

COUNTY GOVERNMENT OF BOMET

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CO-OPERATIVES DEVELOPMENT

THE BOMET COUNTY CO-OPERATIVES' DEVELOPMENT POLICY

"Promoting Cooperatives for Socio -Economic Transformation of Bomet County"

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THE BOMET COUNTY CO-OPERATIVES' DEVELOPMENT POLICY

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Table of Content

ACRONYMS AND ABBREVIATIONS.....	viii
PREFACE.....	x
FOREWORD.....	xii
EXECUTIVE SUMMARY	xiv
CHAPTER ONE: INTRODUCTION	1
1.1 Background	1
1.2 Cooperative Policy Developments in Independence Kenya	1
1.3 Cooperative Identity	3
1.4 Definition of a Cooperative	4
1.5 Cooperative Principles.....	4
1.6 Cooperative Values and Ethical Beliefs	5
1.7 Justification for the County Cooperative Development Policy.....	5
1.8 The Objectives of the Policy	6

1.9 Theme of the Policy	6
CHAPTER TWO: SITUATION ANALYSIS	7
2.1 Bomet County Profile	7
2.1.1 Location & administrative Units	7
2.1.2 Topographic and Drainage Features	8
2.1.3 Climate & Ecological conditions.....	9
2.1.4 Population Size and composition	10
2.1.5 Administrative and Political Units	11
2.1.6 County Resources.....	11
2.1.7 County Transport and Infrastructure	12
2.2.8 Natural, Social and Human Capital	12
2.3 General Perspective of Bomet County Cooperative Sector	14
2.4 Policy, Legal and Regulatory Framework.....	15
2.5 Institutional Framework	16

2.6 Bomet Cooperative Sector Performance Review	17
2.6.1 Agricultural-based Cooperatives.....	19
2.6.2 Financial and Other Forms Cooperatives	19
2.7 Kenya’s Cooperative Movement Structure	22
2.7.1 Background	22
2.7.2 Cooperative Companies.....	26
2.7.3 Holding Cooperatives	27
2.7.4 Dual Registration of Cooperatives	27
2.7.5 Protection of Cooperative Identity	28
2.8 Cooperative Governance and Compliance	28
2.8.1 Cooperative Governance	28
2.8.2 Cooperative Compliance	29
2.9 Education, Training and Information Management	31
2.10 ICT in Cooperatives.....	32

2.11 Cross cutting issues	33
CHAPTER THREE: POLICY INTERVENTIONS.....	34
3.1 Introduction.....	34
3.1.1 Policy on Alignment and Strengthening Legal and Regulatory Framework for Cooperatives.....	34
3.1.7 Policy on Information Communication Technology in cooperatives	45
3.1.8 Cross Cutting Initiatives.....	46
CHAPTER FOUR: INSTITUTIONAL IMPLEMENTATION FRAMEWORK	49
4.1 Introduction.....	49
4.2 Role of National Government	50
4.3 Role of County Government	51
4.4 National Agencies for Cooperative.....	52
4.4.1 SACCO Societies Regulatory Authority (SASRA)	52
4.4.2 Ethics Commission for Cooperative Societies	53
4.4.3 Cooperative Tribunal	53

4.4.4 Role of Other State Agencies	53
4.5 Role of Non-State Actors	54
4.6 Intergovernmental Coordinating Unit	54
4.7 Monitoring and Evaluation (M&E) Framework	55
4.8 Policy Review	
.....	<u>61</u>

ACRONYMS AND ABBREVIATIONS

ADR	Alternative Dispute Resolution
ASDSPII	Agriculture Support Development Support Program Phase II
BPO	Business Process Out-sourcing
CAK	Cooperative Alliance of Kenya
CoG	Council of Governors
CoK 2010	Constitution of Kenya (2010)
CUK	Co-operative University of Kenya
DoTTCDI	Department of Trade, Tourism, Cooperative Development and Industrialization
ECCOS	Ethics Commission for Cooperative Societies
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICA	International Cooperative Alliance
ICT	Information and Communication Technology
KNBS	Kenya National Bureau of Statistics
KUSCCO	Kenya Union of Savings and Credit Cooperatives
Ltd	Limited
MDAs	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
NACHU	National Cooperative Housing Union
NACOs	National Cooperative Organizations

PPP	Public Private Partnerships
SACCOs	Savings and Credit Cooperatives
SASRA	SACCO Societies Regulatory Authority
UN	United Nations
USAID	United States Agency for International Development
AHADI	Agile and Harmonized Assistance for Devolved Institutions
WOCCU	World Council of Credit Unions

PREFACE

The development of the Bomet County Cooperative Development Policy represents a significant milestone in strengthening the cooperative sector as a catalyst for socio-economic transformation. This policy is the product of wide-ranging consultations with stakeholders—including cooperative societies, government institutions, and development partners—to ensure it is comprehensive, actionable, and attuned to the evolving needs of the cooperative movement in Bomet County.

For decades, the cooperative sector has been a cornerstone of economic empowerment in Kenya, particularly within rural communities. However, cooperatives continue to face persistent challenges, including weak governance structures, limited access to capital, constrained market opportunities, and outdated production practices. This policy provides a strategic framework to address these constraints and enhance the sector's contribution to inclusive and sustainable economic growth.

This policy operationalizes the National Cooperative Development Policy (Sessional Paper No. 4 of 2020). Certain definitional elements and strategic directions have been adopted and localized to reflect the devolved mandate and context of Bomet County.

Anchored in the Bomet County Integrated Development Plan (CIDP) 2022–2027, the policy seeks to cultivate an enabling environment in which cooperatives can flourish. It prioritizes legal and regulatory reforms, expanded financial inclusion, institutional capacity building, and the adoption of modern technologies to drive operational efficiency and competitiveness. Through this policy, the County Government reaffirms its commitment to nurturing a cooperative movement that is autonomous, well-governed, and economically resilient.

The policy also underscores the critical role of partnerships—among cooperatives, public institutions, the private sector, and development organizations—in driving sustainable development and shared prosperity.

I sincerely acknowledge the invaluable contributions of all stakeholders involved in shaping this policy. Their insights and recommendations have ensured that it speaks directly to the realities and aspirations of the cooperative sector. Special appreciation is extended to the technical team for their leadership in research, drafting, and review, and to cooperative leaders who generously shared firsthand perspectives on both challenges and opportunities.

It is my hope that this policy will serve as a guiding blueprint for cooperative development in Bomet County—advancing a resilient, inclusive, and thriving cooperative sector. I urge all stakeholders to actively participate in its implementation and join hands in realizing our shared vision of economic growth and improved livelihoods through cooperative enterprise.

CPA Benard Koros

Chief Officer, Department of Cooperatives, Value Addition and Marketing.

FOREWORD

The development of the Bomet County Cooperative Development Policy marks a pivotal step in the County Government's commitment to harnessing cooperatives as a key driver of inclusive economic growth and development. Anchored in the Bomet County Integrated Development Plan (CIDP) 2022–2027, this policy aims to foster a dynamic and sustainable cooperative movement that uplifts the socio-economic well-being of residents while adapting to evolving governance systems, legal frameworks, and regulatory standards.

At its core, the policy seeks to revitalize and strengthen the performance of existing cooperative societies by promoting savings mobilization, improving access to affordable credit, and rejuvenating cooperative-managed input supply systems—particularly among agro-commodity-based cooperatives. More broadly, it envisions transforming the cooperative sector into a vibrant economic engine, one that significantly contributes to the County's overall development trajectory.

Recognizing that a well-managed and economically sustainable cooperative sector flourishes within a supportive legal and regulatory environment, the County Government has domesticated relevant cooperative legislation to reflect the unique realities of devolved governance. In pursuit of greater efficiency, effectiveness, and competitiveness, the policy outlines strategic interventions, including enhanced funding for cooperative programs, increased staffing, and robust capacity-building initiatives across all tiers of the cooperative ecosystem.

Nonetheless, the sector continues to face persistent challenges. These include outdated agricultural practices and technologies, limited access to capital, weak product development, and inadequate marketing strategies. Furthermore, gaps in cooperative education and

information dissemination have contributed to low member awareness and a tendency to retain obsolete operational models, impeding innovation and limiting economic potential. Overcoming these challenges demands targeted legal, regulatory, and governance reforms, alongside deeper collaboration among the County Government, cooperative societies, and development partners.

While the County Government remains steadfast in its commitment to creating an enabling environment for cooperatives to thrive, the success of this policy ultimately rests on the willingness of cooperatives to embrace self-regulation, strengthen internal governance, and enhance their operational capacities.

I therefore call upon all cooperative societies and stakeholders to actively support and participate in the implementation of this policy. By working together, we can unlock the full potential of cooperatives to mobilize both human and financial capital for sustainable investment. Let us build a resilient and prosperous cooperative sector—one that elevates livelihoods and drives broad-based economic transformation, in line with the central theme of this policy: cooperative development as a catalyst for shared prosperity.

Hon. Rosa C. Bett

County Executive Committee Member

Department of Agriculture, Livestock, and Cooperative Development

EXECUTIVE SUMMARY

The Bomet County Cooperative Development Policy provides a strategic framework for fostering a dynamic, inclusive, and sustainable cooperative movement to catalyze socio-economic development. Aligned with the Bomet County Integrated Development Plan (CIDP) 2022–2027, the policy focuses on strengthening governance systems, reforming legal and regulatory frameworks, and improving financial access for cooperative societies.

Since independence, cooperatives have played a central role in Kenya’s economic empowerment, particularly in rural development. In Bomet County, cooperatives continue to be instrumental in key sectors such as agriculture, finance, and trade. However, persistent challenges—including weak governance structures, inadequate capital, low regulatory compliance, and outdated production technologies—have hindered their full potential. By aligning with constitutional provisions and devolved governance structures, this policy aims to modernize and reposition the cooperative sector to meet current and emerging needs.

Bomet County boasts abundant natural, social, and human capital, creating a conducive environment for cooperative growth. The cooperative sector is broad and diversified, spanning agriculture, financial services, transport, consumer goods, industrial production, and multipurpose cooperatives. Despite this potential, the sector faces structural and operational challenges such as poor infrastructure, limited credit access, weak marketing systems, and governance deficiencies. A performance review underscores the need for targeted policy interventions to improve value addition, marketing strategies, financial management, and institutional governance.

This policy outlines a comprehensive approach to strengthening the legal and regulatory framework guiding cooperative operations. Key policy interventions include:

- **Governance and Compliance:** Strengthening compliance with cooperative bylaws and regulations, including regular audits and capacity-building for cooperative leadership.
- **Production, Value Addition, and Marketing:** Enhancing competitiveness through improved production techniques, value addition initiatives, and effective market linkages.
- **Financial Access and Investment:** Expanding access to affordable credit through innovative financing mechanisms and the establishment of cooperative investment strategies.
- **Education, Training, and Information:** Promoting cooperative education, leadership development, and information sharing to build capacity and professionalize the sector.
- **ICT Integration:** Leveraging Information and Communication Technology (ICT) to streamline cooperative operations, improve transparency, and enhance efficiency.
- **Cross-Cutting Issues:** Mainstreaming gender equality, youth empowerment, environmental sustainability, and innovation into cooperative activities.

To ensure coordinated implementation, the policy clearly defines the roles of key stakeholders, including the National Government, County Government, regulatory agencies (such as SASRA and the Cooperative Tribunal), non-state actors, and intergovernmental coordination bodies. Major institutional developments envisioned under the policy include:

- **Bomet County Directorate for Cooperative Development** to spearhead policy implementation and sector oversight.
- **Bomet County Cooperative Development Forum** to facilitate stakeholder dialogue and collaboration.
- **Alternative Dispute Resolution (ADR) Committee** to provide efficient and amicable solutions to cooperative conflicts.

- **County Cooperative Development and Enterprise Fund** to support cooperative financing and investment.
- **Monitoring and Evaluation (M&E) Framework** to assess policy outcomes, inform future reviews, and guide adaptive management.

This policy serves as a strategic blueprint for revitalizing the cooperative movement in Bomet County. Its success depends on the collective commitment of all stakeholders—government institutions, cooperative societies, private sector actors, and development partners. By promoting self-regulation, enhancing governance, and ensuring financial sustainability, the policy seeks to position cooperatives as a cornerstone of Bomet County’s economic development and a catalyst for improved livelihoods and shared prosperity.

CHAPTER ONE

INTRODUCTION

1.1 Background

Cooperatives have long played a vital role in driving socio-economic development across the globe. In recognition of their significance, the United Nations (UN) declared 2012 the International Year of Cooperatives, highlighting their contribution to sustainable development, poverty reduction, and social cohesion. Building on this momentum, the International Cooperative Alliance (ICA), through its *Blueprint for a Cooperative Decade*—also known as the *2020 Vision*—envisioned cooperatives as the fastest-growing form of enterprise, delivering economic, social, and environmental sustainability.

In parallel, ICA Africa, through its *Cooperative Development Strategy 2017–2020*, identified cooperatives as a key vehicle for poverty alleviation and inclusive development across the continent. The strategy emphasized the need to strengthen the cooperative business model to address Africa’s unique development challenges and to improve the socio-economic well-being of cooperative members.

Despite global and regional recognition, cooperatives in Africa continue to face significant challenges in fulfilling their development potential. These challenges include limited human resource capacity, weak financial foundations, over-reliance on external funding, insufficient internal systems, and poor governance structures. To address these constraints, the ICA Africa strategy focused on advancing cooperative development goals tailored to the African context. Central to this strategy is the belief that cooperatives, if well-managed and adequately supported, can serve as a powerful engine for financial inclusion and sustainable socio-economic transformation throughout the continent.

1.2 Cooperative Policy Developments in Independence Kenya

Following independence, the Government of Kenya recognized the critical role cooperatives could play in national development and made deliberate efforts to promote their growth through targeted

policies and institutional support. Policy developments over the years have often responded to evolving internal dynamics and external influences, all with significant implications for the cooperative movement.

In the early post-independence period, the government's drive to "Africanize" the economy positioned cooperatives as key instruments for achieving this objective. Guided by *Sessional Paper No. 10 of 1965 on African Socialism and Its Application to Planning in Kenya*, the Cooperative Societies Act No. 39 of 1966 was enacted. This law accelerated the formation of cooperatives across the country, facilitating land transfer to indigenous Kenyans and playing a foundational role in the establishment of financial institutions.

The first formal cooperative development policy was introduced through *Sessional Paper No. 1 of 1970*. This policy aimed to consolidate cooperative activities by improving management practices, intensifying education and training for members, and providing government support staff to serve in supervisory roles. The 1970 review marked a turning point as the government committed to expanding cooperative activities across all sectors of socio-economic development. Consequently, the Ministry of Cooperative Development was established to spearhead and coordinate cooperative efforts nationwide.

A subsequent review in 1975 placed greater emphasis on the role of cooperatives as essential institutions for mobilizing material, human, and financial resources for national development.

During the 1980s, Kenya implemented Structural Adjustment Programmes (SAPs), which significantly impacted the cooperative sector. In response, the government released *Sessional Paper No. 4 of 1987*, titled *Renewed Growth Through the Cooperative Movement*. This policy underscored the importance of enhancing Kenyan participation in economic activities via cooperatives. A notable feature of this policy was the shift of the government's role to that of an advisor, formally recognizing the private nature of cooperatives and transferring responsibility for their organization and management to their members and elected leadership.

The liberalization of the economy in the 1990s led to the adoption of *Sessional Paper No. 6 of 1997*, themed *Cooperatives in a Liberalized Economic Environment*. This policy provided a framework for cooperatives to thrive in a competitive market. It was followed by the enactment of

the Cooperative Societies Act No. 12 of 1997, which significantly reduced government involvement in cooperative affairs and empowered members to manage their own institutions. However, the Act was amended in 2004 to reinstate limited government oversight, allowing intervention in cooperative management where necessary.

The rapid expansion of financial cooperatives offering front office services prompted the enactment of the *Sacco Societies Act of 2008*, establishing a regulatory framework for savings and credit cooperatives.

A major turning point came with the promulgation of the *Constitution of Kenya (CoK) 2010*, which introduced a devolved system of governance and fundamentally transformed the management of public affairs, including cooperatives. The Constitution created two levels of government—national and county—and emphasized equitable development and accessible services (Article 174, CoK 2010). These changes necessitated a new cooperative policy aligned with the devolved governance structure.

In response, Kenya formulated the *2020 Cooperative Development Policy* under the theme *Promoting Cooperatives for Socio-Economic Transformation*. This policy reflects the need to realign cooperative development with the principles of devolution, equity, and inclusive growth enshrined in the 2010 Constitution.

1.3 Cooperative Identity

The International Cooperative Alliance (ICA), the global custodian of the Statement on the Cooperative Identity—which outlines the core values and principles of the cooperative movement—adopted a revised version of the Statement in 1995. This foundational document defines a cooperative as “*an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*”

The Statement on the Cooperative Identity also articulates the values upon which cooperatives are based—self-help, self-responsibility, democracy, equality, equity, and solidarity—and sets out seven guiding principles that inform cooperative operations worldwide.

In Kenya, the cooperative movement fully subscribes to the ICA Statement on the Cooperative Identity. It serves as a critical reference point in shaping cooperative policy, legislation, and practice, ensuring alignment with internationally recognized standards and fostering a shared vision of cooperative enterprise.

1.4 Definition of a Cooperative

The International Cooperative Alliance (ICA) (1995) defines a cooperative as “*an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*” This definition is universally adopted and serves as a guiding framework for the cooperative movement worldwide, shaping its principles, policies, and practices.

1.5 Cooperative Principles

Cooperative principles serve as the foundational guidelines that anchor cooperative regulations and practices. The seven core principles are:

- 1. Open and Voluntary Membership**
- 2. Democratic Member Control**
- 3. Members’ Economic Participation**
- 4. Autonomous and Independent**
- 5. Education, Training, and Information**
- 6. Cooperation Among Cooperatives**
- 7. Concern for Community**

The principle of "Concern for Community" integrates Corporate Social Responsibility (CSR), emphasizing the role cooperatives play in contributing to the well-being of society. These seven principles, as outlined in the revised 1995 ICA framework, underpin the provisions of this policy, ensuring that cooperatives remain rooted in globally recognized values and practices.

1.6 Cooperative Values and Ethical Beliefs

The cooperative principles are deeply rooted in core cooperative values: self-help, self-responsibility, democracy, equality, equity, and solidarity. Additionally, cooperative members adhere to ethical values such as honesty, openness, social responsibility, and a commitment to caring for others. All cooperatives are expected to operate in accordance with these principles and values, incorporating a statement of conformity within their respective by-laws and annual audited financial statements. The provisions of this policy are thus guided by, and aim to advance, these cooperative values and ethical beliefs, fostering the growth and sustainability of the cooperative movement in Bomet County.

1.7 Justification for the County Cooperative Development Policy

The formulation of the Bomet County Cooperative Development Policy 2025 has been necessitated by changes in Kenya's governance structure and the completion of the National Cooperative Development Policy 2020. Adopted through Sessional Paper No. 4 of 2020 under the theme "*Promoting Cooperatives for Socio-Economic Transformation*", the national policy provides the foundation upon which this county policy is built. This policy aligns with the Constitution of Kenya, 2010, which established a two-tier system of governance—national and county governments—requiring localized policy responses.

Furthermore, the Bomet Cooperative Development Policy responds to evolving international, regional, and national development priorities. These include the Sendai Framework for Disaster Risk Reduction (2015–2030), the Sustainable Development Goals (SDGs) (2015–2030), the Paris Agreement on Climate Change (2015–2030), the African Union Agenda 2063, the ICA Blueprint for a Cooperative Decade (*Vision 2020*), the Africa Cooperative Development Strategy (2017–2020), the World Council of Credit Unions (WOCCU) prudential guidelines, and Kenya Vision 2030.

In alignment with the theme of the National Cooperative Development Policy, the Bomet County Cooperative Development Policy seeks to establish a supportive environment that fosters the growth of cooperatives as key drivers of socio-economic transformation in the county.

1.8 The Objectives of the Policy

Overall Objective

The overarching objective of this policy is to provide a comprehensive framework that fosters a sustainable, inclusive, and competitive cooperative movement to drive socio-economic development in Bomet County, in alignment with national aspirations for the cooperative sector.

Specific Objectives

The policy seeks to achieve the following specific objectives:

- a) To align and strengthen the legal and regulatory framework governing cooperatives.
- b) To establish an institutional framework that enhances cooperation, consultation, and coordination in cooperative management.
- c) To promote good governance, transparency, and accountability within cooperatives.
- d) To build the capacity of cooperatives through targeted training, education, and research.
- e) To encourage diversification, increased productivity, value addition, and improved marketing among cooperatives.
- f) To enhance access to financial resources for investment and foster strategic partnerships.
- g) To promote the adoption and integration of Information and Communication Technology (ICT) in cooperative operations.
- h) To mainstream cross-cutting issues such as gender equality, youth empowerment, environmental sustainability, and innovation in cooperative development.

1.9 Theme of the Policy

This policy is consistent with the theme of the National Cooperative Development Policy—**“Promoting Cooperatives for Socio-Economic Transformation.”** In the context of Bomet County, the policy aims to harness the cooperative movement as a vehicle for inclusive economic growth, poverty reduction, and improved livelihoods. By enhancing the operational environment and competitiveness of cooperatives, the policy seeks to contribute meaningfully to the achievement of the **objectives of Kenya Vision 2030**, as well as other national and county development frameworks. Ultimately, this policy envisions a vibrant cooperative sector that uplifts the socio-economic well-being of the residents of Bomet County.

CHAPTER TWO

SITUATION ANALYSIS

2.1 Bomet County Profile

Bomet County is situated in the former Rift Valley Province and lies between latitudes 0°29' and 1°03' South, and longitudes 35°05' and 35°35' East. It shares borders with Kericho County to the north and northeast, Narok County to the south, southeast, and southwest, and Nyamira County to the northwest. Constitutionally designated as County Number 36, Bomet covers a total area of approximately 2,498.2 square kilometers.

2.1.1 Location & administrative Units

Bomet County's administrative headquarters is located in Bomet Town, the principal urban centre in the county's urbanization hierarchy. The County is administratively divided into five sub-counties: Bomet Central, Bomet East, Chepalungu, Sotik, and Konoin, covering areas of approximately 260 km², 307 km², 527 km², 469 km², and 919 km² respectively.

Each sub-county is further subdivided into wards, making a total of twenty-five wards across five constituencies, distributed as follows:

- **Bomet Central Sub-County:** Silibwet Township Ward, Ndaraweta Ward, Singorwet Ward, Chesoen Ward, Mutarakwa Ward
- **Konoin Sub-County:** Chepchabas Ward, Kimulot Ward, Mogogosiek Ward, Boito Ward, Embomos Ward
- **Bomet East Sub-County:** Merigi Ward, Kembu Ward, Longisa Ward, Kiprerer Ward, Chemaner Ward
- **Sotik Sub-County:** Ndanai/Abosi Ward, Chemagel Ward, Kapletundo Ward, Kipsonoi Ward, Rongena/Manaret Ward
- **Chepalungu Sub-County:** Kong'asis Ward, Nyangores Ward, Siongiroi Ward, Sigor Ward, Chebunyo Ward

The major urban centres in the county include **Bomet** and **Sotik** towns, which serve as key economic and administrative hubs.

2.1.2 Topographic and Drainage Features

Bomet County features a predominantly undulating topography, transitioning to flatter terrain in the southern region. The general land slope trends southwards, with the exception of the northeastern section, which ascends eastward toward the Mau Ridges, reaching elevations of approximately 3,000 meters above sea level.

The landscape gently slopes from the Kericho Plateau in the north to the southern lowlands, where elevations reach about 1,800 meters above sea level. This region is generally flat, with isolated hills in areas such as Chepalungu and the Sigor plains.

The higher altitudes in the northeastern part of the county are particularly favorable for tea and dairy farming due to the cool, moist conditions. The central region, lying at about 2,300 meters above sea level, supports the cultivation of tea, maize, pyrethrum, and coffee. In contrast, the southern parts of the county—including Sigor and parts of Longisa—are better suited for livestock farming, while milk production thrives in Sotik Sub-County.

Agro-ecological zones located between 1,800 and 2,300 meters above sea level are predominantly utilized for maize, pyrethrum, vegetable cultivation, and beef production.

Bomet County is traversed by several perennial rivers, which contribute significantly to its agricultural productivity. These include:

- **Kipsonoi River**, which flows through Sotik Sub-County towards Lake Victoria;
- **Chemosit River**, which cuts across Kimulot in Konoin Sub-County;
- **Nyongores River**, originating from the Mau Forest and flowing southward through Tenwek;
- **Amalo River**, which rises from the Transmara Forest (Kimunchul) and forms part of the southwestern county boundary;
- **Tebenik and Kiptiget Rivers**, which flow along the northern border of the county.

In the drier zones of Chepalungu, parts of Sotik, and Longisa in Bomet East Sub-County, several **dams** have been constructed to supplement water supply, especially for agricultural and livestock use.

2.1.3 Climate & Ecological conditions

Climatic Conditions

Bomet County experiences a moderate climate with reliable rainfall and mild temperature variations, making it highly suitable for agricultural and livestock production—the county's primary economic activities.

The **lower highland zone** receives the highest annual rainfall, ranging between **1,000 mm and 1,400 mm**. The **upper midland zone**, located west of the Rift Valley, experiences relatively **uniform rainfall**, while the **southern parts** of the upper midland zone receive comparatively **lower precipitation**.

Rainfall across the county is generally **evenly distributed** throughout the year, with a **short dry season** occurring in **January and February**. The **wettest months** are **April and May**, though rainfall tends to occur with minimal interruption between the short and long rainy seasons across much of the county.

In the **extreme southern region**, rainfall typically begins in **November** and continues intermittently until **June**, while the driest period occurs from **June to November**. Conversely, in the **extreme north**, the rainy season starts in **late March** and persists sporadically through **December**.

Temperatures in the county range between **16°C and 24°C**, with the **coolest months** occurring from **February to April**, and the **warmest months** being **December and January**.

The county benefits from **abundant water sources** and **reliable rainfall**, creating a conducive environment for year-round farming and livestock rearing. These climatic conditions support Bomet's economic reliance on the agricultural sector.

Agro-Ecological Zones

Bomet County is geographically and agriculturally diverse, and it is divided into **nine major agro-ecological zones (AEZs)**. These zones are classified based on variations in altitude, rainfall, soil type, and agricultural potential. The zones include:

1. **Lower Highland Zone 0 (LH0)**
2. **Lower Highland Zone 1 (LH1)**
3. **Lower Highland Zone 2 (LH2)**
4. **Lower Highland Zone 3 (LH3)**
5. **Upper Highland Zone 1 (UH1)**
6. **Upper Midland Zone 1 (UM1)**
7. **Upper Midland Zones 2–3 (UM2–3)**
8. **Upper Midland Zone 3 (UM3)**
9. **Upper Midland Zone 4 (UM4)**

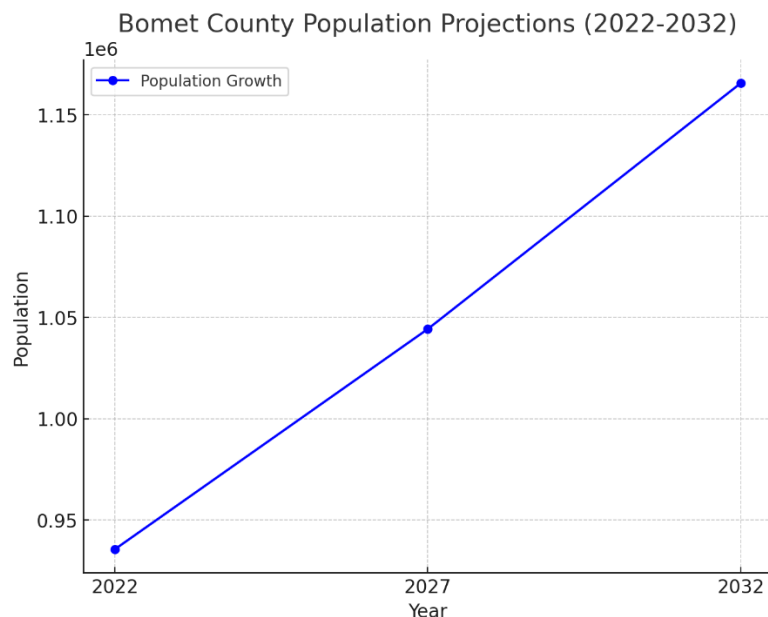
These agro-ecological zones define the agricultural production potential of the county and serve as a basis for planning, land use, and resource allocation in the cooperative and agricultural sectors.

2.1.4 Population Size and composition

According to the **Kenya National Bureau of Statistics (KNBS) 2019 Population and Housing Census Report**, the population of **Bomet County** was estimated at **875,689**, comprising **441,379 females (50.4%)** and **434,287 males (49.6%)**. The county has an average population growth rate of **2.2%** per year, with similar distribution between females and males.

The fertility rate in the county stands at **5.7**, which means that, on average, each adult female is expected to give birth to approximately six children—significantly higher than the national average fertility rate of **4.5**.

Looking ahead, during the planning period from **2022 to 2032**, the population is expected to grow steadily from the current estimate of **935,428** in 2022, reaching **1,044,186** by 2027, and **1,165,588** by 2032.



2.1.5 Administrative and Political Units

Bomet County is administratively organized into five (5) sub-counties (constituencies), comprising 25 wards, 66 locations, 177 sub-locations, and 1,977 villages. The locations and sub-locations function as key administrative units under the jurisdiction of the national government.

2.1.6 County Resources

Bomet County is richly endowed with a variety of natural resources, including land, water, air, forests, minerals, indigenous flora and fauna. These resources support a wide array of ecosystem services that are vital to the well-being and livelihoods of the county's residents. These services include:

- **Provisioning services** such as the production of food, timber, and freshwater;
- **Regulating services** such as air purification and water filtration; and
- **Cultural services** including scenic beauty and opportunities for outdoor recreation.

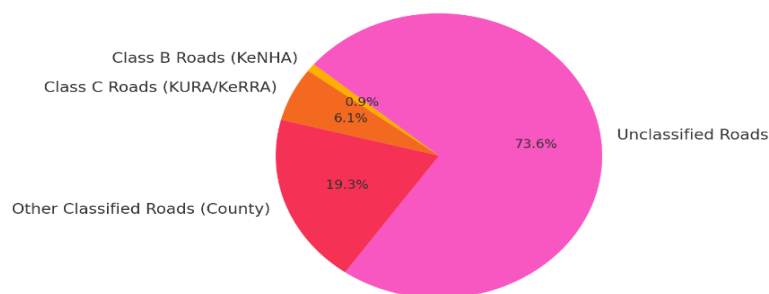
2.1.7 County Transport and Infrastructure

Road transport is the predominant mode of transportation in Bomet County, supported by an extensive road network totaling approximately 7,573.8 kilometers. Of this, 1,996.5 kilometers (26.4%) are classified roads, while the remaining 5,577.3 kilometers (73.6%) are unclassified.

The county's classified roads include 71 kilometers of Class B roads (3.5% of classified roads), which fall under the jurisdiction of the Kenya National Highways Authority (KeNHA). Additionally, there are approximately 463 kilometers of Class C roads (23.2% of classified roads), managed by the Kenya Urban Roads Authority (KURA) and the Kenya Rural Roads Authority (KeRRA).

The bulk of the remaining 7,456.5 kilometers—largely unclassified roads—serve as vital links between rural areas and commercial or administrative centers, and are maintained by the County Government.

Road Classification and Maintenance Authorities in Bomet County



2.2.8 Natural, Social and Human Capital

Bomet County is richly endowed with diverse natural capital that plays a critical role in supporting the livelihoods and well-being of its residents. Key natural assets include the Mau and Chepalungu forests, which cover approximately 21% of the county's land area, open grasslands (10%), rivers,

and extensive agricultural lands that span about 56% of the county. These natural resources provide essential ecosystem services, many of which are generated by nature with minimal human input, aside from agricultural investments.

Health Infrastructure

The county has a total of 200 health facilities, distributed as follows:

- 7 public hospitals
- 2 mission hospitals
- 24 public health centres
- 143 public dispensaries
- 12 private dispensaries operated by multinational companies
- Numerous private clinics across the county

These facilities contribute to improved healthcare access and delivery, serving both urban and rural populations.

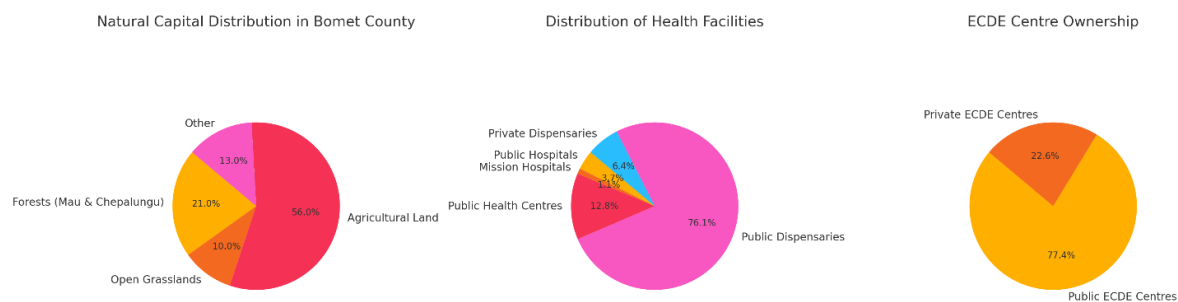
Education Infrastructure

Educational institutions in Bomet County are widely distributed, with higher concentrations in the lower regions than in the upper regions of Konoin and parts of Sotik, where large multinational tea estates are located. Enrollment levels are notably higher in Chepalungu and Sotik, aligned with the number of schools and population density.

The education sector includes both public and private institutions across all levels, from early childhood to tertiary education:

- **Early Childhood Development and Education (ECDE):**
 - 1,219 public and 356 private ECDE centers
 - 1,484 ECDE teachers employed by the county and 730 by Boards of Management (BOM)
 - 56,502 pupils enrolled
- **Primary Schools:**
 - 628 public and 258 private schools

- **Secondary Schools:**
 - 242 public and 16 private schools
- **Vocational Training Centers (VTCs):**
 - 30 functional and 5 non-functional centers
 - 261 staff members (managers, accountants, and instructors)
 - Approximately 2,000 enrolled trainees
- **Tertiary Institutions:**
 - 2 university campuses
 - 4 teacher training colleges
 - 1 Technical Training Institute (TTI)
 - 14 small private colleges



2.3 General Perspective of Bomet County Cooperative Sector

Kenya ranks 7th globally and 1st in Africa in cooperative development, reflecting the sector's significant contribution to economic and social transformation. As of December 2024, Bomet County had a total of 740 registered cooperative societies, spanning nearly all sectors of the economy—both formal and informal. These cooperatives play a crucial role in mobilizing resources, promoting financial inclusion, and supporting livelihoods across the county.

2.4 Policy, Legal and Regulatory Framework

The cooperative movement in Kenya operates under a robust legal and regulatory framework, anchored in a comprehensive set of national laws, policies, and regulations. These include:

- **Sessional Paper No. 6 of 1997**
- **Cooperative Societies Act, Cap 490 (Revised 2012)**
- **Cooperative Societies Rules, 2005**
- **SACCO Societies Act, 2008 (Cap 490B)**
- **SACCO Societies Regulations, 2010** (amended in 2020 to include non-deposit taking SACCOs)
- **The Constitution of Kenya, 2010 (CoK 2010)**
- **County Governments Act, 2012**
- **Intergovernmental Relations Act, 2013**
- **National Cooperative Development Policy, 2020**

The **Cooperative Societies Act, Cap 490** provides the overarching legal structure for the registration, incorporation, governance, and supervision of cooperative societies in Kenya. It defines a **three-tier structure** comprising:

1. **Primary Cooperatives**
2. **Secondary Cooperatives**
3. **Apex Organizations**

In recognition of the unique financial mediation role of SACCOs, the **SACCO Societies Act, 2008** was enacted to guide their licensing, supervision, and regulation. This Act is supported operationally by the **SACCO Societies Regulations, 2010**, ensuring both deposit-taking and non-deposit-taking SACCOs function under sound financial and governance standards.

Efforts to review and harmonize existing cooperative legislation are ongoing, particularly to align with the **devolved governance framework** introduced by the **Constitution of Kenya, 2010**, which established two levels of government—national and county—each distinct yet interdependent. This constitutional change emphasized **devolution of power** as a national value, promoting local development through cooperative governance.

In line with these reforms, the **National Cooperative Development Policy (2020)** was formulated to modernize and realign the cooperative sector with the constitutional mandate.

At the county level, **Bomet County** developed its own **County Cooperative Development Policy** and **County Cooperative Development Bill** in 2016 to provide a localized legal and regulatory framework for cooperative growth. However, both documents remain in draft form and are yet to be adopted or operationalized.

2.5 Institutional Framework

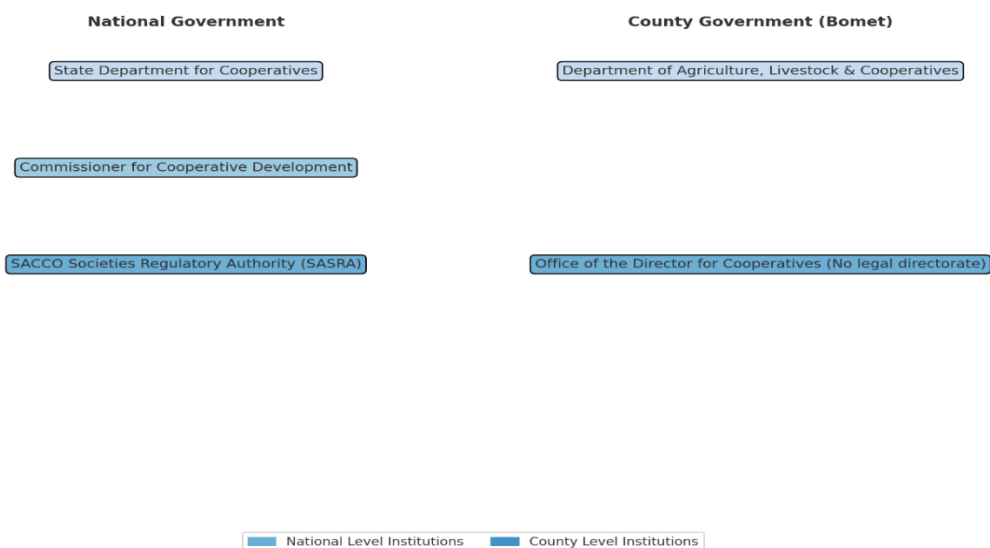
In Kenya, cooperatives are primarily regulated by the **State Department for Cooperatives**, through two key institutions: the **Office of the Commissioner for Cooperative Development** and the **SACCO Societies Regulatory Authority (SASRA)**. Despite the provisions of the **Constitution of Kenya, 2010 (CoK 2010)**—which introduced a devolved system of governance—the current structure still positions the Commissioner as both the **regulator and promoter** of cooperatives, creating a dual role that may affect regulatory independence.

The **Fourth Schedule** of the Constitution clearly delineates the roles of the two levels of government in cooperative development:

- The **national government** is responsible for **policy formulation, capacity building, setting norms and standards**, and offering **technical assistance**.
- **County governments** are charged with the **implementation** of cooperative development initiatives within their jurisdictions.

In **Bomet County**, cooperative functions are currently housed under the **Department of Agriculture, Livestock and Cooperatives**. However, these functions may be realigned and transferred to another department as necessary, based on administrative priorities.

At the county level, the **Office of the Director for Cooperatives** performs regulatory functions. However, this office operates without a fully institutionalized **Directorate of Cooperatives**, lacking a statutory foundation. There is a pressing need for a formal institutional framework that reflects the diversity of cooperative activities and protects members' economic interests and rights. A comprehensive legal structure should also ensure that all cooperative models, whether based on agriculture, savings and credit, transport, housing, or trade are effectively regulated and supported.



2.6 Bomet Cooperative Sector Performance Review

The co-operative sector in Bomet County has been instrumental in **economic empowerment**, enabling ordinary citizens to actively participate in income-generating activities. This engagement has significantly contributed to **livelihood improvement, poverty reduction, and wealth creation** across multiple sectors within the county.

As of **December 2024**, Bomet County had **740 registered co-operative societies** with a total **membership of over 200,000 individuals**. The cumulative **share capital** of these societies stood at **Kshs. 500 million**, while their **annual turnover** reached approximately **Kshs. 3.5 billion**. This economic output underscores the critical role cooperatives play in fostering inclusive growth.

In the **agricultural sector**, co-operative enterprises are particularly vital. They facilitate:

- **Collection and bulking of produce**
- **Irrigation and processing**
- **Marketing of key commodities** such as **dairy, livestock, horticulture, bananas, and poultry**
- **Access to affordable farm inputs**, enabling farmers to adopt best production practices

While **Savings and Credit Co-operative Societies (SACCOs)** have demonstrated strong performance—benefiting from access to **Kshs. 6 billion in grants**—many **Producer and Marketing Co-operatives** continue to face challenges such as:

- Inadequate access to quality inputs
- Weak marketing structures
- Delayed or non-payment for produce

Despite these hurdles, the cooperative model remains a powerful vehicle for **job creation**, especially in rural settings. It provides an organizing platform for **disadvantaged groups**—including **youth, women, the elderly, and persons with disabilities**—to participate in meaningful economic activity.

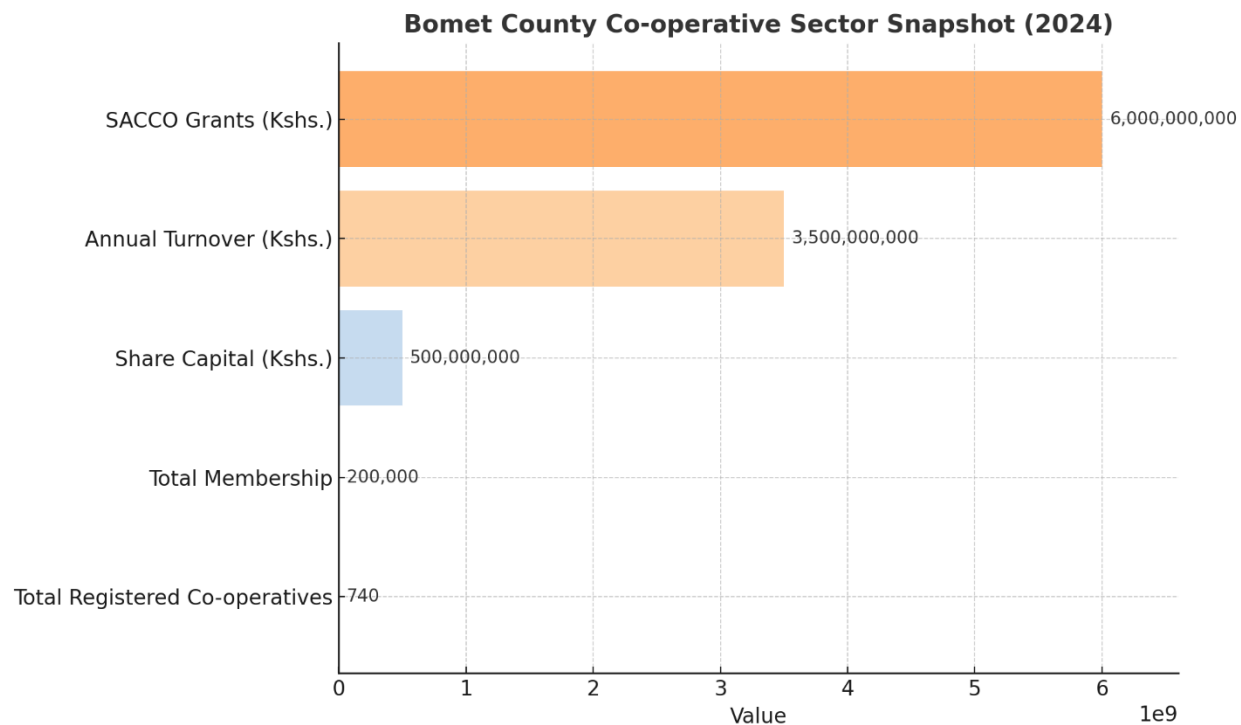
The main areas of co-operative engagement in Bomet County include:

- **Agriculture**
- **Financial services**
- **Production and labor**
- **Mutual guarantee/insurance**
- **Retail and wholesale trade**
- **Housing**
- **Public services**

In addition, the county is actively promoting **emerging cooperative sectors**, such as:

- **Horticulture**
- **Matatu and Boda-Boda cooperatives**
- **Value addition initiatives**
- **Investment co-operative unions**
- **Diversification into non-traditional areas**

Overall, co-operative enterprises in Bomet County not only drive economic growth but also prioritize the creation of **decent, dignified work**, reinforcing their role as key pillars in sustainable development.



2.6.1 Agricultural-based Cooperatives

- a) Dairy Cooperatives
- b) Ranching cooperatives
- c) Beekeeping Cooperatives
- d) Banana Cooperatives
- e) Poultry Cooperatives
- f) Macadamia nuts Cooperatives
- g) Coffee Cooperative
- h) Horticultural cooperatives

2.6.2 Financial and Other Forms Cooperatives

Bomet County has embraced a broad spectrum of co-operative models beyond the traditional agricultural framework. These co-operatives serve as **economic vehicles**, promoting inclusive development by addressing sector-specific needs and enhancing financial empowerment among members.

a) Savings and Credit Cooperative Societies (SACCOs)

SACCOs aim to **mobilize savings** and provide **affordable credit** to their members. By pooling resources, members gain access to loans at more favorable terms than those offered by conventional financial institutions.

- As of **2024**, Kenya had **13,200 SACCOs**, including **177 licensed for Front Office Services Activities (FOSAs)**.
- These SACCOs held:
 - **Ksh. 682 billion in savings and deposits**
 - **Ksh. 441 billion in loans**
 - **Ksh. 601 billion in total assets**
 - **Approximately 5 million members**

In Bomet County, SACCOs constitute the **largest category of co-operatives**, playing a pivotal role in financial inclusion and economic growth.

b) Diaspora Co-operatives

In recognition of the **Kenyan Diaspora Policy (2014)**, which seeks to integrate diaspora populations into national development, the State Department for Cooperatives has promoted the formation of **diaspora-based SACCOs**.

- The first such SACCO was registered in 2012 for Kenyans in the **United States**.
- By the end of **2017**, **17 diaspora SACCOs** had been registered.

There is a growing need to **sensitize Bomet residents living abroad** on forming diaspora cooperatives to leverage opportunities under this policy and mobilize remittances for investment back home.

c) Investment Co-operatives

These co-operatives serve as **investment vehicles**, enabling members to pool resources for ventures such as real estate, agribusiness, and stocks. They help **democratize investment opportunities** and build collective wealth.

d) Housing Co-operatives

Focused on **affordable housing development**, these co-operatives assist members in acquiring land, building homes, or accessing mortgage facilities under favorable terms.

e) Transport Co-operatives

Common among **Matatu and Boda-Boda operators**, these co-operatives provide financing, vehicle maintenance, insurance, and collective bargaining power, enhancing sustainability in the informal transport sector.

f) Consumer Co-operatives

These are formed to **collectively purchase goods and services** in bulk, reducing costs for members and ensuring access to quality commodities.

g) Industrial Co-operatives

Targeting **small-scale manufacturers and artisans**, these co-operatives support value addition, equipment acquisition, marketing, and product standardization.

h) Mining Co-operatives

Formed around **small-scale mining activities**, particularly in mineral-rich areas, these co-operatives help improve safety, efficiency, and market access for miners.

i) Tourism Co-operatives

Designed to promote **eco-tourism, cultural heritage**, and community-based tourism, these co-operatives support members involved in hospitality and tourism-related services.

j) Multipurpose Co-operatives

These co-operatives combine multiple economic activities—such as **agriculture, savings, and retail**—to diversify member benefits and revenue streams.

k) Solar Power Co-operatives

These focus on **harnessing renewable energy**, especially for rural areas, by investing in solar power infrastructure to reduce reliance on the national grid.

l) Worker-Based Co-operatives

Owned and operated by workers, these entities ensure **equitable distribution of profits** and decision-making, particularly in small enterprises and the informal sector.



2.7 Kenya's Cooperative Movement Structure

2.7.1 Background

Historically, the cooperative movement in Kenya has operated within a four-tier structure, classifying societies as primary, secondary (unions), national, or apex. This framework was designed to create economically viable units capable of delivering services to members, leveraging economies of scale to maximize returns, aligning cooperative activities with national bodies for coordinated support both locally and internationally, and establishing a strong apex organization to advocate for cooperative interests at the county, national, and global levels.

At the foundational level are **primary cooperatives**, formed by individual members—typically around a single product or purpose. To enhance operational scale and efficiency, the government supported the establishment of **secondary cooperatives or unions**, which operated at district or sector-specific levels. These unions drew membership from primary cooperatives and were instrumental in delivering specialized services or products to their affiliates.

The **third tier** comprises **national cooperative organizations (NACOs)**. These entities function as sector-focused bodies offering specialized services to affiliated primary societies and unions. At the **apex** is the **Cooperative Alliance of Kenya (CAK)**, which serves as the custodian of

cooperative values and principles, while representing and coordinating the movement's activities nationally and internationally.

Due to various structural challenges that limited the growth and effectiveness of this model, the Kenyan cooperative movement has undergone reforms. A new functional structure has been introduced to facilitate growth and align with international best practices.

Today, Kenya's cooperative movement adheres to a revised **four-tier structure: primary cooperatives, secondary/unions, federations, and an apex organization**. This modernized structure strengthens governance, enhances service delivery, and ensures better coordination across all levels. The movement maintains active affiliations with the **International Cooperative Alliance (ICA)** and the **World Council of Credit Unions (WOCCU)**.

The updated cooperative structure is schematically illustrated in the figure below.

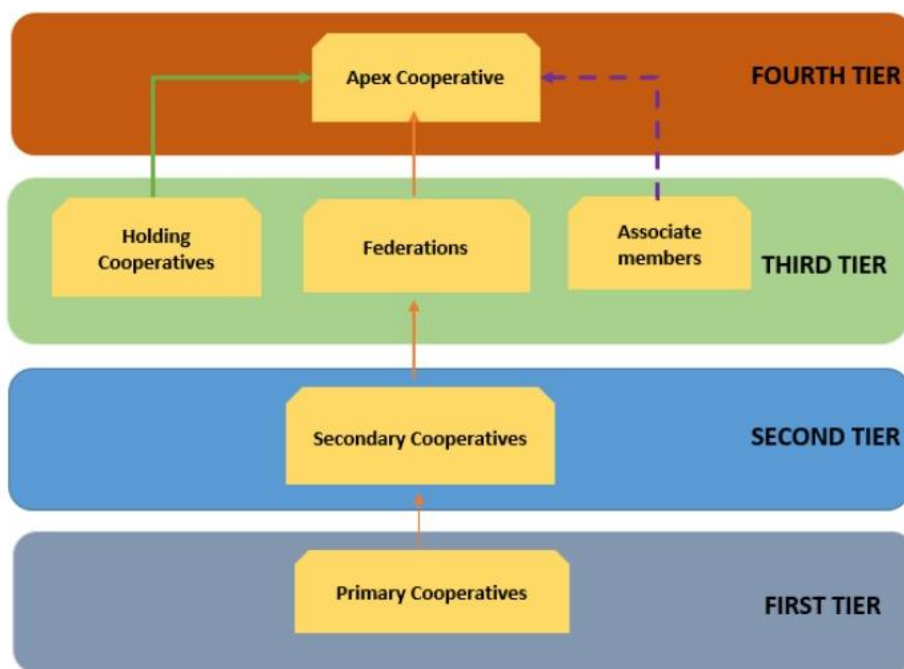


Figure: Kenya's Four tier Cooperative Movement Structure

First Tier: Primary Cooperatives

The first tier of the cooperative movement comprises **primary cooperatives**, which limit membership to individual persons. These cooperatives are typically formed by individuals within a specific locality or who share a common bond. Most primary cooperatives are **single-purpose**

or single-product enterprises, with common examples including those involved in **coffee, dairy, livestock, fisheries, and mineral production and marketing**.

Primary cooperatives form the **foundation of the entire cooperative movement**—without them, the higher tiers would not exist. Recognizing their critical role, **county governments are tasked with promoting and supporting primary cooperatives** to enhance grassroots economic empowerment and ensure sustainability across the cooperative structure.

Second Tier: Secondary Cooperatives

The **second tier** of the cooperative movement consists of **secondary cooperatives**, also known as **cooperative unions**. Membership in these entities is limited to **two or more primary cooperatives**. They are established to enhance **economies of scale** by offering shared services such as **bulk procurement of farm inputs, education, training, and technical support** to their affiliated societies.

These unions, often referred to as **county cooperative unions**, function as **service agencies** for primary cooperatives, strengthening their operational capacity and bargaining power. They are governed by an **executive committee**, whose members are **elected by and from the affiliated primary cooperatives**, ensuring democratic representation and accountability.

Third Tier: Federations

The **third tier** comprises **federations**, whose membership includes both **primary and secondary cooperatives**. These entities do not serve individual members directly, but instead provide **specialized services** to their affiliated cooperatives. Their support includes **insurance, banking, housing, commodity marketing, financial services, human resource development, advocacy, and international representation**. They also play a vital role in fostering strategic relationships with social and economic partners to create an enabling environment for cooperative development. Prominent examples of nationwide federations include the **Kenya Union of Savings and Credit Cooperatives (KUSCCO)** and the **National Cooperative Housing Union (NACHU)**.

Once fully established, federations are expected to deliver **sector-specific support** in the areas of **advocacy, market research, promotion, and the development and enforcement of cooperative standards and regulations**. Their core responsibilities include:

- a) Ensuring all affiliated societies maintain proper records and books of accounts;
- b) Providing a platform for the advancement of **ICT and innovation** among affiliates;
- c) Offering **education and training** tailored to the needs of cooperative societies;

- d) Establishing and enforcing a **code of ethics** for affiliates and subsidiaries;
- e) Facilitating affiliations with relevant **local, regional, and international bodies** for mutual benefit;
- f) Developing and implementing standards essential for the **growth and advancement** of their affiliates; and
- g) Engaging in supportive business activities, provided these do not directly **compete with the operations of affiliate societies**.

Fourth Tier: Apex Cooperative

The **fourth tier** of the cooperative movement consists of the **national apex organization**, which serves as the umbrella body for all cooperatives in Kenya. Currently, the **Cooperative Alliance of Kenya (CAK)** functions as the apex institution. **Membership in the apex body is restricted to cooperative federations**. However, **secondary cooperatives that are not sector-specific and thus cannot affiliate with any existing federation may affiliate directly with the apex cooperative**.

The apex may also **admit organizations or societies as associate members without voting rights**, primarily for the purpose of promoting the broader interests of the cooperative movement.

The key roles of the apex cooperative include:

- a) Serving as the **advocate and spokesperson** of the movement, promoting its interests at national and international levels;
- b) Fostering **cooperation, collaboration, and linkages** among cooperatives and with stakeholders through regional and global networks;
- c) Promoting the development of the cooperative movement and advising both **national and county governments** on cooperative policy and strategy;
- d) Acting as the **custodian and champion of cooperative principles and values**, while encouraging **self-regulation** within the sector; and
- e) Affiliating with relevant **regional and international cooperative organizations** to benefit the Kenyan cooperative movement.

As private, member-owned, and democratically controlled enterprises, cooperatives require an organizational structure that guarantees **effective member participation and control**, particularly at the apex level.

Cooperative Companies

To remain competitive and comply with legal and regulatory standards in various sectors, **some cooperatives have formed companies**. These companies are often established to access additional capital from the public through **initial public offerings (IPOs)** or **private placements**.

However, challenges have emerged regarding the **governance and ownership structure** of these cooperative-owned companies. In many instances, the **ownership is not clearly defined**, resulting in the **listing of incumbent cooperative board members as company directors in their individual capacities**, rather than as representatives or trustees of the cooperative.

This lack of clarity has led to cases where outgoing directors have **refused to relinquish control** of such companies to newly elected cooperative boards, thereby **exposing cooperative assets to the risk of misappropriation or loss**. Furthermore, **many cooperative members remain unaware of the performance and returns of these companies**, leaving them unable to benefit from their investments.

To safeguard cooperative assets and ensure transparency, there is a pressing need to **institutionalize governance frameworks**, clarify ownership structures, and enhance member awareness and oversight of cooperative companies.

2.7.2 Cooperative Companies

To remain competitive and comply with sector-specific legal and regulatory requirements, some cooperatives in Kenya have established **cooperative-owned companies**. These entities are structured to enable the mobilization of capital from the public, either through **initial public offerings (IPOs)** or **private placements**.

However, concerns have arisen regarding the **governance and ownership structures** of such companies. In many cases, **ownership arrangements are not clearly defined** during formation. This has led to the **appointment of incumbent cooperative board members as company directors in their personal capacities**, rather than as trustees or official representatives of the cooperative.

Such ambiguities have resulted in situations where outgoing directors **refuse to cede control** of the company to newly elected cooperative boards. This practice **jeopardizes the cooperative's assets**, exposing them to mismanagement or potential loss. Additionally, many cooperative members **remain unaware of the performance or financial status** of these companies and, as a result, **do not benefit from the returns** generated by their investments.

To safeguard member interests and ensure transparency, there is a critical need to **establish clear governance frameworks**, define ownership structures at inception, and **enhance member oversight** of cooperative companies.

2.7.3 Holding Cooperatives

In Kenya, some cooperatives have established **holding cooperatives** whose primary purpose is to **invest in the shares of other organizations**, including companies and cooperatives. These entities do not engage in the direct production of goods or services but serve as strategic investment vehicles that safeguard and advance the collective interests of the cooperative movement.

Notable examples include:

- **Co-op Holding Cooperative Society Ltd**, which holds a significant stake in **Co-operative Bank of Kenya Ltd**; and
- **Cooperative Insurance Services Ltd**, the principal shareholder in **Cooperative Insurance Company Ltd (CIC)**.

These holding cooperatives have played a critical role in **ensuring that the cooperative sector's interests are well-represented in the governance and strategic direction** of the companies they own. They have also helped to **entrench cooperative values and priorities** within the missions and long-term objectives of these enterprises.

While the formation of similar holding cooperatives is expected to continue in response to emerging investment opportunities, it will be essential to **safeguard their fidelity to cooperative principles** and ensure they remain aligned with the mission and strategic goals of the broader cooperative movement.

2.7.4 Dual Registration of Cooperatives

To meet evolving market demands, some cooperative societies in Kenya have historically operated under **dual registration regimes**—as both **cooperatives and limited companies**. While this dual structure provided **operational flexibility**, it has also introduced **regulatory ambiguities** and, in certain cases, **compromised members' rights**, particularly with regard to participation in decision-making.

In practice, some organizations have exploited the dual status to selectively **benefit from whichever regulatory framework best suited the interests of the directors**, often at the expense

of transparency and accountability. This approach undermines the foundational ethos of cooperatives.

It is essential to recognize the **fundamental difference** between these two entities: a **cooperative** is an **association of persons**, emphasizing **member participation** and democratic control, whereas a **company** is an **association of capital**, where ownership and influence are typically tied to shareholding.

With current legal provisions allowing **cooperatives to register companies** for commercial purposes, the rationale for maintaining dual registration has become **obsolete**. Moving forward, regulatory clarity and governance integrity demand that cooperatives choose structures that **preserve cooperative principles** while achieving business objectives through **legally distinct and transparently governed subsidiary companies**.

2.7.5 Protection of Cooperative Identity

In recent years, there has been a growing trend in Kenya of **non-cooperative organizations marketing themselves as cooperatives**, capitalizing on the public trust and success associated with the cooperative model. A notable example is **non-cooperative credit institutions branding themselves as SACCOs** to attract clientele and build credibility.

Although current legislation **prohibits the unauthorized use** of the terms "*Cooperative*" and "*SACCO*" by institutions that are not duly registered under the Cooperative Societies Act, enforcement has been limited. This misuse not only **misleads the public** but also **undermines the integrity of the cooperative movement** and exposes consumers to potential financial risk.

To protect the credibility and distinct identity of legitimate cooperatives, there is a pressing need to **introduce and enforce stiffer penalties** against entities that **illegally use these protected terms**. Clearer regulatory oversight and public awareness campaigns will also be essential in deterring such practices and preserving the authenticity of Kenya's cooperative sector.

2.8 Cooperative Governance and Compliance

2.8.1 Cooperative Governance

Governance refers to the **system of rules, practices, and processes** by which an organization is directed and controlled. In the cooperative context, governance entails **balancing the interests of various stakeholders**—including members, boards, management, customers, suppliers, financiers, government, and the wider community.

Effective governance in cooperatives spans all areas of management, from **strategic planning and internal controls** to **performance measurement, ethical conduct, and corporate transparency**. Over the years, the government has introduced **legal and policy interventions** to strengthen corporate governance within the cooperative movement.

Despite these efforts, **weak governance continues to persist** in some cooperative organizations, often resulting in **mismanagement of resources, financial irregularities, and, in some cases, the collapse of societies**. Key symptoms of poor governance include:

- Ineffective or compromised leadership;
- Micromanagement by boards, undermining operational autonomy;
- Unethical business practices;
- Weak financial oversight and poor risk management;
- Limited or tokenistic member participation in decision-making.

To address these challenges, several institutions have been established. Notably:

- **The Ethics Commission for Cooperative Societies (ECCOS)** was created within the State Department for Cooperatives under the **Public Officers Ethics Act, 2003**, to promote and enforce ethical governance. However, **ECCOS has struggled to effectively discharge its mandate**, partly due to structural and operational limitations.
- **The Cooperative Tribunal**, established under the **Cooperative Societies Act**, is mandated to resolve disputes within the movement. Following the **promulgation of the Constitution of Kenya (CoK), 2010**, the Tribunal was transferred to the **Judiciary** and now operates as a **circuit court**. However, **limited capacity and resources** have constrained its ability to deliver timely and efficient justice to cooperative stakeholders.

Addressing governance challenges in the cooperative sector requires **strengthening institutional capacity, enhancing legal enforcement mechanisms, and promoting a culture of transparency, accountability, and member empowerment**.

2.8.2 Cooperative Compliance

Cooperatives in Kenya are grappling with several challenges that require attention:

a) Non-Remittances by Employers and Marketing Agencies

A major challenge faced by cooperatives in Kenya is the **non-remittance of members' deductions** by employers and marketing agencies. When employers fail to remit deductions, members are unable to access **credit facilities** or other benefits that are essential to the

cooperative's objectives. This issue not only **reduces savings** within the cooperative but also **diminishes trust** and **discourages future contributions** from members, ultimately undermining the financial stability of affected societies.

Under **Section 35 of the Cooperative Societies Act**, the Commissioner is empowered to facilitate the **recovery of withheld funds**. This includes issuing **demand notices** and, if necessary, **agency notices** to employers. However, the process has proven challenging. Some appointed agents are reluctant to enforce these notices, and in certain cases, employers and cooperatives enter into **consent agreements** that bypass the law's enforcement mechanisms. As a result, **compliance remains inconsistent**, and there is currently no robust mechanism in place to ensure full adherence to the law, leaving a significant gap in the recovery process.

b) Refund of Deposits

Cooperatives operate under the principle of **open and voluntary membership**, which includes the right for members to **exit freely** without coercion. Current legislation outlines procedures for a member's exit from a cooperative and their **entitlement to a refund of deposits** upon cessation of membership. However, in practice, some cooperatives **fail to refund deposits** in a timely manner, causing undue hardship for exiting members and their families.

While some cooperatives withhold deposits to protect the general welfare of the remaining members—especially in cases where refunds could jeopardize the financial health of the society—this is still a violation of members' rights. Moreover, there are no **sanctions in place** for cooperatives that default on deposit refunds, nor is there a protective mechanism to ensure that the interests of the remaining members are safeguarded in the event of mass withdrawals. This lack of clear recourse or protection contributes to member dissatisfaction and undermines trust in the cooperative model.

c) Common Bond and Membership Equity

Historically, cooperatives were formed by individuals with a **common bond**, such as those from a specific locality, involved in the same trade, or employed by the same organization. Over time, as competition increased, many cooperatives began to recruit members beyond their original common bond to remain competitive. However, in an effort to preserve their **original identity**, some cooperatives **classified new members separately**, thereby **denying them certain rights** afforded to the original members.

This practice conflicts with the core cooperative principles of **democratic control, equality, and equity**, which mandate that all members have **equal rights and responsibilities**, regardless of their origin or membership status. This discrepancy not only violates the principles of **democratic governance** but also undermines the core values of inclusivity and fairness within the cooperative model.

2.9 Education, Training and Information Management

Education, training, and information are central to the **Cooperative principles**, as they empower members and strengthen the **leadership, management, and employee capacity** within cooperative societies. This principle aims to ensure that individuals involved in cooperatives are well-equipped to carry out their roles effectively, fostering **competent leadership and informed decision-making** across all levels.

Historically, education and training within the cooperative sector have been **uncoordinated** due to a lack of standardized guidelines and **adequate training materials**. A significant milestone in addressing this gap was the establishment of the **Cooperative University of Kenya (CUK)** in 1952. Initially a department within the **Ministry of Cooperative Development**, the institution has played a pivotal role in training staff from cooperative societies, government departments, and the **informal sector** in essential managerial and supervisory skills.

In 1995, the **Cooperative College of Kenya Act No. 490A** elevated the college to a **Semi-Autonomous Government Agency (SAGA)**, allowing it to operate as a **specialized education and research training institution**. By November 2011, it achieved **University College** status, and in 2016, it was officially chartered. The **Institute of Cooperative Development** within the university is tasked with delivering **cooperative education, research, and consultancy services** to the sector.

Despite these efforts, there remains a **low capacity** within the cooperative movement, which has hindered effective service delivery to members. In addition, many cooperatives have struggled to embrace **creativity and innovation**, which are essential for the long-term growth and competitiveness of any organization. Some cooperatives have become vulnerable to exploitation by opportunistic service providers, disrupting the stability and efficiency of their operations.

To address these issues, the government has supported the registration of the **Kenya Society of Professional Co-operators**, aimed at promoting **professionalism** and setting clear standards for

service delivery within the cooperative sector. This initiative is crucial in fostering a **culture of excellence** and ensuring that cooperatives provide high-quality services to their members.

Another pressing challenge facing the cooperative sector is the **lack of credible data**, which impedes effective **policy formulation** and decision-making. Continuous **research** into emerging technologies, market trends, and sector-specific issues is essential for improving the operational capacity and **competitiveness** of cooperatives. The absence of **research and development (R&D)** has left many cooperatives struggling to keep up with industry advancements, limiting their ability to innovate and expand their product offerings.

While the **national government** holds the responsibility of building the capacity of **county officers** to carry out their mandates, **county governments** must also prioritize the development of **cooperative staff** at the local level. This ensures that cooperatives, both at the grassroots and national levels, can effectively meet the needs of their members and thrive in an increasingly competitive environment.

2.10 ICT in Cooperatives

Adoption of Modern Information and Communication Technology (ICT) in Cooperatives

The adoption of modern **Information and Communication Technology (ICT)** in the cooperative sector is increasingly transforming business operations, enabling cooperatives to conduct activities online. Today, processes such as **membership registration, shares and savings subscriptions**, and other administrative functions are being carried out virtually, reducing the need for **physical meetings** and **manual paperwork**. This shift to digital operations has undoubtedly enhanced **efficiency** and **convenience**, offering members and cooperatives greater flexibility in managing their affairs.

However, this digital transformation also introduces new challenges. The virtual nature of these operations is not yet fully supported by **regulatory frameworks**, making it difficult to effectively monitor and enforce compliance. The lack of specific regulations to govern **online activities** within the cooperative sector increases the vulnerability to **fraudulent activities**. Cybercriminals may exploit gaps in the regulatory structure, potentially leading to **financial losses** for cooperatives and their members. To address these risks, it is essential to **cascade the ICT Act** to the cooperative sector by developing and enforcing targeted **regulations** that safeguard against online fraud and ensure the **security** and **integrity** of digital operations.

At the same time, many **small and medium-sized cooperatives** (SMEs) face barriers to adopting ICT due to the **high capital requirements** for **ICT infrastructure** and the **ongoing costs** associated with maintaining software licenses and hardware. As a result, these cooperatives often continue to rely on **manual systems**, which can be inefficient and prone to errors. The lack of access to affordable technology solutions further exacerbates the **digital divide** between larger cooperatives that have embraced ICT and their smaller counterparts.

To ensure that all cooperatives can benefit from technological advancements, it is crucial to develop **supportive policies** that facilitate the adoption of **cost-effective ICT solutions**, especially for small and medium-sized cooperatives. This could include **subsidized technology programs**, **training** for cooperative members and staff, and **collaborations** with technology providers to lower implementation costs.

2.11 Cross cutting issues

For cooperative societies in **Bomet County** to thrive in emerging **high-growth sectors**, it is imperative that they embrace **new initiatives** and **innovative ventures**. The sustainability and expansion of the cooperative movement in the region depend on strategic interventions that address a range of key, cross-cutting issues. These include:

1. **Gender Mainstreaming:** Ensuring equal participation and leadership opportunities for both women and men is essential for the inclusive growth of cooperatives. Gender mainstreaming will empower women, unlock their potential, and enhance the overall productivity and cohesion of cooperative societies.
2. **Climate Change Adaptation:** Cooperatives must adopt sustainable practices that mitigate the effects of **climate change**. This can include promoting environmentally friendly farming techniques, encouraging the use of renewable energy sources, and supporting eco-friendly initiatives in agricultural and industrial activities. Cooperatives need to be proactive in adopting climate-smart approaches to safeguard the environment and secure the livelihoods of their members.
3. **Waste Disposal and Management:** Efficient **waste disposal** and **management systems** are vital for ensuring the long-term viability of cooperative societies. Cooperatives should explore innovative ways to reduce waste, recycle, and contribute to cleaner, greener

environments, all while enhancing the health and quality of life of their members and communities.

4. **Health Challenges:** Addressing the **prevalence of diseases** such as **HIV/AIDS**, as well as emerging health threats like **COVID-19**, requires a comprehensive approach. Cooperatives should play a key role in **health education, prevention strategies**, and the provision of **healthcare services** to their members. This could involve establishing partnerships with local health organizations and ensuring that health-related resources are accessible to all.

By addressing these critical challenges, cooperatives in **Bomet County** can position themselves for sustained growth and resilience, while contributing to the overall development of the region.

CHAPTER THREE

POLICY INTERVENTIONS

3.1 Introduction

This chapter outlines the **policy interventions** designed to address the challenges hindering the growth and development of cooperatives in **Bomet County**. These interventions are aligned with national policies and tailored to the county's unique context, in compliance with **Article 186** and the **Fourth Schedule** of the **Constitution of Kenya, 2010**. The chapter presents key policy themes, specific objectives for each theme, and the actions required to achieve these objectives.

By adopting these policies, the aim is to create a conducive environment for cooperatives to thrive, foster economic resilience, and contribute to the overall development of the county.

3.1.1 Policy on Alignment and Strengthening Legal and Regulatory Framework for Cooperatives

A **well-defined policy, legal, and regulatory framework** is critical to ensuring the **sustainable growth** of the cooperative sector in **Bomet County**. This policy aims to strengthen **governance**, enhance **financial management**, and promote the **operational autonomy** of cooperatives, while ensuring **accountability** and adherence to **ethical practices**. Key actions under this policy include:

1. **Establishing Ethical Guidelines:** Develop and enforce standards on ethics, **leadership accountability**, and **performance evaluation** to foster transparency and integrity within cooperative societies.
2. **Strengthening Procurement and Financial Reporting:** Enhance **procurement processes** to ensure fairness and transparency, while improving **financial reporting** practices to promote financial discipline and accountability.
3. **Promoting Cooperative Independence:** Encourage cooperatives to adopt clear strategies for **self-sufficiency** and **independence** in their operations, reducing reliance on external funding and ensuring long-term sustainability.
4. **Structured Development Plans and HR Policies:** Mandate cooperatives to adopt **structured development plans**, comprehensive **human resource policies**, and **strategies for environmental sustainability** to ensure their growth is aligned with both local and global best practices.

This policy approach will ensure that the cooperative movement in **Bomet County** is **well-regulated, transparent**, and positioned for long-term success, benefiting all stakeholders involved.

Policy Direction:

The **County Government of Bomet** will establish a robust **legal and policy framework** that aligns with national legislation and regulations, creating a **supportive environment** for the sustainable development of cooperatives. The framework will ensure that cooperatives in the county are legally recognized, properly regulated, and empowered to contribute to the local economy.

Policy Interventions:

1. **Development and Enactment of the Bomet County Cooperatives' Societies Bill:**

- Develop and pass the **Bomet County Cooperatives' Societies Bill**, in alignment with national cooperative laws. This bill will provide **legal backing** for cooperative operations, ensuring that all cooperative models, including emerging ones, are **legally recognized** and **supported**. It will also establish **incentives** for cooperatives' growth and sustainability.

2. **Formulation of County-Specific Cooperative Regulations:**

- Formulate **Bomet County-specific regulations** for cooperatives, in compliance with national government policies. These regulations will outline **compliance standards, governance frameworks, and best practices**, promoting effective management, transparency, and accountability within the cooperative sector.

3.1.2 Policy on Cooperative Movement Structure

Policy Objective

To establish a **robust institutional framework** for the effective **management, growth, and sustainability** of cooperative societies in Bomet County.

Policy Direction

To create an **enabling environment** for cooperative development through **structured governance, active stakeholder engagement**, and alignment with both **national and county economic development goals**.

Policy Interventions

a) Establish the Bomet County Directorate for Cooperative Development

- Create a dedicated Directorate with **technical officers at the county level**, and decentralized support units at **sub-county and ward levels**. These officers will be **assigned by cooperative sub-sectors**, ensuring specialized support, monitoring, and capacity building.

b) Form the Bomet County Cooperative Development Forum

- Establish a county-wide forum to facilitate **regular dialogue, consultation, and collaboration** among cooperative societies. This platform will enhance coordination, information sharing, and collective policy input from cooperative stakeholders.

c) **Strengthen Cooperative Structures Across All Levels**

- Reinforce the **organizational tiers** of the cooperative movement—**primary cooperatives, unions, federations, and apex bodies**—to improve internal governance and promote **cooperation, consultation, and coordination** between county and national institutions.

d) **Mainstream Cooperatives Across County Departments**

- Promote cooperatives as a **central socio-economic model** across all county sectors. Integrate cooperative models into **development planning** and **service delivery** to drive inclusive economic growth and advance county and national development priorities.

3.1.3 **Policy on Cooperative Governance and Enforcement**

Policy Objective

To establish a **strong governance framework** for cooperatives by promoting **ethical leadership, regulatory compliance, professionalism**, and alignment with **national cooperative policies**.

Policy Direction

The County Government shall develop and enforce governance frameworks that promote **transparency, accountability, efficiency**, and **ethical conduct** within cooperative societies. This will include fostering **harmonized cooperation** with the national government to ensure consistency and sustainability in cooperative governance.

Policy Interventions

i. Legal and Regulatory Framework

- a) Develop and enact county-level laws and regulations to address persistent governance challenges within the cooperative sector.

- b) Mandate cooperatives to revise and align their bylaws with updated national and county laws.
- c) Legislate a cap on maximum shareholding per individual to prevent dominance and promote equity and inclusivity.
- d) Ensure strict compliance with cooperative legislation, rules, and bylaws concerning member rights, obligations, and responsibilities.
- e) Require cooperatives that register companies to do so as **subsidiaries**, with **consolidated financial reporting** and aligned **directorship structures**.
- f) Establish and enforce **penalties** for non-compliance to promote discipline and safeguard cooperative assets.

ii. Ethical Standards and Professionalism

- a) Institutionalize ethical codes of conduct and enforce good governance practices across all cooperative societies.
- b) Promote professionalism by supporting leadership training, capacity building, and governance education programs.
- c) Set **minimum academic and professional qualifications** for individuals seeking elective positions within cooperative leadership structures.
- d) Mandate cooperative boards to undertake **feasibility studies and risk assessments** prior to initiating major investments.

iii. Dispute Resolution and Compliance Enforcement

- a) Establish a **County Alternative Dispute Resolution (ADR) Committee** to serve as the primary body for resolving cooperative-related conflicts and internal disputes.
- b) Build capacity among county cooperative officers to conduct **compliance audits, performance inspections**, and review of **monthly returns**.
- c) Allocate adequate resources to enforcement units to ensure effective supervision and adherence to statutory obligations.

- d) Where needed, deploy technical experts to cooperatives with weak managerial structures to strengthen operational efficiency.

iv. Financial and Membership Regulations

- a) Introduce **mandatory minimum share capital** requirements for all cooperative members to enhance financial stability.
- b) Develop enabling legislation that allows **external investment** in cooperatives without compromising member control.
- c) Enact legal provisions on **share premiums** to facilitate additional capital mobilization by cooperatives.

3.1.4 Policy on Cooperative Education, Training, Capacity Building and Information Management

Policy Objective

To enhance **knowledge, skills, and awareness** among cooperative members, leaders, and stakeholders to strengthen the **sustainability, growth, and competitiveness** of cooperatives in Bomet County.

Policy Direction

The County Government will play a **proactive and facilitative role** in ensuring that cooperative members, leaders, and stakeholders have access to **high-quality education, structured training, and timely information**. Through targeted and inclusive interventions, cooperatives will become more professional, innovative, and capable of driving sustainable economic development across the county.

Policy Interventions

Capacity Building and Training

- a) Require all cooperatives to **allocate a designated percentage of their annual revenue** to education, training, and capacity-building programs.
- b) Establish partnerships with institutions such as the **Cooperative University of Kenya (CUK)** and other accredited bodies to enhance cooperative education and technical training.
- c) Develop **structured, tiered training curricula** for cooperative members, leaders, and employees based on roles, responsibilities, and literacy levels.
- d) Collaborate with the **County Department of Education and Vocational Training** to roll out **customized cooperative courses** in Vocational Training Centres (VTCs), focusing on technical and extension services for cooperatives.
- e) Enhance **inter-governmental cooperation** with the national government for coordinated and resourced capacity-building initiatives.
- f) Institutionalize **mandatory pre-cooperative stage training** for prospective members and leaders to ensure informed participation and responsible membership.
- g) Allocate and provide **county-level funding support** for ongoing education and refresher programs for cooperative boards, management, and county officers.
- h) Require cooperative societies to ensure each member participates in **at least one annual training or sensitization session**.

Information Access and Participation

- i) Promote **equitable participation** in general meetings, elections, and cooperative decision-making to uphold democratic principles.
- j) Facilitate **continuous data collection** and maintain an updated record of cooperative statistics in collaboration with the national database.
- k) Establish the **Bomet County Cooperative Information Centre** as a central hub for cooperative data management, research, training materials, and public information access.

Strategic Collaboration and Standards

- l) Collaborate with **development partners**, universities, NGOs, and training institutions to support cooperative education and innovation.

- m) Ensure **compliance with international standards and best practices** in cooperative education and promote partnerships with the **private sector and international development agencies** to build a modern, competitive cooperative sector.

3.1.5 Policy on Diversification, Productivity, Value Addition, and Marketing

Policy Direction

The County Government shall establish an **enabling environment** that supports cooperative enterprises to adopt innovative practices, diversify their ventures, and access local and global markets. Cooperatives are expected to embrace **best practices**, ensure **compliance with market standards**, and drive inclusive economic growth. This approach aims to boost competitiveness, support livelihoods, and foster socio-economic transformation across the county.

Policy Interventions

a) Promote Diversification Beyond Traditional Sectors

- i. **Encourage cooperative formation** in emerging and high-growth sectors such as **agribusiness, technology, renewable energy, and financial services**.
- ii. **Support producer and service cooperatives**, including those in **manufacturing, value addition, transport, healthcare, and tourism**, with targeted incentives and technical support.
- iii. **Recognize and facilitate adoption of innovative cooperative models**, including **platform cooperatives, worker cooperatives, and social enterprises**, ensuring they receive legal recognition and support mechanisms for sustainability.

b) Revive and Strengthen Agro-Based and Other Cooperatives

- Provide **financial aid, technical support, and capacity-building programs** to enhance the viability and performance of agro-based and sector-specific cooperatives.

c) Promote Aggregation and Post-Harvest Handling

- Facilitate **training on aggregation models**, collective marketing, and post-harvest management to improve **pricing, efficiency**, and reduce losses.
- Promote access to **storage facilities** and shared infrastructure to support cooperative productivity and cost-effective supply chain management.

d) Enhance Value Addition for Product Competitiveness

- Support cooperatives with **funding, equipment, and technical training** for **processing, packaging, and branding**.
- Ensure cooperative products meet **national and international quality and safety standards** to improve market positioning.

e) Facilitate Market Information Sharing and Linkages

- Develop platforms to provide **real-time market information**, connect cooperatives with **buyers, exporters, and trade partners**, and inform cooperative decision-making through **market research**.

f) Promote Compliance with Market Standards and Certifications

- Offer **training on industry standards**, facilitate **certification processes**, and establish a **quality control mechanism** to support regulatory compliance across cooperative sectors.

g) Link Cooperatives to Digital and E-Commerce Platforms

- Support the development of **digital marketing strategies** and facilitate cooperative access to **e-commerce platforms** to expand market reach, visibility, and competitiveness.

h) Ensure Ethical Trading Practices in Local and Export Markets

- Establish and enforce **fair trade regulations** that protect cooperative interests in both domestic and export markets.
- Promote **transparent and fair pricing models** and encourage cooperatives to build long-term **trust-based relationships** with buyers and stakeholders.

3.1.6 Policy on Financial access for investments and strategic partners

Policy Objective

To **enhance financial access** for cooperative investments and **foster strategic partnerships** that promote sustainable growth and long-term viability of the cooperative sector.

Policy Direction

The County Government shall establish **dedicated financial mechanisms** and promote **strategic collaborations** to strengthen the financial base of cooperative societies in Bomet County. These measures aim to improve **capitalization**, increase **operational capacity**, and expand the **economic benefits** accruing to cooperative members. The County will also position cooperatives as **investment-ready enterprises** capable of leveraging both public and private sector resources for development.

Policy Interventions

i. Financial framework

- The County Government shall strengthen cooperative access to financing by aligning the proposed Cooperative Development and Enterprise Fund with existing financial frameworks, including the Bomet County Enterprise Fund. Where necessary, the County Government shall review, harmonize, or consolidate existing legislative and regulatory instruments to ensure coherence, avoid duplication, and promote efficient fund management in accordance with the Public Finance Management Act.

ii. Development of Regulatory Guidelines

- Formulate **comprehensive guidelines** governing the **administration, allocation, and utilization** of the Cooperative Development Fund to ensure **transparency, accountability, and fiscal sustainability**.

iii. Promotion of Investment through Strategic Partnerships

- Facilitate **investment opportunities** by fostering **strategic collaborations** between the County Government, cooperative societies, **development partners**, and **impact investors**.

iv. Annual Budget Allocation for Cooperative Development

- Allocate an **annual budget** to the Directorate of Cooperatives to support **capacity-building, feasibility studies, technical assistance, and financial assistance** for viable cooperative ventures.

v. Support for Public-Private Partnerships (PPPs)

- Encourage **PPP frameworks** to fund **large-scale cooperative investment projects** requiring substantial capital and technical expertise, especially in sectors like agro-processing, infrastructure, and technology.

vi. County Guarantee Mechanism for External Financing

- Introduce a **county-backed guarantee scheme** to enhance cooperatives' ability to **secure external financing** from banks and financial institutions for **bankable investment projects**.

vii. Strengthening of Deposit-Taking and Non-Deposit-Taking SACCOs

- Collaborate with **national regulatory agencies** (e.g., SASRA) to enhance the **governance, financial stability, and compliance capacity** of both deposit-taking and non-deposit-taking SACCOs in the county.

Expected Outcomes

By implementing these interventions, the County Government aims to:

- Build a **robust financial ecosystem** for cooperative development.
- Stimulate **private sector confidence** in investing with cooperatives.
- Improve **credit access and operational liquidity** for cooperatives.
- Enable cooperatives to contribute meaningfully to the **county's economic transformation agenda**.

3.1.7 Policy on Information Communication Technology in cooperatives

Policy Objective

To **accelerate the digital transformation** of cooperatives by integrating Information and Communication Technology (ICT) solutions that improve **efficiency, transparency, financial accessibility, and market reach**, thereby ensuring the **sustainability and competitiveness** of cooperative enterprises in Bomet County.

Policy Direction

The County Government shall prioritize **ICT adoption** across the cooperative sector by promoting **digital financial services, automated systems, e-commerce platforms, and digital skills development**. This will be achieved through **strategic investments, enabling policy frameworks, and public-private partnerships**, ensuring cooperatives can effectively leverage emerging digital opportunities for inclusive growth.

Policy Interventions

a) Promotion of Digital Financial Services

- Facilitate access to **mobile banking, e-wallets, and digital payment platforms** for all cooperative transactions.
- Encourage **strategic partnerships** between cooperatives and **financial institutions** to expand **digital financial inclusion**.
- Promote the use of **secure, cost-effective** digital transaction services tailored for cooperative needs.

b) Adoption of Automated Record-Keeping Systems

- Support the **transition from manual to digital** record-keeping systems to improve accountability and efficiency.
- Provide **technical assistance and incentives** for cooperatives to adopt **cloud-based data management solutions**.

- Enforce **transparency and compliance** through the integration of **automated auditing** and **financial reporting tools**.

c) Enhancing E-Commerce and Market Linkages

- Partner with service providers to develop and support **cooperative-owned e-commerce platforms** for increased product visibility and direct-to-consumer sales.
- Facilitate **training on digital marketing** and branding strategies to help cooperatives penetrate and thrive in online markets.
- Invest in **digital infrastructure** to ensure stable internet access and seamless online operations for cooperatives, particularly in rural areas.

d) ICT Training and Capacity Building

- Develop and implement **structured ICT training programs** to boost **digital literacy** among cooperative members, leaders, and staff.
- Provide **resources, mentorship, and technical support** to help cooperatives effectively utilize digital tools for management and growth.
- Collaborate with **ICT service providers, development partners**, and training institutions to offer **subsidized software, hardware, and digital solutions** customized for cooperatives.

Expected Outcomes

Implementation of this policy will:

- Strengthen **operational efficiency** and **transparency** within cooperatives.
- Expand **financial access** through digital platforms.
- Improve **market competitiveness** and **sales performance** through online presence.
- Build a **digitally empowered cooperative sector** that is agile, innovative, and future-ready.

3.1.8 Cross Cutting Initiatives

Policy Objective

To ensure sustainable **growth, resilience, and inclusive development** of cooperative societies by integrating **gender equity, environmental sustainability, and health and well-being** considerations into governance, operations, and strategic planning.

Policy Direction

The County Government shall **mainstream gender, environmental, and health dimensions** across all cooperative frameworks to foster **inclusive participation**, promote **climate-smart practices**, and safeguard the **health and welfare** of cooperative members. These cross-cutting interventions will enhance the **long-term viability, competitiveness, and social impact** of cooperatives in Bomet County.

Policy Interventions

a) Gender Mainstreaming

- **Promote women and youth participation** in cooperatives through targeted **capacity-building programs, financial support, and awareness campaigns**.
- Implement policies mandating **gender-balanced leadership and inclusive decision-making structures** within cooperative boards and committees.
- Support the development of **women-led and youth-driven cooperatives**, offering mentorship, incubation services, and technical assistance.
- Establish **mentorship and peer networking platforms** to cultivate leadership and entrepreneurial skills among women and youth in the cooperative space.

b) Environmental Sustainability

- Encourage adoption of **climate-smart agricultural practices**, including **agroforestry, sustainable land use, and water conservation** techniques within cooperative operations.
- Promote **responsible waste management, recycling initiatives**, and reduced reliance on environmentally harmful agricultural inputs.
- Support cooperatives in implementing **climate adaptation strategies**, including use of **resilient crop varieties, early warning systems, and community-based reforestation programs**.

- Provide **incentives** for cooperatives that invest in **eco-friendly technologies** and adopt **sustainable production models** that reduce their ecological footprint.

c) Health and Well-being

- Integrate **preventive health measures** such as **awareness campaigns**, **routine screenings**, and **vaccination drives** into cooperative outreach and member services.
- Facilitate **partnerships with healthcare providers** to deliver **affordable medical services** and **insurance options** to cooperative members and their families.
- Establish and enforce **workplace health and safety standards**, with provisions for **mental health support**, **hygiene protocols**, and **occupational risk mitigation**.
- Encourage cooperatives to **invest in community health initiatives** that advance public **sanitation**, **nutrition**, and **disease prevention**, especially in underserved rural areas.

Expected Outcomes

- Enhanced **inclusivity and equity** in cooperative participation and leadership.
- Strengthened **climate resilience** and **environmental stewardship** in cooperative operations.
- Improved **health outcomes**, **member productivity**, and **community well-being** driven by cooperatives.
- Positioning of Bomet County cooperatives as **socially responsible**, **environmentally conscious**, and **people-centered enterprises**.

CHAPTER FOUR

INSTITUTIONAL IMPLEMENTATION FRAMEWORK

4.1 Introduction

This policy is grounded in the provisions of the **Constitution of Kenya, 2010 (CoK, 2010)**, which recognizes that **cooperative development is a shared function** between the **National Government** and **County Governments**, as outlined in the **Fourth Schedule**. The policy reflects a commitment to cooperative federalism and devolution, guided by the national values and principles of governance articulated in **Article 10**.

In this context, the policy acknowledges the following key constitutional principles:

a) Devolution of Authority and Resources:

The National Government shall devolve adequate **powers, functions, and resources** necessary for cooperative development to the **lowest possible levels**, consistent with the spirit of **subsidiarity** and the **national values** under Article 10.

b) Transfer of Power to Lower Levels of Government:

The County Government recognizes the importance of **delegating cooperative functions to sub-county and ward levels**, ensuring **community-based management** and effective grassroots participation in cooperative development.

c) Functional Assignment:

The **National Government** is responsible for the development of **national cooperative policy**, while the **County Governments** are tasked with the **regulation, promotion, and oversight** of cooperative societies within their jurisdictions.

d) Capacity Building and Technical Support:

The **National Government** retains the function of providing **capacity building, technical support, and policy guidance** to counties in the cooperative sector, ensuring uniformity in development outcomes.

e) Jurisdictional Variations:

Recognizing that some cooperatives operate **across counties** or **countrywide**, the policy

acknowledges the need for **collaborative regulation** by both national and relevant county governments to ensure consistency and compliance.

f) Uniform Norms and Standards:

The policy underscores the role of the National Government in developing **uniform national norms and standards** for cooperative supervision, to be adopted and enforced by County Governments in their regulatory frameworks.

g) Intergovernmental Collaboration:

The cooperative sector shall be governed through a **consultative and cooperative intergovernmental framework**, guided by mutual respect and the principle of **cooperative governance**, ensuring synergy between the two levels of government.

h) Role of Government in the Cooperative Sector:

While cooperatives are **private member-based organizations**, they serve the **public good**. Thus, the government's role shall be to **create an enabling environment**, facilitate **regulatory oversight**, and safeguard **member interests**, without interfering with the autonomy of cooperative enterprises.

4.2 Role of National Government

In line with the provisions of the **Constitution of Kenya, 2010**, this policy recognizes the following as core functions of the **National Government and its relevant agencies** in promoting and regulating the cooperative sector:

- a) Formulation of national cooperative policies and the overarching legal framework for the development and regulation of the cooperative sector;
- b) Registration and deregistration (cancellation) of cooperative societies;
- c) Registration and custody of audited financial statements of cooperative societies;
- d) Maintenance of a register of approved audit firms eligible to provide services to cooperatives;
- e) Development and enforcement of cooperative management and governance standards;
- f) Coordination of intergovernmental relations mechanisms within the cooperative sector;
- g) Conducting inquiries, inspections, and investigations into cooperative affairs, including enforcement of surcharges and penalties;

- h) Oversight of apex organizations, federations, and cross-county cooperative societies, in consultation with county governments;
- i) Promotion of good governance, ethics, and accountability within cooperative societies;
- j) Formulation and regulation of standards for cooperative education, training, and capacity development;
- k) Provision of capacity-building support and technical assistance to county governments;
- l) Establishment and operationalization of a national **e-Portal** for registration, data management, and service delivery in the cooperative sector;
- m) Promotion of public-private partnerships (PPPs) and facilitation of regional and international cooperation in cooperative development; and
- n) Establishment and maintenance of a **National Cooperative Research and Information Centre** to support evidence-based policy and innovation.

4.3 Role of County Government

As per the devolved functions assigned under the Fourth Schedule of the Constitution, the **County Government of Bomet** shall be responsible for the following roles in the supervision, development, and regulation of cooperative societies within its jurisdiction:

- a) Implementation of national cooperative policy and formulation of county-specific legislation and regulations aligned to national frameworks;
- b) Promotion, facilitation, and registration of cooperative societies operating within the county;
- c) Licensing of cooperative businesses in accordance with relevant county laws;
- d) Provision of audit services and enforcement of financial accountability standards in cooperatives;
- e) Conduct of regular inspections into the operations and affairs of cooperative societies;
- f) Promotion of cooperatives involved in **value addition**, facilitation of appropriate technology adoption, and sharing of relevant market information;
- g) Collection, analysis, and dissemination of data on cooperative activities in the county;
- h) Establishment and maintenance of **County Cooperative Information Centers** for knowledge sharing and public access;
- i) Enforcement of compliance with cooperative legislation and applicable regulations;
- j) Facilitation of partnerships and stakeholder linkages for cooperative development and

growth;

k) Promotion of good governance and ethical leadership in cooperative management structures;

l) Support and implementation of cooperative **revival, restructuring, and growth programmes**;

m) Promotion of inclusivity and equitable representation in cooperatives, with a focus on women, youth, and marginalized groups;

n) Provision of **advisory services** to cooperatives to support effective management and operations;

o) Enforcement of national and county-level **management standards** in cooperatives;

p) Promotion of cooperative research, development, and data-driven decision-making;

q) Integration of cooperative education into county learning institutions to nurture future cooperative leaders; and

r) Promotion of **cooperative innovation** and support for new cooperative ventures across economic sectors.

4.4 National Agencies for Cooperative

4.4.1 SACCO Societies Regulatory Authority (SASRA)

The **Sacco Societies Regulatory Authority (SASRA)** was established under the **Sacco Societies Act, 2008** to provide **prudential regulation and supervision of deposit-taking SACCOs (DT-SACCOs)** in Kenya. This mandate aligns with internationally recognized best practices, which require deposit-taking financial institutions to operate under robust regulatory frameworks to safeguard member deposits and promote financial stability.

In recognition of the evolving nature of SACCO operations—particularly the transition from **Back Office Services Activities (BOSA)** to **Front Office Services Activities (FOSA)**—there is a need to avoid regulatory overlap and ensure a seamless supervisory environment. To this end, the role of SASRA will be **expanded** to accommodate the growing complexity and scale of SACCO operations. This will facilitate efficient oversight, promote compliance with prudential standards, and support the sustainable growth of the financial cooperative sector.

4.4.2 Ethics Commission for Cooperative Societies

The **Ethics Commission for Cooperative Societies (ECCOS)** is an unincorporated body established under sub-regulation (2) of the **Public Officers Ethics Regulations (2003)**. The Commission is tasked with overseeing the ethical conduct of officers within cooperative societies, as outlined in the **Cooperative Societies Act**. This includes the members of the governing bodies of cooperative societies, ensuring that they uphold high standards of integrity, transparency, and accountability in the management and operation of cooperatives.

4.4.3 Cooperative Tribunal

The **Cooperative Tribunal**, established under the **Cooperative Societies Act Cap 490**, plays a vital role in arbitrating and resolving disputes within the cooperative movement. In alignment with the **Constitution of Kenya 2010 (CoK 2010)**, the Tribunal has been integrated into the judicial structure, ensuring it continues to serve the interests of the cooperative movement. Despite this structural change, the Tribunal will be restructured to enhance its efficiency and make its services more accessible to the public.

In addition to the Tribunal, the government will promote the use of the **Alternative Dispute Resolution (ADR)** mechanism as the primary approach for resolving disputes within cooperatives. Recognized by the CoK 2010 as an effective and efficient method, ADR offers several advantages: it is cost-effective, less confrontational, and flexible in its procedures. This fosters reconciliation and helps preserve future relationships between the parties involved, making it a suitable first line of action for cooperative disputes.

4.4.4 Role of Other State Agencies

This policy recognizes the role of other state agencies responsible for the implementation of national government policies and legislation. These agencies are essential to the successful and smooth execution of this policy, especially in areas where strategies may overlap or intersect with various sectors. The County Government will implement this policy in accordance with the National Cooperative Development Policy and national legislation. County cooperative actions shall conform to national frameworks, in line with Article 189(1)(a) of the Constitution. In turn, other national policies and legislation will acknowledge and integrate relevant aspects of this policy that align with their mandates.

To facilitate this, the following actions will be undertaken:

a) The **National Government** will establish an inter-governmental coordination unit within the State Department responsible for Cooperatives, ensuring seamless implementation and collaboration across all involved sectors.

b) **County Governments** The County Government shall allocate resources through its approved budgets and planning instruments. Where applicable, funding support from the national government may be sought through intergovernmental agreements or conditional grant arrangements under the Public Finance Management Act.

4.5 Role of Non-State Actors

This policy acknowledges the crucial role of non-state stakeholders in the development of cooperatives. These actors will collaborate with the government to mobilize cooperative members and resources, promote awareness of the policy, and engage in capacity-building efforts for both co-operators and regulators. Non-state stakeholders will actively participate in the public consultation process, supporting member education and involvement in various aspects of governance.

Development partners will play a complementary role in advancing the goals and objectives of this policy, contributing to its successful implementation. To streamline these partnerships, the Cooperative Directorate will serve as the coordinating body for all non-governmental organizations (NGOs) seeking to collaborate with the cooperative movement in the county, ensuring effective management of donor funding and developmental initiatives.

4.6 Intergovernmental Coordinating Unit

The County Government shall actively participate in intergovernmental coordination structures established by the State Department for Cooperatives, pursuant to the National Cooperative Development Policy and the Intergovernmental Relations Act. Participation shall include consultative forums, alignment of county policy priorities with national frameworks, and promotion of cross-county cooperative collaboration. This unit will play a pivotal role in promoting harmonization and fostering linkages between the cooperative movement and the national and county governments through regular forums. The unit will undertake the following actions:

- a) Develop mechanisms that allow the apex body to gain visibility through roundtable discussions with the Council of Governors (CoG) and other relevant national government forums;
- b) Encourage formal and recognized participation of the cooperative movement in key government structures that promote social and economic development agendas;
- c) Foster strategic partnerships between the cooperative movement, national government ministries and agencies, CoG structures, individual county governments, and other relevant stakeholders;
- d) Support initiatives aimed at promoting inter-county business trade through cooperative marketing, enhancing cross-county collaboration and economic integration;
- e) Address and resolve issues related to unfair taxation imposed on cooperatives within the county, ensuring equitable and supportive fiscal policies for the sector.

4.7 Monitoring and Evaluation (M&E) Framework

Monitoring and Evaluation (M&E) will be a critical component in the implementation of this policy. It will provide the government, the cooperative movement, and stakeholders with continuous and up-to-date data on progress, enabling prompt and informed responses to emerging challenges. Regular reporting will offer valuable feedback to assess the effectiveness of implementation strategies and identify areas for improvement.

The County Government will adopt a **Results-Based Monitoring and Evaluation Framework (RBMEF)** to ensure continuous tracking, assessment, and reporting of policy outcomes.

Objectives of the M&E Framework:

- Track implementation progress of policy actions and identify emerging challenges.
- Assess the effectiveness, efficiency, relevance, and sustainability of cooperative development initiatives.
- Provide real-time feedback for decision-making and policy adjustment.
- Enhance transparency, accountability, and learning among stakeholders.

Key Components of the Monitoring and Evaluation (M&E) Framework:

Component	Indicator Examples	Frequency	Lead Agency
Legal Reforms	% of cooperatives compliant with revised laws; number of bylaws updated	Annual	Directorate of Cooperatives
Institutional Strengthening	Number of cooperative officers recruited/trained; number of forums held	Bi-annual	County Dept. of Cooperatives
Financial Access	Volume of funds disbursed from Cooperative Fund; % of cooperatives accessing credit	Quarterly	Directorate of Cooperatives
Education & Capacity Building	% of cooperatives trained; number of VTCs offering cooperative courses	Annual	County Dept. of Education
ICT Integration	% of cooperatives with digital records; number of digital training sessions held	Annual	ICT Directorate
Gender & Inclusion	% of women/youth in leadership; # of inclusive policies adopted	Bi-annual	Gender & Youth Directorate
Environmental Sustainability	# of cooperatives adopting climate-smart practices; waste management compliance	Annual	Environment Dept.
Health & Well-being	# of cooperatives with health programs; insurance coverage rate	Annual	Dept. of Health Services

Governance of M&E:

A **County Cooperative M&E Committee** will be established and linked with the County Statistics and Planning Unit to harmonize data collection, evaluate reports, and recommend improvements. The Committee will also coordinate with the Intergovernmental Coordinating Unit for consistency with national standards.

Reporting Mechanisms:

- **Quarterly Progress Reports** by departments and stakeholders.
- **Annual Implementation Review Report** shared with the County Assembly and public.
- **Mid-term Evaluation** after 2.5 years.
- **Final Evaluation** after 5 years to inform policy revision.

4.8 Policy Review

This policy shall be subject to a comprehensive review every five years to ensure its continued relevance, effectiveness, and alignment with national and county development priorities. In addition, interim adjustments may be undertaken as necessary, informed by robust monitoring and evaluation (M&E) outcomes, stakeholder consultations, and emerging sectoral or contextual shifts.