interest rates as banks turn to buying government papers like Treasury bills and Bonds that they prefer for their low risk and high returns," says a financial expert working with the two sectors.

Saccos loan portfolio has been increasing in recent years, and according to Central Bank of Kenya figures in January 2023 some Ksh 600.7 billion was loaned by Saccos compared to Ksh515billion by the banks. This trend is expected to continue as more Sacco members who also borrow from the banks are edged out by the expected high interest rates of bank loans.

Sacco loans are given at a rate of 12 per cent per year on a reducing balance, and banks have been maintaining nearly the same rates, but now with the government intending to borrow more from local banks, the interest rates are expected to rise astronomically, making it impossible for many to borrow and meet their financial obligations.

Recently, the government floated an infrastructure bond of Ksh60 billion but was oversubscribed, raking in Ksh220.5 billion. Out of this, the government absorbed Ksh213 billion at a rate of 15.837 per cent with a tenor of 5.6 years.

The tight liquidity is worsened by low disposable income existing against the background of increasing commodity prices, and which is expected to fuel more borrowing from the Saccos and other micro-finance institutions. Most of the money borrowed by Sacco members is for consumption purposes like paying for education and meeting medical expenses.

Bank lending rates increased to 13.09 per cent in March from 13.06 in February, and could go higher with the government's intention to borrow more from domestic money market. The cap bank interest rates was lifted in 2019 to allow them to lend on account of risk assessment on customers.

Bank rates spiked to 13.09 per cent in March 2023 from 12.2 per cent in April 2022, a steady rise, marked by slight drop in October 2022 from 12.41 per cent to 12.39 percent in November, before picking up again to 12.64 per cent in December.

Increasing interest rates are likely to result in some Sacco members with bank loans approaching their Saccos for loan buy-out for favourable repayment terms. Still, the Saacos could be saddled by so many requests for such loan buy- outs than they can manage, but there are those in the Sacco sector who think that the envisaged Central Liquidity Facility for Deposit Taking Saccos could help them take up such loans. On the flipside, with the depressed economy that is shedding off jobs, the possibility of increased loan default is high.

Harambee Sacco to strengthen Products' Portfolio to grow business

By Nicholas Waitathu

Harambee Sacco, one of the oldest Saccos in the country, is planning to fast-track bold strategies geared towards recruiting more members to expand market share.

In order to remain competitive in the current money market, the Sacco will direct efforts towards institutional strengthening and specifically strengthening the product portfolio to increase income to the tune of Sh7 billion.

"We shall seek to review our product portfolio to reinforce differentiation, diversify the offering to include collateral lending and products that promote savings and aggressively drive uptake to generate Sh7 billion in income," says Mr. Georg Ochiri the Sacco Ceo.

Dr. Ochiri states that in the current financial year efforts will be pursued to eliminate waste and align structure to the new operating model in order to achieve a sustainable Sacco with a net income ratio of 0.71:1 3.

The Sacco loan book expanded by 7.7 per cent between January and May, 2023 to Sh29.3

billion compared to Sh27.2 billion in the 2022 financial year.

During a delegate conference in Mombasa Dr. Ochiri attributes the increase to about 10 percent membership increase to 79,641 compared in 2022 to 72,601 in 2021 financial year.

The 53 year old Sacco Dr. Ochiri confirms plans to recruit 11,700 new members from the non-traditional catchment areas, a trend he said will be achieved by implementing the common bond model. The Sacco has a branch network of FOSA branches in Nairobi, Mombasa, Kisumu, Eldoret, Nakuru and Nanyuki.

The Sacco products are now online making it easy for the customers to access and use less time to apply. This is expected to increase loan absorption as currently online loans stood at 1.5m. Malonza states that the credit union has made big strides in terms of improving cyber security.

Money market

The Kenyan shilling depreciated in 2020 and 2021, a trend that continued in 2022, with the

currency depreciating by 4.3per cent against the US dollar. Despite the Central Bank of Kenya (CBK) projections that inflation was projected to oscillate in the target range of 2.5 percent to 7.5per cent, a combination of the local, regional and global dynamics at play, saw the country's inflation rate hitting a high of 7.9 per cent.

According to the Kenya Institute for Public Policy Research and Analysis (KIPPRA), 2021 economic report, "before the covid-19 pandemic, the economy was robust, expanding by an average of over 5 per cent. Then the pandemic hit and led to the global economy plunging into a recession, with Kenya experiencing a very sharp contraction of its economy for the first time in the last two decades.

Majority of the Saccos in the country experienced challenges of low remittances and withdrawals following the effects that hammered the economy during the Covid-19 period.

The effect of the sluggish economy and Covid-19 Sacco chairman Macloud Malonza states is likely to continue to be felt and more so owing to the enactment of the Financial Bill 2023.

Currently, he observes the deposit taking business is characterised by stiff competition thus

requiring the credit union to invest heavily in product development and recruitment of new members.

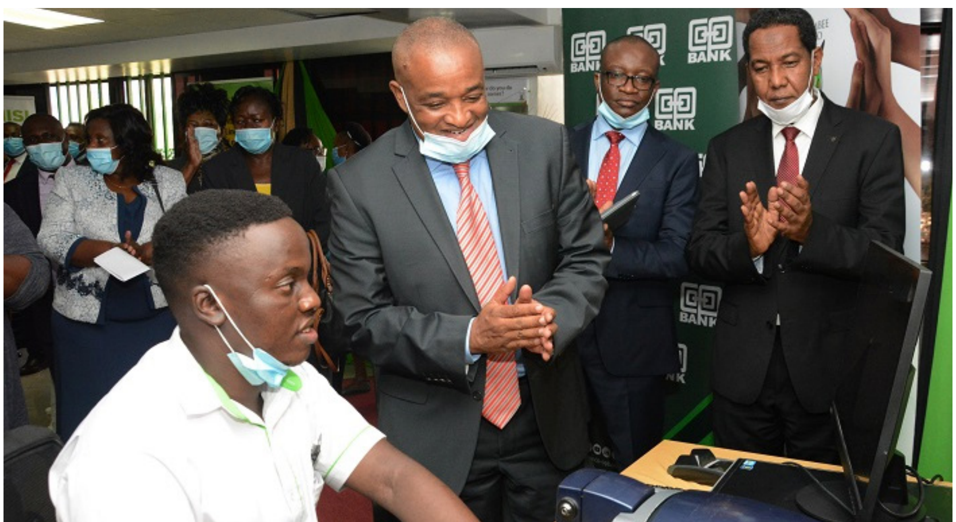
New members' recruitment

"To ensure we remain in the money business we have activated our machinery to carry out a massive recruitment drive. Members who withdrew from the group have expressed interest to rejoin the Sacco," states Malonza. Further, "we are targeting small; businesses, SMEs, institutions of higher learning and private institutions. "

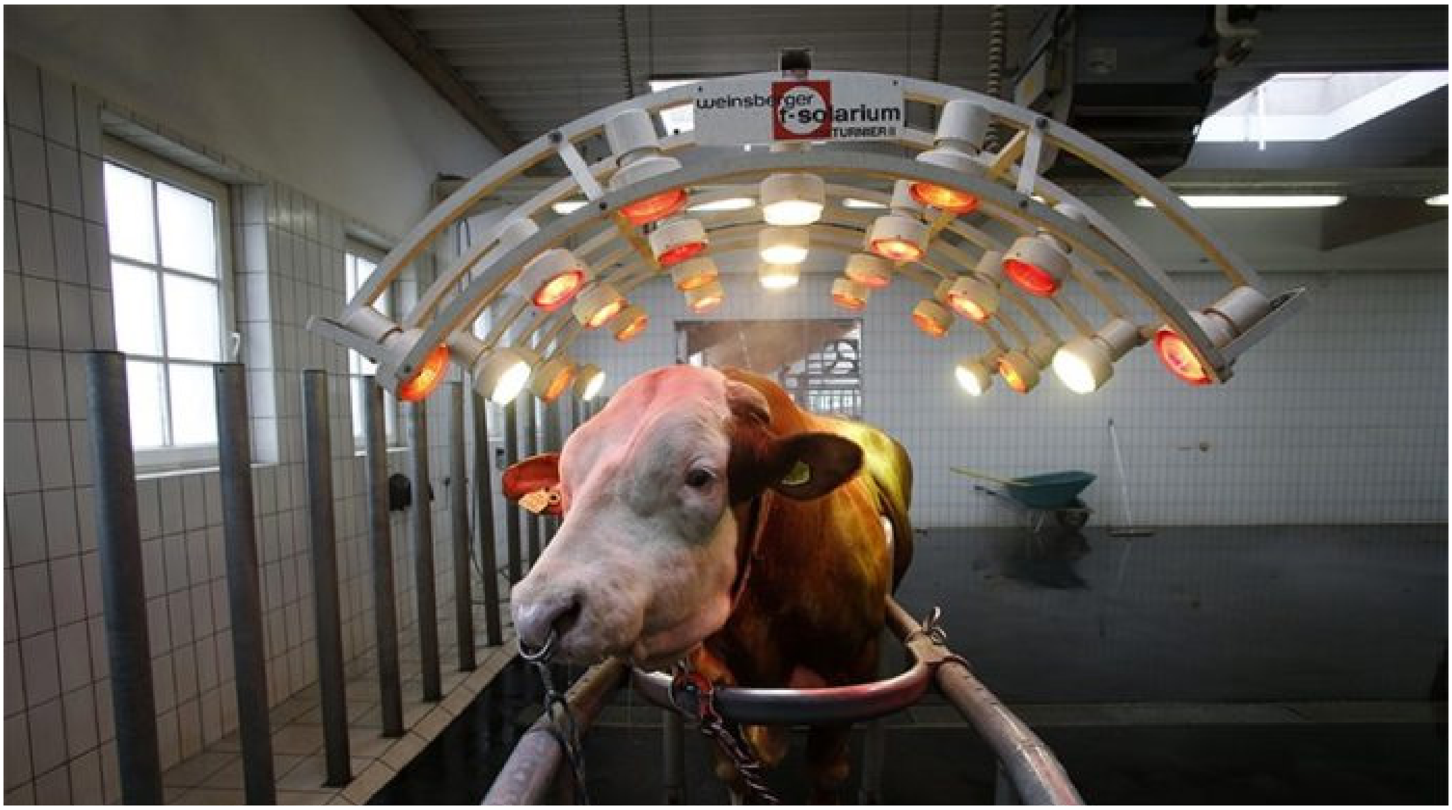
He adds, "Saccos are operating under a tight environment owing to the low cash flow in the economy. The enactment of the Financial Bill 2023 into law will have a huge impact on the Sacco members over and above the prevailing low cash flow in the economy. Therefore, we expect a low performance year characterised with decreasing savings, members rescheduling their loans and if the situation negatively escalate there will be loan defaults," said Mr. Malonza. This situation is being escalated, battered purchasing power and the likely increased competition for the pay slip.

He adds, Harambee will largely focus on recruiting new members under the common bond model. Under this initiative the credit union he says targets legal entities, for example, private sector groups, Small and Medium Enterprise (SMEs) and registered chamas. "To avoid dealing encountering challenges of defaults we are reviewing our strategy to ensure engaged business partners are fully registered under the municipal law," states Mr. Malonza.

Going forward, Malonza explains the Sacco delegates will lead membership recruitment, account opening drive and membership education initiative.



Harambee Sacco Launches Instant Card-Issue To Members



State to set up Sh400m semen plant to boost dairy production

By Lewis Njoka

The government has plans to set up a multi-million semen plant with the aim of lowering the cost of inseminating dairy cows in the country, President William Ruto has said.

The move, he said, will go a long way in doubling the country's milk production, elevating Kenya into an exporter of the product.

"We will set up a Sh400 Million plant to provide semen to dairy farmers at Sh1500 down from the current Sh8000," Ruto said.

"Our plan is to use agriculture to create wealth and expand job opportunities for the people," he

added.

The President said his government is committed to supporting farmers increase productivity and is reforming the agricultural sector to provide more economic opportunities for the youth.

Already, the government has removed tax on livestock feeds to make dairy farming more profitable.

The Government, he added, would support cooperatives to produce livestock feed locally to tame prices.

He said the government is investing in agro-processing and value addition besides championing Guaranteed Minimum Returns to fetch farmers more money.

"We will eliminate brokers from our agricultural value chain using our county aggregation and industrial parks," Ruto said.

President Ruto spoke in Meru during the 8th Annual Dairy Farmers Field Day. The event brought together over 12,000 dairy farmers from around the county.

The announcement by President Ruto comes at a time when farmers in the country are trying to recover from a tough year 2022 in which agricultural sector growth worsened moving to negative

1.9 per cent growth down from negative 0.3 per cent in 2021.

"This was largely occasioned by drought in most parts of the country that severely affected agricultural production," says the Economic Survey 2023.

During the year, the volume of marketed milk decreased to 754.3 million litres from 801.9 million litres in 2021 largely due to drought that resulted to scarcity of fodder for livestock.

Similarly, the quantity of processed milk and cream reduced to 466 million litres last year from 510.6 million litres in 2021.

Production of butter and ghee declined by 28.9 per cent to 742 tonnes from 1,043.2 tonnes in 2021 while that of cheese declined by 41.2 per cent to 93.2 tonnes in 2022 down from 158.4 tonnes in 2021.

Despite the reduced milk production, the value of marketed milk last year increased by 9.5 per cent to Sh36.9 billion from Sh33.7 billion in 2021.

"This increase in value was attributed to better prices for milk produce during the period under review," said Kenya National Bureau of Statistics in its report.

Despite the challenges that have faced agriculture in the recent past, the value of marketed milk in the country has increased over the last five years moving from Sh23 billion in 2018 to Sh36.9 billion in 2023, an indication that the dairy sector in Kenya is resilient.

According to the figures, the price of milk per 100 litres paid to farmers rose by 12.4 per cent to Sh4,720.43 in 2022.

This translates to an average of Sh47.2 per liter of milk.

Over the last five years, the average price of milk paid to farmers has increased steadily moving from Sh3,530 per 100 litres in 2018 to Sh4,720 for the same amount in 2022.

This translates to moving from an average of Sh35.3 per litre of milk in 2018 to Sh47.2 per litre in 2022.

Livestock feeds, drugs and medicine continue to be a major challenge for livestock farmers in the country.

In 2022, the value of manufactured feeds in the country rose by 13.8 per cent to Sh14 billion up from Sh12.3 billion in 2021, according to the Economic Survey 2023.

Similarly, the value of value of livestock drugs and medicines purchased increased by 15.4 per cent to Sh2.3 billion in 2022 up from Sh2 billion in 2021, a significant cost on the part of farmers.

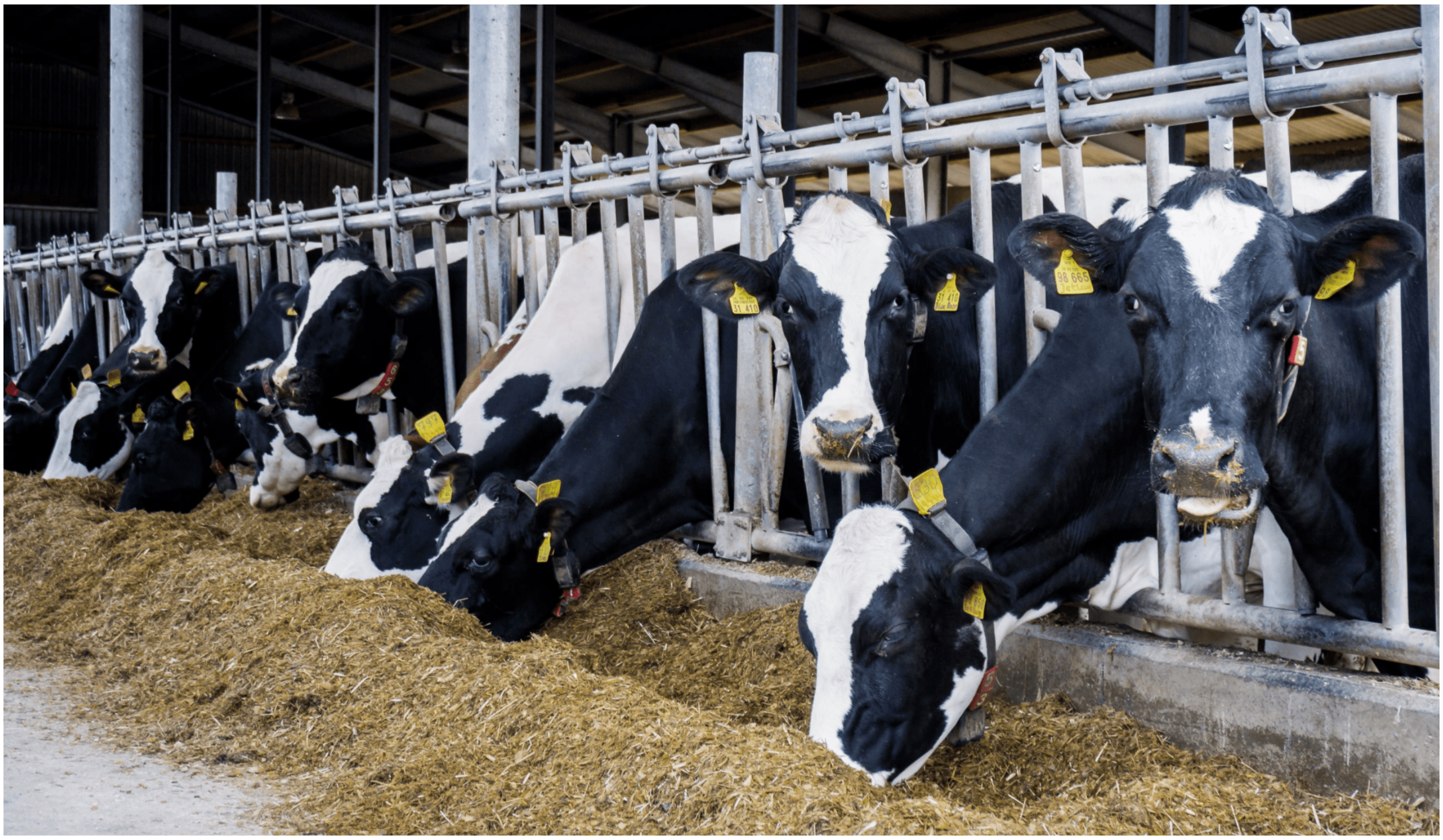
The number of societies and unions engaged in the dairy sector have continued to increase despite the tough times facing agriculture sector in the county raising hopes that milk production and value addition in the country could increase in the near future.

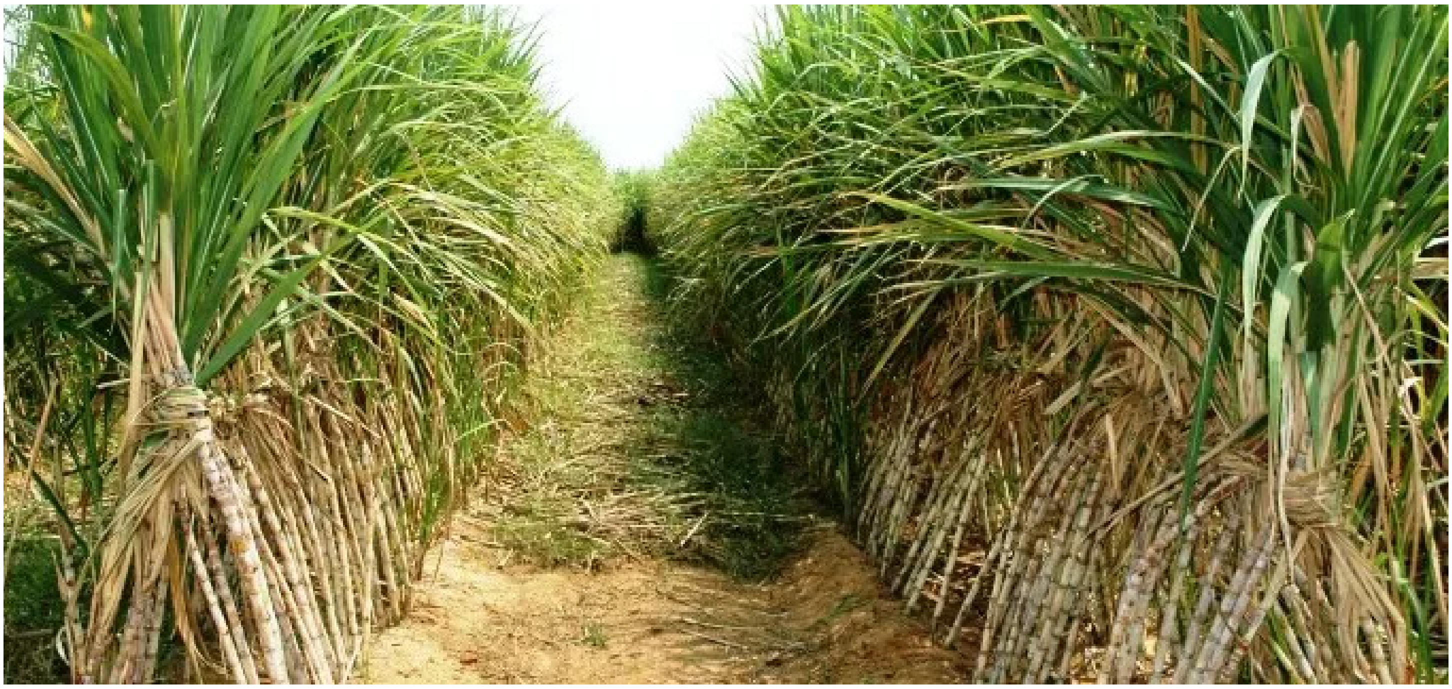
According to the KNBS' Economic Survey 2023, the number of societies in the dairy sub-sector increased by 2.8 per cent to 689 in 2022, from 670 in 2021.

Over the last five years, societies in the sub-sector have risen by 66 from 623 in 2018 to 689 in

2022.

"Our plan is to use agriculture to create wealth and expand job opportunities for the people,"





State to lease five ailing Sugar companies

By The Cooperative writer

Attorney-General Justin Muturi is working on a leasing model for the five sugar companies after farmers rejected the privatization route to resuscitate them.

The government has been pushing for privatization after the companies Chemelil, South Nyanza (SONY), Nzoia, Miwani and Muhoroni accumulated losses totaling to Ksh60 billion, and were on verge of collapse.

A task force formed by former President Uhuru Kenyatta had recommended that they be put on sale to private investors. The recommendation was borne out of frustrations that whatever amount of money and debt waivers given to these companies, it ended up in dark hole.

But the farmers and leaders in the sugar belt, wary of losing control of their assets that include massive land like happened with the sale of Mumias Sugar after its shares were sold at the Nairobi Securities Exchange, rejected privatization as it offered them no visible benefits.

Deputy President Rigathi Gachagua told the Intergovernmental Budget and Economic Council (IBEC) meeting held recently that the government had ceded to the demand of farmers who were in favour of a leasing model.

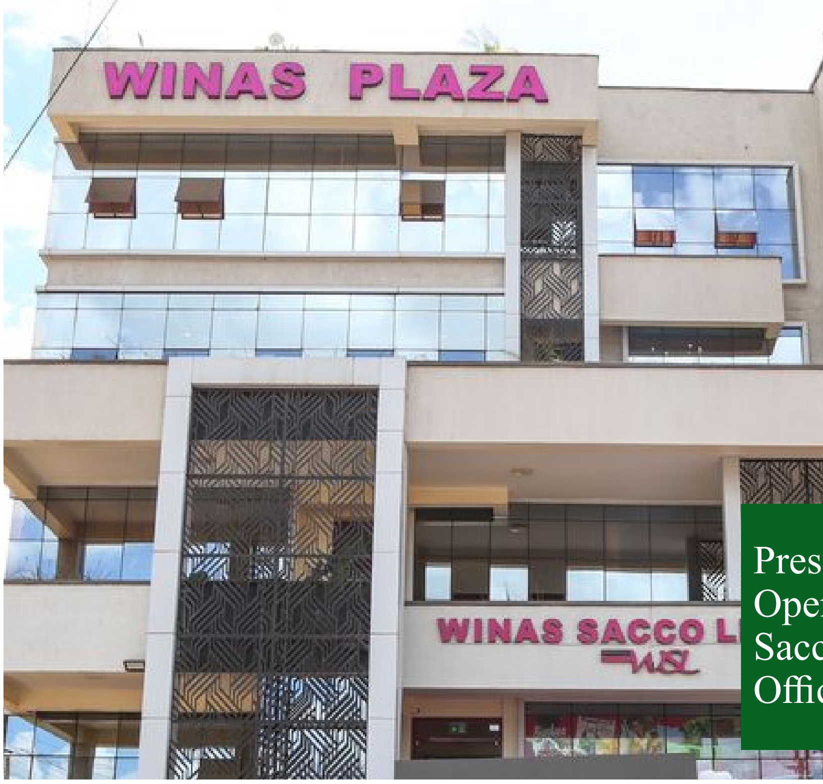
"We have agreed that the leasing model will be worked out with the opinion given by the Attorney General on how those sugar factories and nuclear farms can be leased for the benefit of those counties and the people who reside there," he said.

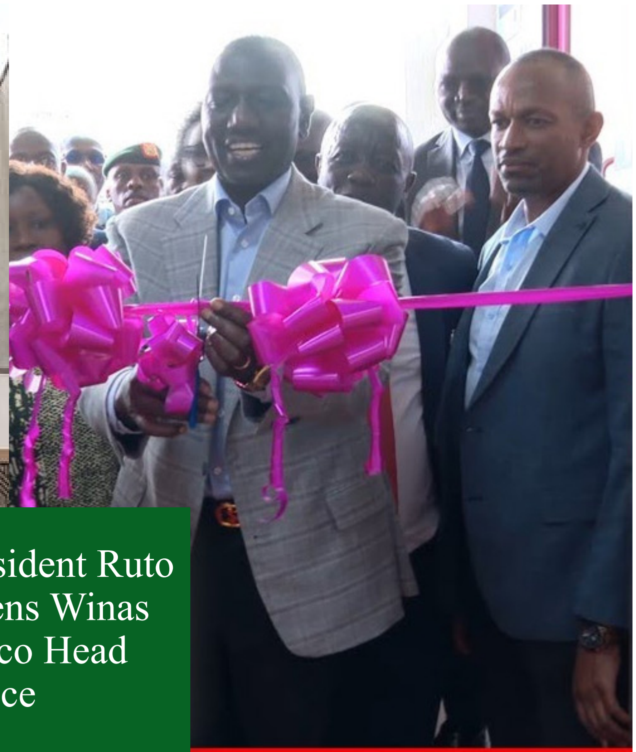
The political leaders and farmers from the region, intensified opposition to the plan to sell of the loss-making companies after the Cabinet in March approved the Privatisation Bill 2023 that seeks to bypass Parliamentary approval in the sale of public companies.

Plans to privatise the sugar companies has been there since 2015 when the Privatization Commission approved the sale of shares in five sugar companies to revive their operations, ahead of divestiture from the sugar sector. In 2020, former Agriculture Cabinet Secretary Peter Munya said plans were underway to lease them to private investors.

However, the process has been stalled by the many cases that have been filed in court by various stakeholders opposing the privatization. Some cases had been concluded while others are still pending in court.

Agriculture Cabinet Secretary Mithika Linturi has been on a charm offensive trying to calm the high octave politics surrounding the matter, assuring the residents, farmers and leaders that the government would work out a way with them on how to return the State-owned sugar millers into profitability.





President Ruto Opens Winas Sacco Head Office

Winas Sacco opens new head office

Sacco management congratulates the President for the launch

By Lewis Njoka

As one approaches the Embu Central Business District (CBD) from Nairobi, one cannot fail to notice an imposing new four-storey office building named Winas Plaza.

This the new head office of the Embu-based Winas Sacco.

The building was officially opened by President William Ruto on May 26 this year and will serve as the new administrative block for the tier 1 Sacco.

It has sufficient offices, mezzanine floor, spacious banking hall and modern multi-purpose hall, among others.

Located within the Embu CBD along the Embu-Meru Road, the plaza features spacious, easily accessible office spaces making it convenient for Sacco members to access services.

President William Ruto commended the Sacco for the milestone and urged cooperative societies to maintain high standards of integrity for the benefit of their members.

"Cooperatives have the power to drive sustainable growth of our economy. We will work with stakeholders to address inadequate liquidity, limited market access, and low adoption of proper technology to unlock their potential," he said.

Winas Sacco Chairman, Robert Ndwiga, termed the new building a source of pride for the Sacco and Embu town at large.

"The completion of this head office, Winas Plaza, has not only provided humble working space for our operations but has equally improved our corporate image of the Sacco greatly," said Winas Sacco Chairman, Robert Ndwiga.

According to Winas Sacco Chief Executive Officer (CEO), Pauline Mwaniki, the state-of-the-art building is a testament of the members' persistence and determination over the years.

"Years back, very few people would have imagined that we could own such a magnificent building. But here we are today. It has taken a lot of sweat and determination from our members to get here," she said.

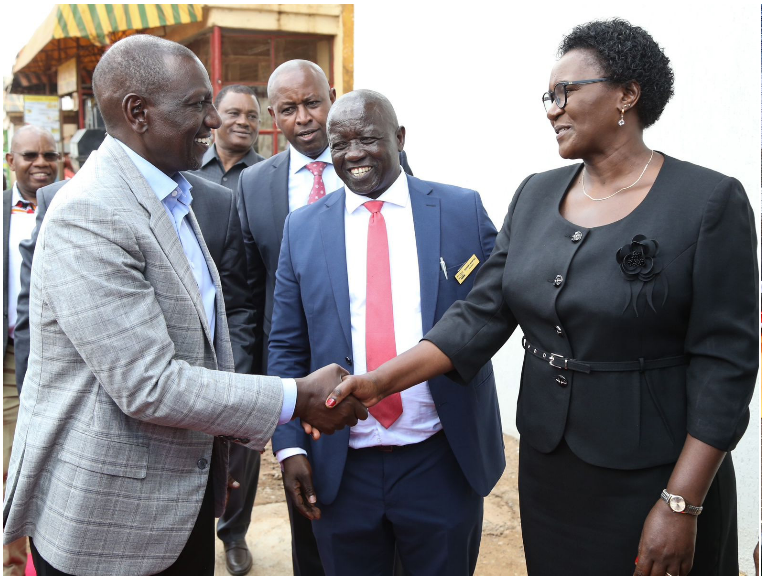
With a modern office design comprising large windows and a huge balcony, Winas Plaza is easily one of the most recognizable buildings in Embu town.

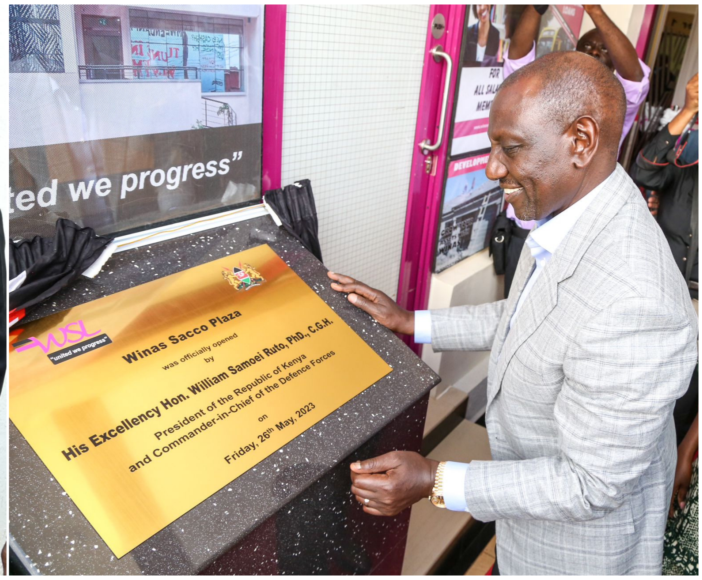
The plaza was completed within one year, an indication that project was efficiently managed.

Over the years, the 46 years old Sacco has built a reputation as one the large Saccos in the country that have consistently performed well.

In 2022, the tier1 Sacco posted a Sh1.71 million to members in dividends despite a challenging business environment.

The year 2022 was a tough year due to the effects of Covid-19 pandemic





which forcing Saccos to offer most transactions free of charge. Additionally, they had to contend with loan interest caps as the limits had not been lifted at the time.

Other challenges included disruptions brought about by general elections, Sacco members having to raise school fees for four terms instead of the usual three, and its main target base, teachers, going for long periods of time without a salary increment.
Despite these challenges, the Sacco's total assets grew by 17.4 per cent to Sh9.8 billion in 2022 from Sh8.3 billion in 2021.

Deposits similarly grew by 15.5 per cent to Sh5.8 billion in 2022 from Sh5 billion in 2021.

Loans extended to members increased by 18.8 per cent to Sh9.7 billion from Sh8.2 billion in 2021. Ndwiga attributed the society's good performance to support by key stakeholders.

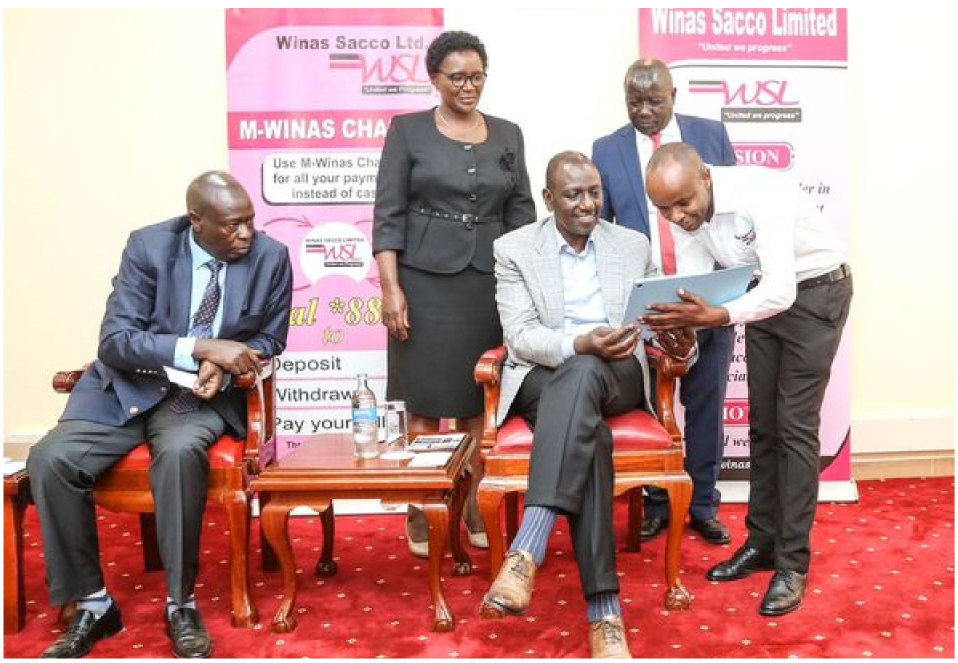
"Winas Sacco has continued to experience unwavering support from its members and stakeholders. This has enabled the Sacco to grow steadily and be in a position to meet the members' financial obligation on timely basis forming a basis of your development at corporate and personal level," he said.
The Sacco CEO projects that the society will do even better in Financial Year 2023 and create more employment opportunities for local youth.

"We have the intention of attaining a 15 per cent growth this year. We anticipate that this year we are going to have a Sh12 billion loan book and Sh2.2 billion revenue. That can only be achieved by bringing new people and new business to Winas Sacco," Mwaniki said.

"More importantly, we really want to embrace technology as an enabler to business. We want all our members to be transacting online, loaning included," she added.
Last year the Sacco employed eight new members of staff, and is looking to employ more this year. This is in addition to the 15 new employees it brought on board in January 2022.

To achieve these projections, Winas Sacco will be guided 2023 strategic plan which focuses on key areas such as branch network expansion, mobile banking and education, training and dissemination of information to members, among others.

In the recent past, Winas Sacco has prioritized expansion opening two new offices; one in Kianjokoma in Embu County and the other one in Masii in Machakos County.



Farmers want better price discovery for their crop

Some suggest that Mombasa Tea Auction be moved to Tea growing Counties

By The Cooperative Writer

Tea farmers and leaders want the crops' marketing restructured to enable their participation, and enhance transparency on price discovery, which they say remains opaque. This, among other suggestions are what came out of the Two Day Tea Conference held in Kericho.

Some want the Mombasa Tea Auction moved to the tea producing Counties to enable farmers have close contact for monitoring and also cut on storage and transport costs, among others, that are borne by the farmers.

"Tea Auction has for decades been in Mombasa. It's time we review the Tea Auction market because times have changed. Going forward, we may have to bring Tea Auction to these tea producing Counties," said Governor of Kericho, Mr. Erick Mutai.

The farmers said their return on investment was low, with most of their money lost in the value chain, and want this shortened by kicking out some of the brokers and middlemen. The marketing of tea has been contentious for a long time, with farmers' lobby group like Kenya Union of Small Scale Tea Owners Association having a drawn out battle with the management agency, Kenya Tea Development Agency.

Some farmers wondered why there existed a huge disparity between the tea prices at Mombasa Tea Auction and what is paid to the farmers.

"There is a problem when you look at what farmers get and what the consumers pay. There is a world of a difference," said Kinoti Kirie, a farmer from Meru County. Some complained that their money was swallowed by the myriad of auxiliary institutions that had been created over the years, and which farmers do not draw direct benefit from.

The continued use of firewood and electricity by some of the tea factories in their processing was also cited as slicing out a huge chunk of what would go to the farmers' pockets.

"We have many rivers in Rift Valley that we can use to generate own energy but we continue to use firewood and electricity which contribute to high cost of production," said a farmer from Rift Valley.

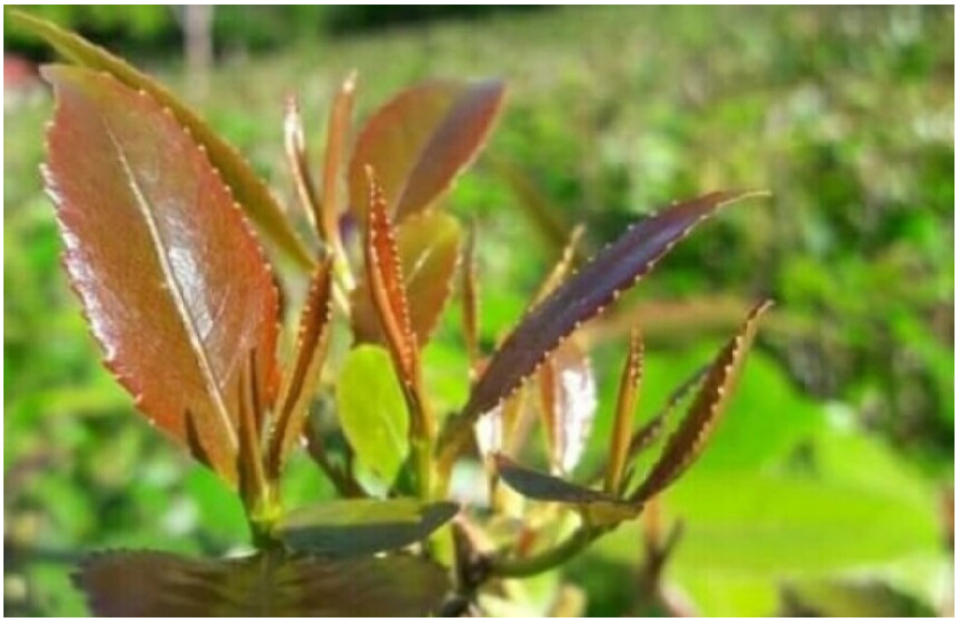
Agriculture Cabinet Secretary said he had stumbled on the reason for lowly prices offered for local black tea while on a visit to Pakistan when a buyer opened up to him.

"Kenya produces among the best tea in the world but is not able to attract the best prices. KTDA sets the Minimum Return at $2.4 per kilo but for other independent players its free for all and sell at whatever price (lower prices). As a trader you cannot buy at that price if you can buy the same at lower prices," Agriculture CS Mithika Linturi said what the trader told him while in Pakistan. Mombasa Tea Auction has grown into a regional market for tea headed to the international destinations, and currently include Uganda, Tanzania, Rwanda, Burundi, Democratic Republic of Congo, Malawi, Madagascar and Ethiopia.

Deputy President Rigathi Gachagua said the international tea market remained strong with a projection of 2 per cent growth in the next decade, adding that it was important for farmers to leverage on the value addition and specialty tea to earn better prices.

He said the tea sector earned Kenya some Sh163 billion in 2022 compared to 130 billion in 2021, adding that 100 kg bag of black tea earned Sh29000 last year compared to Sh23000 in 2021 translating to Sh294 more per kilo. Encouragingly, this happened despite the social, political instability in traditional markets of Pakistan and Russia. Tea exported to Pakistan increased by 20.9 per cent in 2022 while Kenya became the first to utilize the Africa Continental Free Trade Area, exporting tea to Ghana, indicating the expanding market for local tea. He, however said the farmers had remained at the bottom of the pyramid despite producing among the best tea due to high operational and production costs.

"We are ready to put legal, policy, operational and administrative measures to assist farmers earn better prices from their tea," he said. For a start, he said the government would start implementing the Tea Act, fronted by Kericho Senator Aaron Cheruiyot, that has been lying in the shelves since it was enacted in the last government. The Act demands farmers register with the factories where they deliver their tea and also with the Tea Board.



State moves to regulate Miraa subsector and get revenue

By Lewis Njoka

Tight regulations of Miraa subsector have started with the players expected to pay the recommended levy by July 1st to be allowed to operate.

Agriculture and Food Authority, through a public notice has ordered the players who include transporters, aggregators, exporters and importers to adhere to the Crops (Miraa) Regulations 2023 that were published in Kenya Gazzete on April 5th 2023.

The regulations provide regulatory framework of the Miraa subsector that has largely operated loosely despite the stimulant being elevated to a recognized cash crop alongside coffee and tea.

"The purpose of these regulation is to guide development, promotion and regulation of Miraa for the benefit of miraa growers and other stakeholders in the miraa industry,"

It adds, "Whereas implementation of the licensing procedures was rolled out immediately after publication, the implementation of miraa levy was delayed as the development of enabling framework was underway. The e-platform has now been completed in the AFA Integrated Management Information System. In this regard the Authority therefore notifies the general public that miraa levy under regulatory 31 of Crops (miraa) regulations 2023 shall take effect on July1st 2023," says the public notice signed by AFA acting Director General Willis Audi.

The new regulations include the licensing of value chain actors and the levies that they should pay to AFA and others to the respective County Governments. The target in these regulations are commercial miraa nursery operators, dealers, processors, transporters, importers and exporters. The Act vouches for Miraa Growers Associations through which the government agencies will be engaging the farmers. The regulations recommend that records of contracted growers be kept and updated regularly, and the general agreement between the farmers and buyers be made known to the County governments.

For example, miraa vendors and commercial miraa nursery owners will be required to get a licence from their Counties. They will be supervised periodically to ensure they produce quality seedlings under specified conditions and maintain hygiene in their areas of operation. A marketing committee will be established in the County to administer pricing agreement contracts between the farmers and the buyers.

The regulations also include surveillance along the borders, ports and others miraa growing areas to ensure there is no smuggling in and out of the country.

The County Governments in miraa growing areas will employ inspectors to enforce the regulations that include conditions under which miraa is grown and transported to ensure hygiene and other phytosanitary standards are achieved consistent with international standards.

In 2022, former Agriculture Cabinet Secretary, Peter Munya tried to introduce the regulations but was met with protests from then Governor of Meru Kiraitu Murungi who argued that there wasn't public participation in arriving at the recommendations. Deputy President Rigathi Gachagua recently in Meru during the Coffee Conference said a similar Miraa, Macadamia Conference will be held in Embu in a few weeks.

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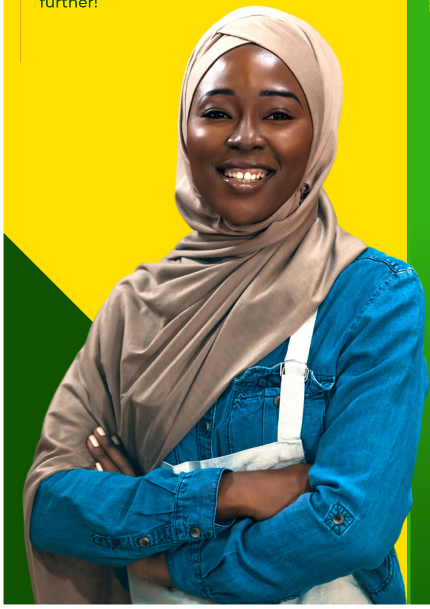

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AFYA SACCO: 52 YEARS OF SERVICE TO MEMBERS

A milestone worth celebrating

BY BEATRICE MOGIRE
National Chairperson

As we celebrate 52 years of service delivery to our members, we pride in our founders' dream, coined in 1971 with a few dedicated members who believed in improving the socio-economic well-being of healthcare workers through a co-operative model.

Many things have changed in the co-operative movement since then, including the lifting of the common bond to enable more people to enjoy the products and services of the co-operative movement.

Afya Co-operative Savings and Credit Society, better known as Afya Sacco, has grown tremendously from back office operations to also offering front office services. It is licensed by SASRA, and has significantly built its institutional capital ratio, while maintaining attractive dividend rates. Last year, for instance, we gave out a dividend rate of 12 percent on members' share capital.

Afya Sacco recognises that its achievements are a result of commitment by members, who, over the past five decades, have tirelessly dedicated their earnings towards building their savings in the Society and patronising loan products and other services. The strides the Society has made in terms of growth and development over the last 52 years is as a product of the combined efforts made by the leadership, the staff, and each member at large.

The Board recognises the membership of the Society as crucial to its prosperity. The current market demands continuous innovations, improvements, and aligning of products and services to the changing customer expectations and market trends.

This celebration would not have been possible without the dedication of our members through their savings over the years, as well as our staff and partners, in knitting and writing this beautiful story of Afya Sacco.

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Board Members


Beatrice Mogire, National Chairman


Henry Kosgei, Vice Chairman


Alex Maweu , Hon Secretary


Charles Ottaro, Treasurer


Paul Kiptoo, Director


Benson Mbae, Director


Jackline Anyango, Director


Jackline Obonyo, Director


James Njuguna, Director


Peter Gisemba, Chief Executive Officer

Supervisory Committee


Robert Oira, Board Chairman


Tabitha Wairimu, Secretary


Justin Menza, Board Member

We are rising to greater heights

BY PETER GISEMBA
Chief Executive Officer

Afya Sacco was registered on May 18, 1971 as a Savings and Credit Co-operative Society. It was licensed to operate as a Deposit-Taking Society by the Sacco Societies Regulatory Authority (SASRA) on January 1, 2011.

Afya Sacco promotes the socio-economic wellbeing of customers through provision of affordable, quality financial services based on the co-operative ideals.

In its humble beginnings with a few dedicated founder members, the Society was housed on the first floor of Afya House, Nairobi. It grew tremendously and relocated to its first home at Afya Co-operative House that was located adjacent to the Globe cinema round-about on Tom Mboya Street.

As the business kept growing, Afya Sacco relocated to the modern Afya Centre located at the junction of Tom Mboya Street and Hakati Road, in 1995. This was in line with the modernisation of the business and its processes. Afya Centre has become an iconic landmark in the Nairobi central business district.

For the last 52 years that Afya Sacco has been in business, it has grown in leaps and bounds. It has a strong membership of 33,000 drawn mainly from health workers stationed in various public and private hospitals in the country. The Society has a network of 103 branches countrywide, that take services closer to members. Moreover, Afya Sacco has 10 FOSA branches, an asset base of Ksh20.9 billion, and member deposits and savings worth Ksh15.6 billion.

We launched our current five-year strategic management plan on March 29, 2023. It runs up to 2027. The plan aims to implement the most appropriate strategies of utilising the Sacco's resources to achieve specified objectives while considering our operational environment.

The plan is expected to position the Sacco among the most competitive financial service providers and the best choice for members to associate with in line with our vision to be the preferred financial solutions provider. It is aimed at achieving the objectives of the Sacco and creating a coordinated and seamless working relationship amongst all our stakeholders. Ultimately, it is expected to transform the Sacco into a vibrant financial service provider geared towards fulfilling the needs of members through provision of quality service, competitive returns on investments, as well as general maximisation of the members' wealth.

We have embraced ICT and improved efficiency in service delivery to our members. Currently, we are upgrading our systems to keep up with the ever-changing business environment. The technological revolution of the 21st Century has brought about mobile banking, digital market places, and online transactions. We are offering mobile transactions in our FOSAs through the M-wallet, which enables transfer of cash from one account to another via Pesa Link. This key linkage between the Sacco and other financial institutions allows easy transfer of money between accounts and institutions.

The market for financial services is getting saturated, and thus brand differentiation becomes paramount. It is on this premise that the Society has rebranded the products to be offered to the membership, including sharia-compliant products, as well as loan products for senior citizens, among others.

As a deposit-taking vehicle, the Sacco is regulated by SASRA and must meet set reporting standards and requirements. This assures members that their funds are safe.

I thank our partners and stakeholders who are supporting us on this momentous milestone as we celebrate 52 years in service. I look forward to building stronger partnerships as we forge ahead.

My gratitude goes to the Board of Directors for their leadership. I also thank members of staff, whose dedication has made this milestone possible, as they continue to move us closer to achieving our vision.

I also sincerely thank our members for their loyalty and patronage. We shall endeavour to achieve more.

Senior Management


Peter Gisemba, Chief Executive Officer


Josephine Nguru, General Manager Finance & Banking

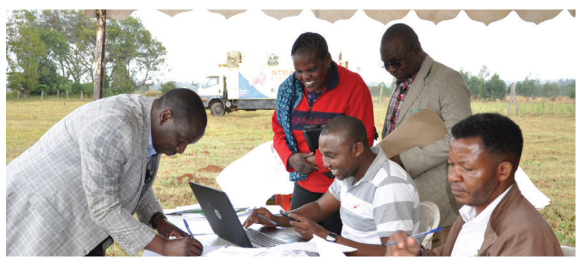

Maurice Mutuku, General Manager Credit


Stephen Obondy, General Manager Investments & Estates


James Ondiek, Chief Internal Auditor


Caroline Mugwang'a, General Manager, Human Resources & Administration


Emily Rotich, General Manager, Marketing & Research



OPINION

Why Cooperatives are crucial to sustainable development

Richard Nyakenogo
GM Cooperatives,CIC Group.

When one thinks about the cooperative movement and sustainable development, you cannot help but draw similarities and see a strong connection. The global cooperative movement has been in existence for more than a century owing to the ethics, values, principles, and at the core focus on the welfare of people. As a people centred movement, cooperatives and their entities continue to surprise many through the business model, which has stood the test of time. Estimated to have 1 trillion members in the world and 14 million in Kenya, the growth of the cooperative movement continues to show that solutions to some of society challenges can be found.

Cooperatives have provided value to millions of people where they operate, improving their quality of life. In 2018, data from the Kenya National Bureau of Statistics (KNBS) shows the overall marketed production by cooperatives in the agriculture sector was 497 billion. As 24.5% constitute cooperatives in the agriculture and food industry many of the members who rely on the income from the agriculture sector have been able to offer education to their children, access medical care and become self-reliant. This in turn has enabled families to advance through life from one generation to the next with many attaining a better standing in society.

In Kenya, approximately 63% of the population derive their livelihood directly or indirectly from the cooperative movement. The savings mobilised by Saccos through deposits of over 564 billion (SASRA, 2021) tells a story of a receptive attitude towards a saving culture.

The question of sustainable development may have answers from different quarters. However, what is sure is the power of cooperatives as a major contributor in driving communities to achieve this goal. This realisation led the United Nations to consider Cooperatives as a strategic partner in the attainment of the Sustainable Development Goals (SDGs).

Kenya's economy remains reliant on the agriculture sector, which contributes 33% to the GDP. Enabling agriculture based cooperatives to realise their full potential through education and learning, funding, and creating access to markets can spiral the societies to new levels that will transform communities and the nation. Having access to information on how to increase the yield and the knowledge of new technology will increase production volumes and the revenue for societies, which will translate to a higher economic power for the cooperative members.

Funding from strategic partners including government is also a catalyst for growth. Where cooperatives in different sectors have a clear strategic plan and sound leadership, access to funding can have tremendous results in enabling societies to execute their plans. The use for funding could take various forms such as building new plants for manufacturing, completing housing projects, purchase of machinery and equipment. As cooperatives produce more and have a ready market whether local or foreign, they will create job opportunities through the value chain. This will provide financial strength to the members and community members, which will sustain them with a steady income reducing the rate of unemployment and poverty.

Providing affordable homes is an area where cooperatives in Kenya have a wealth of experience. Cooperatives can be instrumental in making this objective a reality owing to the deeply embedded values, which makes them stand out as a credible partner. Various housing cooperatives have managed to develop quality homes for their members. In addition, some of the cooperative societies own land, which can be utilised to build housing units for the public. Increasing awareness about the benefits of joining cooperative societies will help many people to enjoy these services at an affordable cost.

Sustainable economic development requires social protection. Insurance is a critical aspect in ensuring this, as it allows people to live productive lives through the benefits derived from the coverage of life and property. Using insurance as a risk mitigation tool reduces the chance of people returning back to a state of poverty. An example is in the case of medical bills forcing families to raise money out of pocket to cover the expenses. To provide quality insurance solutions, a cooperative insurer such as CIC Group is an ideal partner. As a member of the cooperative movement, the company understands the needs of co-operators and is able to design products that meet their needs.

Carrying out research and product innovation responsibly is a unique trait. Using innovation, products should be designed in a way that fits the end user for maximum value. CIC Group is able to do this owing to the common values and principles it shares with other cooperatives. Insurance solutions that have a clear focus on the customer build resilience by cushioning families thereby promoting economic growth.

Cooperatives stand out as a crucial partner in achieving sustainable growth and development. As countries identify ways to grapple with the challenges in society, including cooperatives in the search for a solution will result to a positive outcome and guarantee a sustainable future.

The writer is the GM Cooperatives at CIC Group.

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50,000.00- 199,999.00	6.0 % P. a	6.5 % P. a	7.25 % P. a	7.75 % P. a
200,000.00-499,999.00	6.0 % P. a	7.5 % P. a	8..25 % P. a	8.75 % P. a
500,000.00-999,999.00	6.0 % P. a	8.5 % P. a	9.25 % P. a	9.75 % P. a
1,000,000-4,999,999.00	6.0 % P. a	9.5 % P. a	10.75 % P.a	11.25 % P. a
5,000,000-9,999,999.00	6.0 % P. a	10.0 % P. a	11.25% P.a	11.75 % P. a
Ten million & above	6.0% P. a	10.5% P. a	11.75 % P.a	12.5 % P. a

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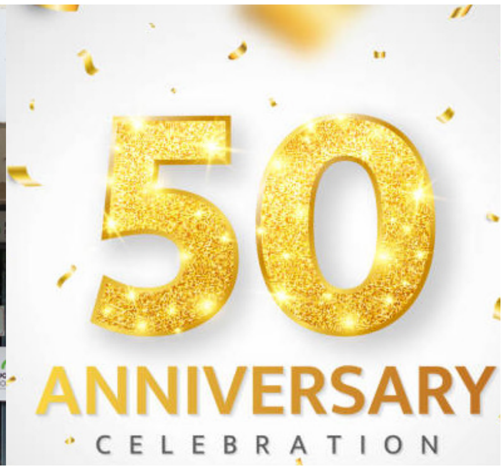

Mwalimu National Sacco celebrates its fiftieth (50Years) anniversary in year 2024 and the journey for this important fete in remembering our milestone begins. This year, in the beginning of the year 2023 saw the launching of its three credit solutions for its members namely, Affordable mortgage loans, Asset Financing and Insurance Premium Financing products coming at a time when the Sacco members have been looking forward to products that captures their financial needs in a dynamic financial services industry with the affordable housing product costing members a single digit interest rate.

In one of the key solutions dubbed Mwalimu Affordable Housing loan product, the Society partnered with Kenya Mortgage Refinance Company (KMRC), a state-owned Parastatal that offers long term financing solutions. The newly developed affordable mortgage loan product is enabling the Society members to build or buy houses at an affordable price.

As a top Sacco in the African region, the newly launched financing solutions all together have inspired confidence and introduced convenience to over 117,000 Sacco members.

"Every Kenyan is looking up to owning their own home and the national government has been at the forefront to support affordable housing initiatives. Mwalimu National is cognizant of this fact and complementing the government on the housing plan is a big achievement for the Sacco," Mwalimu National Sacco Chairman Mr. Joel Gachari said.

The newly developed affordable mortgage loan solution specifically, has made the Sacco advance its members loans for building houses at a competitive pricing owing to the low interest rates and the long repayment period which other financiers institutions offering the same solutions cannot match in the market.

The affordable housing product is accessible to members from a minimum of between Ksh500,000 to Ksh8,000,000 for a repayment tenor of up to 300 months and on a competitive single digit interest rate.

The Sacco also launched two other products alongside the Affordable mortgage loan product which include, Asset Financing Solution, through which the society has been availing to its members by offering them a medium of acquiring both personal and commercial assets with flexible repayment terms of up to 60 months.

The asset financing solution has been made available to Mwalimu National members in entrepreneurship, as well as individuals who seek to acquire personal assets for own use.

Members have also been using the asset financing solution to acquire agricultural equipment, plant and machinery, movable assets among others since the facility is self-securing in the sense that the acquired asset financed becomes the collateral for the loan.

Another product that the Sacco launched this year is the Insurance Premium Financing.

According to Mwalimu National Sacco CEO, the society has been cognizant of the members challenges of paying Insurance premiums and thus the Sacco had to unveil a short-term financing solution to assist members secure their treasured assets and repay the facility over a period of up to 10 months.

This solution therefore came in handy since members have been enabled to pay insurance premiums for their assets such as households, business investments, agribusiness, cargo in transit, medical covers among others.

"The facility will go a long way in granting our members convenience and financial access that addressed moral hazard of potential loss. We shall offer this solution in collaboration and partnership with various insurance companies." Mwalimu National CEO Mr. Kenneth Odhiambo said.

As Mwalimu National DT Sacco, we look at the future with a lot of optimism with Key Result Areas (KRA's) focused on the institutional sustainability, re-engineered customer centrism culture and practices, and Human Capital in people that support our corporate strategy agenda. The 50th year anniversary would have come at a better time in repositioning the SACCO brand for future generations to come. We have learnt better how to navigate our past challenges, more prepared and cognizant of how to re jig our business model and capture the expectations of our members and stakeholders alike to deliver value to their investments.

Finally, technology will define our future operations more, in areas of Artificial Intelligence to facilitate our renewed customer experience, Block Chain Technology to drive our data governance agenda and, Data Analytics to understand our markets and operating environment better and adapt more quickly besides the continuous improvement via digital technologies deployment for resilience and excellence.

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- New KPCU Headquarters, Wakulima House, Nairobi.
- New KPCU Sagana Branch
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- Coffee Co-operative Societies
- County Co-operative Offices

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