



Paper Laid
By Hon. A. Dusole, MP (LOM)
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STATE DEPARTMENT FOR CO-OPERATIVES

The status of matters under the Department as at MARCH 2017

The State Department for Co-operatives is responsible for the growth and development of co-operative enterprises throughout the county.

1.0 Mandate of the Department

The mandate of the Department for Co-operatives under the Ministry was established vide the executive order No. 2/2013 of 20th May 2013. This mandate includes the following:-

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- i) Co-operative policy and implementation
- ii) Co-operative financing policy
- iii) Co-operative legislation and support services
- iv) Co-operative education and training
- v) Co-operative governance
- vi) Co-operative production, marketing and value addition
- vii) Promotion of co-operative ventures
- viii) Co-operative audit services
- ix) Co-operative savings, credit and other financial services policy

1.1 Core functions of the Department

In order to achieve the above mandate, the department undertakes the following functions:-

- i) Formulation of the national co-operatives policies and legal framework
- ii) Co-ordination of activities of national co-operative organizations, inter-counties and diaspora co-operatives activities
- iii) Registration and liquidation of co-operative enterprises
- iv) Inquiries and investigations of co-operatives enterprises
- v) Enforcement of co-operatives auditing standards and registration of co-operative audits
- vi) Enforcement of good governance and ethics on co-operative enterprises
- vii) Promoting Public private Partnering (PPP) and joint ventures
- viii) foreign and bilateral relations on co-operative matters
- ix) Development of standardized training manuals

- x) Co-operative research and development
- xi) Promotion of co-operative ventures and innovations for local co-operative enterprises

2.0 Status of the Departmental Activities

The following is the status of the main activities of the Department

2.1 Review of the Co-operative Policy and Act

The department is in the process of reviewing the Co-operative Development Policy and relevant legislations. The overall goal of the review is to align the Co-operative legal framework to the Constitution by disaggregating the roles of the two levels of government, consolidate current positive initiatives and propose innovative and emerging opportunities. This review will lead to the amendment the Co-operative Societies Act, Rules 2004 the SACCO Societies Act and regulations. In addition the reviewed framework is intended to create conducive business environment and address the dynamic nature of the sector for enhanced efficiency and effectiveness.

The Department has contracted a consultant to review the already draft co-operative policy and subject it to the various stakeholders for validation before being submitted to senate and Cabinet for approval. The County Executives Committee at the Council of Governors level charged with Co-operatives have already given their inputs. The next action will be validation by the county technical officers and the co-operative movement. Proposed areas of review of the co-operative legislations will be finalized once the policy is approved by Parliament.

2.2 Regional Co-operation

Through bilateral relations the Government of Kenya has signed memorandum of understanding (MOU) with the following African Governments on cooperative development and cooperation: Rwanda, Botswana, South Sudan, and Namibia. The department is expected to support these sister states in capacity building and revitalization of cooperatives. The Government has prepared Memorandum of Understanding (MOU) between Kenya and Senegal, South Africa and Tanzania to be finalized soon.

2.3 Cooperative Registration Services

The department has commenced digitization of the Cooperative Registry towards improving service delivery to cooperatives and other stakeholders. A prototype of online searches, official searches and registration is active. This will be rolled out in the next two months.

2.3.1 The total number of registered cooperatives nationwide as at 30th March 2017 stood at 21,418 .The department has managed to register 1,637 new cooperatives from July 2016 to 30th March 2017.

2.3.2 The department has registered Diaspora Cooperatives in USA, Germany, Dubai, France, Swaziland, South Africa, Nigeria, and Qatar. This is aimed at tapping the huge potential from this group and to channel the said savings for Socio-economic development in an organized manner as well as establishing a footprint of the Kenyan Movement in the global international business arena.

2.3.3 In order to provide meaningful economic opportunities to the youth, 236 Saccos have been promoted and registered through National Youth Service (NYS) initiative in the last three years. For sustainability the department has deployed officers to NYS to continuously capacity build the youth in these SACCOS. This office will continue to promote the cooperative business model in all sectors of the economy with an emphasis towards supporting industrialization.

2.4 SACCOS Performance

The Co-operative Movement in Kenya has mobilized savings to the tune of Ksh.600 B, command an asset base of Ksh.816 B and granted members loans to the tune of Ksh.558 B so far. In this regard, the Saccos are best placed to intermediate between savings and investments in addition to encouraging their members to embrace savings culture for economic development. The department has facilitated the recovery of non remitted Sacco society dues amounting Kshs.120 Million in 2016. We are in the process of pursuing recovery of a further Kshs.200 M.

2.4:1 SACCO Societies and Regulatory Act (SASRA)

SASRA is closely ensuring that the 176 licensed SACCOS under its watch are adhering to the set prudential guidelines to ensure members' deposits are safe

2.5 Transport Cooperatives

The department in close collaboration with the National Transport and Safety Authority continues to support the streamlining of the public transport sector. So far 650 matatu Saccos have been registered. These Saccos have brought sanity in the sector through regulation of their members and route management. The department is in the process of transforming Matatu Saccos into full transport cooperatives which will further improve efficiency in the public transport sector and thereby create more meaningful employment to the youth.

2.6 Cooperative Audit

The department has registered 3500 cooperative audits in 2016. Registration of audit ensures compliance with the Cooperative Societies Act and International Financial Standards. In this way Members funds are safeguarded.

2.7 Innovations and New ventures

2.7.1 The department developed Sharia Compliance Policy guidelines which will be launched. This policy is intended to deepen savings mobilization by accommodating and ensuring financial inclusion into the cooperative fraternity for those citizens that remain excluded due to religious reasons. Model by laws that are fully Sharia compliant have also been developed for use.

2.7.2 The department has also initiated the process of establishing a cooperative trading platform in collaboration with the Nairobi Securities Exchange (NSE). This platform will provide a window that will enable cooperative members to trade their shares freely. In addition the platform will enable cooperatives to access affordable capital from the market. Currently the department is targeting to carry a test run to establish any shortcomings.

2.8 Marketing Cooperatives

During the year the department through various Development partners supported cooperatives aimed at developing value addition for their products.

- Through Department for International Development (DFID) of the UK, An assessment was done to identify support needs for cooperatives dealing in handloom weaving starting with Kanyadhiang Women Handicraft Cooperative Society.

- Through the Agriculture Sector Development Support Program, (ASDSP) the department is undertaking the revival of cotton cooperatives. Ways are also being explored on the viability of Irrigation fed cotton farming.
- Through Kipepeo image and other partners the department is developing the BODA TUK initiative which is a program aimed at developing a policy framework on Boda Boda and Tuk Tuk taxis cooperative societies.

2.9 Co-operative Governance

The following activities aimed at enhancing good governance in co-operatives have been undertaken from 1st April, 2016 to 31st March, 2017.

1. Conducting five (5) investigations and two (2) inquiries.
2. Receipt and analysis of 1,536 wealth declaration forms from leaders and staff of co-operative societies.
3. Administration of governance check list in ten (10) cooperative societies in four (4) Counties.
4. Sensitization of 95 Cooperative leaders on good corporate governance in Trans Nzoia County.

3.0 Farmers Debt Payment

The Government through this department has disbursed Ksh.368M towards Phase I of the settlement of debts owed to dairy farmers in various cooperative societies. In phase II Kshs.132M will be paid out after validation is completed.

Debt payment to coffee co-operative societies was done the department has paid out Kshs.1.7B to Co-operative Bank to waive the Stabex fund and an additional Kshs.4,696,696,994.00 towards debts owed by coffee farmers to various rural Saccos. Kshs.98,285,265.00 is still outstanding and will be paid out once funds are availed.

3.1 Challenges facing the Department

The department continues to face the following challenges,

- i) Inadequate staff and existing gaps within the staff establishment
- ii) Aging staff requiring appropriate succession management plan as a result of stagnation of staff in the same job groups.
- iii) Low budgetary and delayed resource allocations for the implementation of programs.