

REMARKS BY H.E HON NDERITU GACHAGUA, CHAIRMAN OF THE AGRICULTURE AND LANDS COMMITTEE, COUNCIL OF GOVERNORS, DURING THE Consultative Workshop on Draft Cooperative Policy/Bill and PPP Act HELD ON TUESDAY 15TH APRIL 2014 AT SOPA LODGE

Ladies and Gentlemen,

Good Morning!

It is with great pleasure that I welcome you all to this important meeting today.

I consider it a particularly special privilege to have my fellow Governors, their county representatives and important stakeholders come together in a bid to put our minds together and map out the best way forward to improve the effectiveness of cooperatives in Kenya.

Indeed cooperatives have transformed the lives of Kenyans since independence to date.

Ladies and Gentlemen,

Today Kenya boasts of about 15,000 registered cooperatives with 12 million members. These cooperatives have more than 320,000 employees and a further 1.5 million people engaged in small scale and informal enterprise funded by cooperative loans

It is with great pride that I inform you that Kenya is ranked number one in Africa and seventh in the world on the strength of savings, which are in excess of KShs400 billion.

This is no small feat!

Cooperatives command 45 per cent of Kenya's gross domestic product (GDP), the highest proportion in percentage points of GDP attributed to cooperatives in the world. New Zealand comes in a distant second at 22 per cent.

About 60 per cent of the Kenyan population earns a living from cooperatives providing over two million jobs. With over 3,200 Saccos, Saccos are considered the fastest growing sub-sector in the cooperative movement, and this sub-sector is the fastest growing in Africa.

Ladies and Gentlemen,

These achievements in cooperatives are due a great history and strong foundation. The first cooperative, Lumbwa Cooperative was formed in 1908. By 1963, about 1,000 cooperatives had been registered in which black Kenyans had a stake.

Former President Jomo Kenyatta encouraged the establishment of cooperative societies and as a result the Ministry of Cooperative Development was established to strengthen and nurture the movement.

The Government also introduced subsidies and free access to government credit and free extension services

The Kenya National Federation of Cooperatives (KNFC) was then formed as an apex body to manage cooperatives. Later this body was replaced by Cooperative Alliance of Kenya (CAK) as the apex body for cooperatives and Kenya Union of Savings and Credit Cooperatives (KUSCCO) Ltd for SACCOs.

Ladies and Gentlemen

The cooperatives movement in Kenya now boasts of an annual turnover of Kshs 436 billion (\$4.4 billion) equivalent to 45 per cent of the national GDP

The main focus of the sub sector's activities in line with Vision 2030 is to facilitate cooperatives to play an important role addressing the challenges of low productivity, inappropriate land use systems, poor marketing systems, limited access to credit by farmers and small businesses, and low value-addition to agricultural commodities and other services.

With this in mind, we intend to implement policy reforms in cooperatives sectors. Among the things we hope to achieve include the merger of cooperative societies into economically sustainable entities to help reduce operational costs and benefit from economies of scale; formulation of more focused cooperative management guidelines and prudential standards; and timely remittances of deductions by employees to Saccos.

It is with these few remarks that I wish you all fruitful discussions during this workshop