

VIHIGA COUNTY COOPERATIVES DEVELOPMENT POLICY

2018

COUNTY GOVERNMENT OF VIHIGA

(COMMUNITY MOBILIZATION FOR ENHANCED LIVELIHOOD)

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ACRONYMS AND ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
CCDB	County Cooperative Development Board
CEC	County Executive Committee Member
CETI	Cooperative Education, Training and Information
CO	Chief Officer
ECC	Ethics Commission for Cooperatives
FOSA	Front Office Services
HIV	Human Immune Virus
ICA	International Cooperative Alliance
IES	Information Economic Sector
IGAS	Income Generating Activities
ILO	International Labor Organization
M&E	Monitoring and Evaluation
MCEG	Member Controlled Economic Group
NEMA	National Environmental Management Authority
PTL	Payment Lead Time
RBM	Result Based Management
SACCO	Savings and Credit Cooperative Society
SASRA	Societies Regulatory Authority
ToT	Training of Trainers
TVETS	Technical and Vocational Education Institution
WRS	Warehouse Receipt System

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Cooperatives have been acknowledged as effective institutional framework for mobilizing both human and financial resources towards improvement of the livelihoods of many communities in Kenya.

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FORWARD

The launching of this first County Cooperative Development Policy marks an important milestone in the county government's efforts to use cooperatives to achieve its development agenda and enable them play a key role in the development of the county as spelt out in the **Vihiga County Integrated Development Plan 2018**. The theme of this policy is pro-poor and aims at mobilizing the community in Vihiga County to realize optimum benefits from the exploitation and prudent use of their natural resources. The main objective of this policy is to promote a sustainable cooperative movement in Vihiga County for improved socio-economic development of its residents and to re-align the county cooperative sector to the changed government management structures, legal, and regulatory framework.

This will entail improvement of the performance of existing cooperative societies, savings mobilization, access to affordable credit and revitalizing cooperative managed input supply systems in the agro-commodity based cooperative societies. It also intends to transform the county's cooperative sector into a vibrant economic engine, contributing significantly to the economic growth of the county. The county government recognizes that an efficiently management and economically sustainable cooperative sector requires a favorable and enabling legal and regulatory environment together with adequate operating capital. To this extent, the county government has put in place strategies to create a stimulus program known as the **Vihiga County Cooperative Enterprise Development Fund** to address cooperative societies' operating capital inadequacy.

The County has also, consequent to this policy, domesticated the cooperative legal framework to re-align it with county specific needs and circumstances of cooperative societies as a devolved function. The county cooperative policy embraces various strategies needed to make the county cooperatives efficient, effective, and competitive. It provides a framework for promoting public/private partnership among the cooperatives, county government and private sector actors to mobilize savings and investments, acquire new technologies, embrace value-addition in the agricultural sector and engage in aggressive marketing of their products and services through up-scaling the marketing and research function of the Directorate of Cooperatives and sharing of information on various business innovations and initiatives.

Successful implementation of this policy, calls for sufficient level of funding for cooperative programs, increased staffing and skills development at all levels. This policy comes as a response to a new constitutional dispensation in the country which provides for cooperatives as a devolved function at Section 7(e) of Part II of the Forth Schedule of the Constitution, 2010, economic and governance challenges confronting cooperatives in a liberalized economic environment and takes cognizance of the fact that the cooperatives contribution to the county's economy has been hampered in the recent years by inefficiencies and non-performance of other related sectors like agriculture and livestock. Other causes of inefficiencies and ineffectiveness of cooperatives in the county are the utilization of outdated agronomical practices and technologies, inadequate capital, limited product development and poor marketing of products and services. An inappropriate and

inadequate cooperative education and information content and delivery services has led to poor cooperative member awareness and preservation of the status-quo by emphasizing the bases of why people come together rather than key issues of business development and personal economic growth and investment.

This policy identifies the necessary policy, legal, and governance reforms required to conform to the provisions of the new constitution, defines a paradigm shift towards a proactive engagement between the county government, the cooperative movement and other stakeholders in addressing the above challenges. These efforts need to be harmonized and consolidated with a view to increasing the level of savings mobilization by cooperatives, improving the contribution of cooperatives to the county's economy, increasing the number of jobs created by cooperatives for the youth through transformation of the informal sector and realizing significant poverty reduction through strengthening the existing cooperatives, promoting and registering new ones in potential areas of the county.

While the county government retains the responsibility to provide an enabling environment for cooperatives to grow, cooperative societies' on the other hand must inculcate the spirit of self-regulation in terms of improving their management capacity. The provision of policy and legal frameworks cannot be in themselves a substitute to the cooperators' devotion and integrity towards service delivery to their members. I therefore take this early opportunity to invite cooperatives and other stakeholders in the cooperative movement to support cooperatives in Vihiga County to take an active role in pursuing the goals and objectives set out in this policy. Cooperatives bring people together. It is our intention to build a cooperative sector that is capable of mobilizing both human and financial resources for investment in order to improve the livelihoods of the residents of Vihiga County for this is the central theme of the policy cooperative development policy.

Hon. Pamela Mbagaya Kimwele

County Executive Committee Member

Department of Agriculture, Livestock, Fisheries and Cooperatives

COUNTY GOVERNMENT OF VIHIGA

PREFACE

The county government through the Directorate of Cooperatives has the overall responsibility to oversee the growth and development of cooperatives including legal enforcement as a devolved function provided for under section 7(e) part II of the Fourth schedule of the constitution of Kenya 2010. The mandate of the Directorate of cooperatives under this policy are to provide; cooperative management and extension services, cooperative education, training and information (CETI), development of Accounts and management systems, marketing and value addition, cooperative investments, corporate governance and audits and supervision. The county government in consultation with other stakeholders in the cooperative, movement has developed this cooperative development policy in line with the constitutional requirements where every county has to re-align county specific policies and strategies to its special needs and circumstances.

Within this policy framework, cooperatives will be at the fore front in mobilizing domestic savings, promoting new investments, job creation for the youth, enhancing production and productivity in the agricultural sector, engaging relevant programs to reduce poverty, promoting equity in the community and transforming the informal economic sector to formal. This cooperative policy brings on board actions designed to consolidate the role of cooperatives in the implementation of Kenya Vision 2030 as well as the promotion of an innovative, commercially oriented and modern agricultural financial services sector. Within the economic pillar of Kenya Vision 20130, the county government will revitalize strategic cooperatives based on their potential role on poverty reduction, wealth creation, employment generation and enhancing equity. Cooperatives will be encouraged and supported to invest in product development and value addition through a stimulus fund to provide seed capital.

It is envisaged that the foundation for the implementation of this policy will be laid over the medium term after its launch. During this period, issues pertaining to implementation and popularization of the cooperative development policy, review of the cooperative legal framework that re-aligns with the requirements of the constitutional environment in which the function and power over cooperatives is devolved to the county, refining the cooperative programs, and developing the appropriate financing instruments of cooperative activities will have been achieved. The major focus will be on enhancing the devolved regulatory and oversight capacity of the Directorate of Cooperatives by re-evaluating and re-organizing the staffing norms to upscale the management and supervisory capacity to correspond to its overall responsibility. This will have the net effect of improving staff delivery of advisory and cooperative extension services. In order to promote accessibility of cooperative products to both local and external markets, there will be need to enhance the efficiency and capacity of the marketing function of the Directorate of Cooperatives and the cooperative societies. The revised cooperative legal framework will pave way for efficient cooperatives that will broaden their powers to venture into new member investor cooperatives as opposed to dependence on returns based on limited

member patronage and participation in cooperative business as enshrined in the traditional cooperative principles.

However, cooperatives in Vihiga County faced several challenges that need to be addressed to pave way for a successful implementation of this policy. These challenges include weak capital base, inadequate access to credit, inadequate management capacity, poor staffing levels, limited knowledge and skills and generally poor member awareness on cooperative matters. In order to successfully oversee cooperative growth and development, the county government will work closely with the national government and other relevant stakeholders in the cooperative movement towards building local capacity for supervision and self-regulation of cooperatives.

Chief Officer

Agriculture, Livestock, Fisheries, and Cooperatives

VIHIGA COUNTY

EXECUTIVE SUMMARY

1. Introduction

This policy has been formulated taking into account the county's development priorities in relation to Kenya's vision 2030 and the County Integrated Development Plan 2018-2022. It also highlights the cooperatives' potential and opportunities that can contribute to the county's economic transformation from a purely agricultural economy to agro-industrial and value-addition economy. The cooperative sector in Vihiga County is relatively small for most of the cooperative societies are based on savings and credit activities and the formal agricultural sector like coffee, dairy, and tea. There are 95 registered cooperative societies in the county with a membership of 14,380 and a share capital of KSh. 36,608,766 as at 31st.July.2018 distributed as 4 dairy, 5 coffee, 57 savings and credit, 12 housing, and 17 other cooperative societies in the informal sector. However, the potential for growth and development of the cooperative sector in the county is significant.

1.1. Challenges to Cooperative Growth and Development

The challenges facing the cooperative sector in the county include but not limited to: inadequate policy and legal framework, weak operational structures, low structural efficiency, inadequate financing, (low capital base), employment of unskilled personnel, utilization of outdated technologies, economic liberalization after government withdrawal of guaranteed monopoly to agricultural commodity cooperatives like coffee and dairy, inappropriate content cooperative education, training and information, limited product range, inadequate cooperative marketing and market research, lack of clear guidelines on cooperative extension services, cooperative, self-regulation and corruption.

1.2. Opportunities in the Cooperative Sector

Despite the challenges facing cooperatives in Vihiga County, there is potential for growth and development, which include overcoming barriers to assets, information services and marketing of agricultural products. There is need to encourage the supply of agricultural inputs by cooperatives to facilitate both the production and productivity in agricultural commodities. Cooperatives can also provide assured markets for commodities produced by isolated farmers in rural areas e.g. bananas, onions, and tomatoes while capturing the advantages of value-addition and introduction of standards and grades.

There is great potential in agro-processing and value addition. It is envisaged that savings and credit co-operatives (SACCOs),entrepreneurs; that is, Share Services Co-operatives (SSC), workers, labor-contracting, entertainment, schools, quarry, transport (boda-boda) poultry, horticulture, sand harvesting, and hides and skins will play a significant role in the county's economy. Value chain development will also be pursued in potential areas like flour milling, animal feeds, piggery, tiles, and brick making. It is anticipated that the transformation of the

informal member-controlled economic groups (MCEGS) will be carried out to form savings and credit cooperatives.

1.3. Cooperative Policy Framework

A key feature in formulating a cooperative development policy is stakeholder participation by cooperative members, who are the principal stakeholders. In the ideal situation, the cooperative movement represented by its apex body in the county should be the prime mover in a policy formulation process. In the case of Vihiga County, such structures are not yet in place. The prime mover in policy formulation the foreseeable future shall be the Directorate responsible for cooperative development. This situation notwithstanding, the cooperative policy formulation process should involve as many stakeholders as possible in order to incorporate their diverse views and concerns.

This policy is supportive and consistent with national and county development plans and aspirations; its main focus being pro-poor and inclusive development, promotion, organization, development, and multiplication of cooperatives and other Member Controlled Economic Groups (MCEG's) as well as building their operational capacities. The implementation of this policy will require a strong advisory mechanism at the county level which shall be cascaded to the sub-county and ward levels.

1.4. Creating and Enabling Legal Framework

There is a need for a pro-active legal framework for cooperative management that takes into account the diverse challenges and unique needs that subsists in Vihiga County after devolution that places cooperatives under the control and management of the county government. Prior to the promulgation of the constitution of Kenya 2010; there existed and still exists a Cooperative Societies' Act Cap 490. This legal regime provides for the management, regulation and development of cooperatives from the center through the statutory office of the Commissioner for Cooperatives Development at the national government. This state of affairs must change and devolve these responsibilities to the county government pursuant to section 7(e) of Part II of the Forth Schedule to the constitution so that cooperatives are regulated from their respective counties where their offices are situated. This shift is provided for by the constitution's key **feature of devolution** in which the function or power over cooperatives is fully devolved to the counties. It is necessary to develop an appropriate legal framework that aligns itself to the new constitutional requirement. This may also pave way for cooperatives to venture into new types of cooperative activities, facilitate registration of cooperatives from the grassroots depending on their unique needs and circumstances. Registration and development of cooperatives must be demand and need driven. This can be better understood at the local county level where the users of cooperative services reside. The top-down approach to cooperative development should be discouraged to enable cooperative members' access to services expeditiously.

1.5. Rationale of Cooperative Policy

The Vihiga County Cooperative Development Policy has been necessitated by the changed political, economic, legal, and emerging development challenges in the county. The promulgation of the constitution-2010 created two levels of government, the National and County governments. The new constitutional dispensation calls for counties to formulate county specific policies that can address their unique development issues. This policy is to give effect to section 7(e) of Part II of the Fourth Schedule of the constitution to make provisions for formation, development, and management of cooperative societies in Vihiga County as a devolved function. It will enable the development of efficient cooperatives in the county and make them relevant to the county's development programs while safeguarding members' interests and guaranteeing soundness of cooperative societies' investments. Cooperatives as grassroots business entities are good vehicles for the implementation of the decentralized system of governance. Cooperatives can, therefore, provide some services at decentralized levels instead of solely seeking for such services from centralized national structures.

Cooperatives face specific challenges which include but not limited to low capital base that limits their expansion and growth, reduced returns to their members which are driven by meagre refunds rather than their motivation to expand the size of their equity capital and return on investment (ROI). They are also faced with inadequate capital to undertake value addition and engage in aggressive marketing, grading, packaging, and engagement in investments which can yield optimal returns to the members. It has become necessary to formulate this policy to address these challenges and amplify the gaps and linkages between the cooperatives and other social economic sectors within the county.

1.6. Role of Government in Cooperative Governance

Cooperative societies are recognized as unique private institutions that operate without due interference from the government. However, clarity of roles and responsibilities among cooperatives, government and other stakeholders is essential if cooperatives are to overcome the challenges of the future. The county government will respect the sanctity of cooperative principles while ensuring that the interest of members are safeguarded. It will also facilitate dispute resolutions in cooperatives. Sufficient attention will be given to building the capacity of the Directorate of cooperatives. However, it is the responsibility of the cooperative members to elect honest leaders and professional managers with integrity to manage the affairs of their cooperative societies.

1.7. Cooperatives and Kenya Vision 2030

The Kenyan vision 2030 is anchored on social, economic, and political pillars. Firstly, under the economic pillar, cooperative societies will mobilize and develop demand-driven financial products, which will increase members' propensity to save and subsequent investment. It will enable cooperative members to generate wealth which will be used for their benevolent services. The Kenyan vision 2030 envisages the transformation of the informal sector into an efficient

formal economic sector that can be used for the development and production of diversified products. In order to upscale the economic development in the county, it is imperative to emphasize increased agricultural production and productivity that will lead to agro-processing and value-addition through the cooperative system. Secondly, under the social pillar, the cooperative sector can mobilize financial resources to finance education, build houses, and meet healthcare and other development needs through affordable loans to the members. Thirdly, the political pillar envisages creating “*a people centered and politically engaged open enterprise*”. Cooperative societies bring people together irrespective of social status, ethnicity or other considerations. The cooperative societies, form the foundation for a cohesive enterprise and enhance politics based on economic survival and issues. Pursuant to the cooperative principles and values, cooperative members care for each other besides catering for their economic interests.

1.8. Consolidating Self-regulation within Cooperatives

Cooperatives in Vihiga County need to intensify self-regulation through internal operational and administrative guidelines, internal quality control systems and improved application of information and technology. The gaps identified in cooperatives that need to be addressed include;

- a) Limited financial and operational guidelines
- b) Ineffective internal management and operational guidelines
- c) Inadequate planning, monitoring and evaluation guidelines
- d) Inadequate cooperative knowledge among leaders
- e) Uncoordinated reporting systems and procedures
- f) Unprofessional management and personnel
- g) Inadequate prudential standards and systems

2. PROGRAMS OF THE COOPERATIVE SECTOR

2.1. Cooperative Management and Extension Services;

This policy recognizes the inadequacy of cooperative management, extension, and advisory services in the county that will contribute to efficient management of cooperative enterprises. Cooperative societies will require intensive technical advice and information on production credit and input supply, post-production processing technologies, value addition, cooperative marketing and research, accounts and management systems and procedures, good cooperate governance, the importance of timely audits, data gathering and planning. These services will go a long way in strengthening self-regulation capacities by imparting internal operational and

management guidelines, quality control systems, good human resource policies and procedures, marketing guidelines as well as use and adoption of modern technologies within the existing cooperative societies. The directorate of cooperatives will focus its efforts on potential areas where cooperatives have not emerged, especially the informal economic sector. Emphasis will also be directed to Member-Controlled-Economic Groups (MCEGs) which include self-help community-based organizations, Member savings groups (Chamas), Merry-go-rounds and table banking groups. These MCEGs currently outnumber the true registered cooperatives in the county. They are characterized by ad hoc planning procedures, unclear management structures, lack of legal identity, inadequate financial management procedures and controls etc. This policy proposes to mobilize and re-organize this segment of our community with a view to transforming them into true cooperative societies that operate on cooperative principles and values.

2.2. Cooperative Education, Training, and Information (CETI)

This policy aims at developing an enlightened leadership capable of efficiently and effectively managing the affairs of the cooperative societies in the county to the benefit of the members. Cooperative education, training and information (CETI) will focus on the four specific segments in the cooperative system namely; the members, management committees, employees and the general public. The CETI programs will entail clearly defined goals and objectives that will put members at the center of cooperative development.

2.3. Cooperative Marketing and Value Addition

Primary agricultural marketing cooperative societies in the past enjoyed monopoly and government protection in marketing of agricultural produce e.g. Milk, coffee, cereals, horticulture etc. This monopoly and state protectionism ended with the advent of free market economy. Cooperative societies have been caught up in their inbuilt operational inefficiencies, weak capital base, lack of trained personnel to deal with modern marketing techniques, lack of value addition, and most importantly, farmers' loss of control of their produce after delivery to the marketing agency at the collection center. This policy outlines broad measures to ameliorate these challenges.

2.4. Cooperative Accounts and Management

Cooperative legislation provides for the types of books of accounts and management records to be kept and maintained by Cooperative societies. The Directorate of cooperatives will ensure proper accounts and management systems are put in place in all cooperative societies in the county. All cooperative societies shall operate on annual approved budgets by their members in order to improve their financial management capabilities to safeguard members' funds. This policy also focuses on the importance of the cooperative Audit and supervision function in order to improve on good corporate governance.

2.5. Gender Equity in Cooperative

Gender issues in cooperatives involve the equal treatment of men and women in socio-economic affairs. Cooperative societies in the county will design, support and develop strategies that increase the involvement of women in income-generating activities through which they can become members of cooperatives. This policy has enumerated various activities for women under promotion of new cooperative societies in potential areas of the county. However, cooperative education, training and information will focus specifically on gender issues.

2.6. Youth and Cooperatives

The youth constitute a significant proportion of the total population of Vihiga County. They are the cooperators of tomorrow and therefore need to be nurtured into the cooperative system. The county government will sensitize cooperative societies' leadership on the need to recognize the youth potential and incorporate them into legally acceptable youth employment creation activities. This area has received special attention in the policy under transformation of the informal sector of the county into formal economic activities through cooperatives.

2.7. Cooperatives and Environment

Climate change affects everybody and every country in the world. If it is not well managed it adversely affects the trend and manner of economic and social development of the society. Cooperatives can effectively act as a focal point for awareness building on climate change issues as part of their principle of **concern for the community**. The county government will use and support cooperatives to disseminate climate change issues to their members within the communities where they operate through cooperative education, training and information programs in collaboration with subject matter specialists.

2.8. Cooperatives and HIV/AIDS

HIV/AIDS pandemic impacts negatively on all sectors of the economy. Significant amounts of resources are spent on providing medical support to the affected persons and the orphaned that would otherwise be used for other productive economic activities. Cooperatives are appropriate institutions that can contribute positively to reduction of HIV/AIDS problem in the county because they have a captive audience and operate on the principle of concern for the community. The county government will establish networking with national HIV/AIDS council, NGOs and other subject matter specialists to use the cooperative societies' infrastructure to mitigate and reduce the HIV/AIDS problem in the county.

2.9. Cooperative Policy Implementation

It is envisaged that the foundation for the implementation of the cooperative development policy will be laid over the medium term period 2018-2020. During this period, all the necessary support programs for operationalizing this policy will be concluded. Despite the resource constraints at the county government, all the measures outlined in this policy are considered

integral to the development of cooperatives as a contributor to the overall county economic development as outlined in the County Integrated Development Plan (CIDP)-2018.

2.10. Financing of Cooperative Sector Management

The successful implementation of this cooperative policy will largely depend on the ability of the county government and the county cooperative societies to fund the cooperative programs identified in this policy. It is expected that the county government will increase its level of funding that will go a long way to upscale management and extension services to the existing cooperatives, promotion and registration of cooperatives in potential areas in the county, strengthening law enforcement, promotion of efficient marketing in commodity-based cooperatives, restructuring and staffing of the Directorate of cooperatives at the county, sub-county, and ward levels. Other modalities in financing of cooperative development in the county will be through the promotion of more SACCOs that will enable the lower income groups of people to access credit facilities. These types of SACCOs can be promoted and initiated at the ward and nyumba kumi levels where savings products can be identified. These can form the foundations of village banks in the county.

CHAPTER ONE

1. INTRODUCTION

This document contains the Vihiga County Cooperative Development Policy. The county government intends to harness the county's growth potential through the cooperatives. To this extent, the county government has made a deliberate decision to adopt a policy that will strengthen the operations of the cooperatives. This policy will improve the performance of cooperatives and mainstream them in the county's development agenda as outlined in the Vihiga County Integrated Development Plan (CIDP) 2018. It presents a framework for accelerating the county's cooperative societies' management efficiency and creates an enabling environment for employment, wealth creation and poverty reduction. Its goal is also to strengthen the management and institutional capacity of cooperatives to enable them play a greater role in accelerating economic growth and development in the county. The broad objective of this policy will be to improve the performance of cooperatives, facilitate registration of new cooperative societies in potential areas, promote access to affordable credit through savings and credit cooperatives (SACCOs) and improve cooperative societies' service delivery to their members e.g. supply of farm inputs (certified seeds, fertilizers, farm equipment and implements, bulk purchase of merchandise, transport, storage, and facilitate farmers' training).

This policy has been formulated taking into account the county's development priorities in relation to Kenya's vision 2030. It also highlights the cooperatives' potential and opportunities that can contribute to the county's economic transformation from a purely agricultural economy to agro-industrial and value-addition economy. The cooperative sector in Vihiga County is relatively small for most of the cooperative societies are based on savings and credit activities and the formal agricultural sector like coffee, dairy, and tea. There are 95 registered cooperative societies in the county with a membership of 14,380 and a share capital of KSh. 36,608,766 as at 31st.July.2018 distributed as 4 dairy, 5 coffee, 57 savings and credit, 12 housing, and 17 other cooperative societies in the informal sector. However, the potential for growth and development of the cooperative sector in the county is significant.

The rest of the economy of Vihiga County is largely informal. Therefore the potential of growth for the cooperative sector will depend on transformation of the informal rural sector to a formal economy.

1.1. Definition of Cooperative Society

According to the International Cooperative Alliance (ICA) and International Labor Organization (ILO) convention in Manchester City in 1995, a cooperative society may be defined as **“an autonomous association of persons united voluntarily to meet their common economic social and cultural aspirations through a jointly owned and democratically controlled enterprise”**.

1.2. The Cooperative Model

There are many different ways of doing business. However, there are only five ways of controlling an enterprise, such as:

- a) State owned company
- b) Family business
- c) Charitable foundation
- d) Joint stock company, and
- e) *A Cooperative society*

The cooperative society's business model, whose ownership and control is by the members that it serves, is the focus of this policy. It is often held that the goals of profit and social responsibility are incompatible. But in the cooperative model, there is a balance between the profit interests, members' needs and community interests. Cooperatives show us that, it is possible to pursue both economic viability and social responsibility. Cooperatives are a good mechanism for pooling the people's scarce resources with a view to providing them with economies of scale in their operations. In Vihiga County, as it is in the other parts of Kenya, cooperatives are central as an approach to poverty reduction.

1.3. Strengths of the cooperative model

Due to the nature of Cooperative Societies' membership and ownership; where members are the owners, customers and managers (i.e. a 3 in 1 mutual), cooperatives facilitate a wider income distribution than private companies which are a preserve of a few rich people operating as shareholders. The income generated from cooperative enterprises is spent locally to boost the local economy where the cooperatives operate. Cooperative societies provide a strong network that builds a framework for employment creation, access to market, technological innovation and transfer, social empowerment, effective financial intermediation among members as compared to other conventional financial institutions like commercial banks. Lastly, cooperative societies operate at all levels of the community compared to commercial banks that are basically located in urban areas.

Policy: To encourage the residents of Vihiga County to adopt the cooperative business model.

Strategy: Form cooperative societies in potential areas of the county

1.4. Cooperative Principles

Cooperative principles are internationally accepted as the only guidelines upon which true cooperatives are built and conduct their business. These principles, enable cooperatives to actualize their values in order to attain their objectives. They are stated here below:

a) Open and voluntary membership

Membership to a cooperative is open to all persons who wish to benefit from such membership and are willing to accept the corresponding responsibilities without gender, racial, social, religious or political discrimination. One is free to leave the cooperative at any time.

b) Democratic member control

Members have an equal voice commonly referred to as “*One member one vote*”

c) Member economic participation

Members contribute equitably to the capital of their cooperative. The economic benefits of the society are returned to the member, re-invested in the society or used to provide member services. Members control the capital of the cooperative.

d) Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by the owners. They enjoy political, religious, racial, and tribal neutrality.

e) Education, training, and information

Cooperatives provide education and training to the members so that they can effectively participate in the development of the society. They also inform the general public.

f) Cooperation amongst cooperative enterprises

Cooperatives will serve their members better if they work together among themselves at local, regional, national, and international levels.

g) Concern for the community

The cooperatives should work towards sustainable development of their communities through policies accepted by members

Policy: All cooperative societies in Vihiga County will be required to conduct their business in accordance with the above principles.

Strategy: To ensure all cooperatives in the county adopt the internationally accepted cooperative principles

1.5. Cooperative Values

Cooperatives are based on values such as self-help, self-responsibility, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of

honesty, openness (transparency) and social responsibility and caring for other people in the community where they operate.

Arising from the above, all cooperatives within Vihiga County will be expected to operate within these principles and values. Therefore, going forward, they will be required to include a statement of conformity with these principles in their annual financial statements through their audited accounts.

1.6. Cooperatives and Kenya Vision 2030

The Kenyan vision 2030 is anchored on social, economic, and political pillars. Firstly, under the economic pillar, cooperative societies will mobilize and develop demand-driven financial products, which increase members' propensity to save and subsequent investment. It will enable cooperative members to generate wealth while using it for their benevolent services. The Kenyan vision 2030 envisages the transformation of the informal sector into an efficient formal economic sector that can be used for the development and production of diversified products. In order to upscale economic development in the county, it is imperative to emphasize increased agricultural production and productivity that will lead to agro-processing and value-addition through the cooperative system. Secondly, under the social pillar, the cooperative sector can mobilize financial resources to finance education, build houses, and meet healthcare and other development needs through affordable loans to the members. Thirdly, the political pillar envisages creating "*a people centered and politically engaged open enterprise*". Cooperative societies bring people together irrespective of social status, ethnicity or other considerations. The cooperative societies, form the foundation for a cohesive enterprise and enhance politics based on economic survival and issues. Pursuant to the cooperative principles and values, cooperative members care for each other besides catering for their economic interests.

Policy: to incorporate Kenya Vision 2030 into the cooperative movement in Vihiga County

Strategy: To support and guide the cooperative movement to enable the county achieve Vision 2030

1.7. Cooperative Sector Vision and Mission

a. Vision

To promote an economically viable cooperative movement based on internationally accepted cooperative principles and values that will enhance the standard of living of its members and residents of Vihiga County.

b. Mission

A cooperative movement that will serve its members efficiently, equitably, while empowering them economically.

1.8. Structure of the Cooperative Sector in Vihiga County

The cooperative sector in the county will be organized into a three-tier system consisting of primary, secondary, and tertiary levels.

- a. *Primary Cooperatives*- consists of individual members forming a cooperative society.
- b. *Secondary Cooperatives* –are cooperatives whose membership consists of two or more primary cooperatives to form a cooperative union
- c. *Tertiary Cooperatives*- are those cooperatives whose membership consists of two or more cooperative unions to form an Apex Cooperative union at the county level.

Policy: To encourage the promotion, development and registration of primary, secondary (Unions) and Tertiary (Apex Cooperative) in the county.

1.9. Rationale of the County Cooperative Sector

The Vihiga County Cooperative Development Policy has been necessitated by the changed political, economic, legal, and emerging development challenges in the county. The promulgation of Kenya constitution-2010 created two levels of government, the National and County governments. The new constitutional dispensation calls for counties to formulate county specific policies that can address their unique development issues. This policy is to give effect to section 7(e) of Part II of the Fourth Schedule of the constitution to make provisions for formation, development, and management of cooperative societies as in Vihiga County as a devolved function. It will enable the development of efficient cooperatives in the county and make them relevant to the county's development programs while safeguarding members' interests and guaranteeing soundness of cooperative societies' investments. Cooperatives as grassroot business entities are good vehicles for the implementation of the decentralized system of governance. Cooperatives can, therefore, provide some services at decentralized levels instead of solely seeking for such services from centralized national structures.

Cooperatives face specific challenges which include but not limited to low capital base that limits their expansion and growth, reduced returns to their members which are driven by patronage refunds rather than their motivation to expand the size of their equity capital and return on investment (ROI). They are faced with inadequate capital to undertake value addition and engage in aggressive marketing, grading, packaging, and engagement in investments which yield optimal returns to the members. It has become necessary to formulate this policy to address these challenges and amplify the gaps and linkages between the cooperatives and other social economic sectors within the county.

In a nutshell, this policy seeks to achieve the following aspects;

- a) To align the cooperative management agenda with the county economic and social objectives

- b) To link the county with other national policies, laws and rules that are in force
- c) To create an enabling county cooperative policy environment for a sustainable cooperative growth and development
- d) To streamline the scope of the cooperative movement to cater for all categories of existing and emerging cooperatives
- e) To transform the county's informal sector to a formal economic sector through cooperatives
- f) To enhance the capacity, efficiency, and effectiveness of the county regulatory and oversight framework on cooperatives.

CHAPTER TWO

2.0. STATUS OF THE COOPERATIVE SECTOR IN VIHIGA COUNTY

2.1. Contributions to County development

The cooperative sector in Vihiga County is relatively small although the potential for growth is high. As at 31st July 2018, there were 95 registered cooperative societies based on agriculture and savings and credit cooperative societies (SACCOs), housing, handicraft, and transport services. These cooperatives are distributed as follows: four dairy, five coffee, 57 savings and credit (SACCOs), 12 housing, and 17 other cooperative societies based in the informal economic sector. During the same period, membership stood at 14,380 while share capital was Ksh36,608,766. The county government acknowledges that a genuine, autonomous and economically viable cooperative movement and its membership have a vast development potential; including the capacity to create employment through income-generating activities. In addition, cooperatives can help develop their business potential, including entrepreneurial and managerial capacities.

2.2. Challenges facing the cooperative sector in Vihiga County

The following are the challenges facing the cooperative sector in Vihiga County: ownership structure, inadequate legislature and policy framework, resource constraints, poor performance of the agricultural sector, poor infrastructure, poor member awareness, inadequate professional management and human resource development, inadequate cooperative guidance and monitoring services, political interference, inadequate cooperative education, training and information and lastly corruption.

Inadequate professional management

1. Ownership Structure

The ownership structure of the traditional cooperative society is a collective ownership with minimum capital investment by the members. The traditional agricultural marketing cooperatives have not transformed into market competition agents. They have remained or been driven by patronage refund to the members rather than a situation where members are motivated by expanding the size of their equity capital and Return on Investment (ROI). This ownership structure is the cause of cooperative dependence on minimal capital investment. They basically create conditions for general collection of bulk farm produce to attain economies of bulk collection for external buyers rather than investment gain for members. This situation has persisted in many agricultural cooperative societies in Vihiga County

Policy: Cooperatives will be encouraged to adopt a member-investor approach to their businesses in order to expand their equity capital and Return to Investment (ROI).

2. Inadequate Legislative and Policy Framework

Co-operatives are basically economic enterprises that require proper legislative and policy support aimed at creating an enabling environment conducive to their healthy development. There is no clear policy and legislation on co-operatives in the county. The lack of clarity in policy and inadequate legislation has made co-operative societies ineffective and inefficient as instruments of economic development in the county.

3. Resource Constraints

The co-operative sector in general is facing severe credit resource scarcity. Indebtedness to co-operative credit institutions like Co-operative Bank of Kenya have limited the cooperative societies' ability to mobilize internal resources. The agricultural cooperative societies have been seriously affected to the extent that they lack survival strategies. Most of them operate below capacity especially in the dairy and coffee sectors.

Policy: To put in place a conducive policy and legislative environment to promote cooperative growth and development

4. Poor performance of the Agriculture Sector

The agricultural sector has performed poorly in relative terms in the last decade compared to other economic sectors like manufacturing, commerce and tourism. This poor performance can be attributed to climate change and decreasing international commodity prices and global un-competitiveness. It is acknowledged that there is a direct correlation between the performance of the agricultural sector and that of the agricultural commodity co-operatives e.g. coffee and dairy. When the agricultural sector records good performance, the agricultural-commodity co-operatives respond positively. This poor performance of the agricultural sector has determined the low throughput in the corresponding co-operative societies based on coffee, dairy and cereals. Any strategies to revive them must start with revitalization of the corresponding agricultural sub-sector.

Policy: To support agricultural production and productivity that will eventually promote the growth of the agro-based cooperative societies

5. Infrastructural Constraints

The co-operative sector is still affected by poor infrastructure; particularly in the field of post-harvest technology, storage, marketing and processing. The lack of basic rural infrastructure support such as roads, electricity and general communications inhibit growth of the cooperative sector.

Policy: To provide the requisite resources to revamp the cooperative infrastructure in rural areas

6. Inadequate Professional Management and Human Resource Development (HRD)

The co-operative movement in Vihiga County lacks professional management and skilled human resource that could contribute to the efficiency and effectiveness of co-operative societies in service delivery to their members.

Policy: Up-scale the human resource capacity of the cooperatives through relevant cooperative education, training and information programs.

7. Poor Member Awareness

A successful co-operative movement requires an enlightened and informed membership. Although the membership of co-operative societies in Vihiga County has increased over the recent past, dormant membership and the absence of active participation of members in the management of these cooperatives have not only weakened them but also encouraged the dominance of vested interests causing bottlenecks that hinder service delivery to the members. In a large number of cases, not only have elections and general meetings not been held regularly, but also the management of some co-operatives have been captured by a few elites. This state of affairs has created apathy among members towards the management and consequently destroyed the very core spirit of the democratic nature of co-operatives.

Policy: To intensify relevant cooperative education, training and information on members' rights and obligations in accordance with the cooperative societies' Act.

8. Inadequate Guidance and Monitoring

The Government of Kenya registers co-operative societies after they have been promoted at the grassroot level by the people. However, there is little follow up in terms of extension services, which include guidance and monitoring of the co-operative activities to enhance and strengthen their performance. This has limited the development of cooperatives in Vihiga County.

Policy: Enhance the capacity of the Directorate of Cooperatives to increase its support in the provision of extension services to the cooperative movement.

9. Political Interference

Interference into the operations of the co-operative societies by politicians is real. This is because co-operatives are about people and secondly they are public organizations. Individuals opposed to internationally accepted co-operative principles are likely pre-disposed to interfere in the development of co-operative societies. They would prefer to see cooperative societies that are organized on *ad-hoc* basis that are easy to manipulate for their own selfish ends. In some cases, cooperative societies are organized and registered to serve political interests. Since the

recruitment of cooperative leaders is through election, this process becomes attractive to politicians.

Policy: Focus on cooperative members' awareness and compliance with the cooperative principles and values. Cooperative development and operations should be based on non-partisanship and political neutrality.

10. Inadequate Cooperative Education, Training and Information

The nature, structure, form and content of the co-operative education, training and information delivered to cooperatives are inadequate and inappropriate to the development of co-operative societies in the current dynamic economic environment. Cooperative members are the investors, managers and owners of their organizations. For cooperatives to register any meaningful change in Vihiga County, the nature and content of the cooperative education and training has to be reflected in the framework of knowledge as an input to the empowerment of members. The traditional cooperative member education and training has not exposed them to issues of their entitlement to power and authority in decision-making and resource allocation. The same programs have not availed to the members the necessary opportunities for developing action plans that can bring about the desired change in their lives. It has, instead, been conceptualized and carried out in a framework that is outside the change process needed by members. It is not even geared towards problem solving, but rather to impart general knowledge about cooperation and an instrument for maintaining the status quo inside and outside the cooperative movement.

Policy: To restructure the content of cooperative education, training, and information programs delivered to cooperatives to conform to the current dynamic economic environment in which members are investors and potentially contribute to Return on Investments (ROI)

11. Corruption

Corruption is a vice that has permeated the fabric of our communities and organizations to devastating programs. This evil denies the county and its citizens of resources that could have been utilized for the provision productive services like healthcare, education, infrastructure development, investment in agriculture for food security, and other public investments that could otherwise benefit the wider community as a whole. Cooperative societies have not been adversely affected by corruption at all levels. The savings and credit cooperatives have been seriously affected. The county government will place deterrent measures in place to eradicate corruption in cooperative societies.

Policy; Ensure all cooperative societies' management adhere and practice cooperative principles and values

Strategy:

- a) Practice prudential management

- b) Enforce Cooperatives Societies Act, Regulations, and By-laws
- c) Cooperative Education targeting public ethics

2.3. Opportunities in the Cooperative Sector

Despite the challenges facing cooperatives in Vihiga County, there is potential for growth and development, which include overcoming barriers to assets, information services and marketing of agricultural products. There is need to encourage the supply of agricultural inputs by cooperatives to facilitate both the production and productivity in agricultural commodities. Cooperatives can also provide assured markets for commodities produced by isolated farmers in rural areas e.g. bananas, onions, and tomatoes while capturing the advantages of value-addition and introduction of standards and grades. There is great potential in agro-processing and value addition. It is envisaged that savings and credit co-operatives (SACCOs), entrepreneurs; that is, Share Services Co-operatives (SSC), workers, labor-contracting, entertainment, schools, quarry, transport (boda-boda) poultry, horticulture, sand harvesting, and hides and skins will play a significant role in the county economy. Value chain development will also be pursued in potential areas like flour milling, animal feeds, piggery, tiles, and brick making. It is anticipated that the transformation of the informal member-controlled economic groups (MCEGs) will be carried out to form savings and credit cooperatives.

Policy: To increase the capacity of cooperatives to exploit the great potential existing in the county with regards to idle resources.

CHAPTER THREE

3.0. COOPERATIVE POLICY OBJECTIVES

3.1. Theme of the Policy

The county government intends to harness the county's growth potential through cooperatives. To this extent, it has made a deliberate decision to adopt a policy that will strengthen the operation of cooperative societies. Cooperatives are a good mechanism harness the people's scarce resources both human and financial with a view to providing them with economies of scale and investments. Due to the nature of cooperatives' membership and ownership; cooperative societies are about people and not things. They provide the best ways for communities to organize themselves and share the benefits of economic growth and development. This policy orientation has been drawn from the Vihiga County Integrated Development Plan 2018-2022. This is pro-poor policy and intended to improve the living conditions of the residents of Vihiga County. From the foregoing, the theme of this policy is "*Community Mobilization for Enhanced Livelihood*".

3.2. Justification of the Cooperative Sector Policy:

The formulation of the Vihiga County Cooperative Development Policy has been necessitated by several factors, including the promulgation of the constitution of Kenya-2010, which created two levels of government namely the national and county governments. Under the fourth schedule, cooperative societies are classified as a devolved function thus necessitating a change in their governance. There has also been a significant change in the legislative and regulatory frameworks of the cooperative sector, such as the revision of the Cooperative Societies Act Cap 490 and the introduction of Sacco Societies Regulatory Act-2008 (SASRA ACT-2008) in addition to the Kenya vision 2030. There is also the County Integrated Development Plan (CIDP) 2018 which outlines the county's development agenda and roadmap. These changes outline the roles of the National and the County governments in cooperative development and regulation. They have also translated and cascaded the broad socio-economic policy interventions proposed in the Kenya Vision 2030 into the cooperative sector specific interventions. The totality of these factors justify the formulation of this cooperative development policy. It is expected that this policy will create a favorable environment for realizing improved efficiency and profitability of cooperatives in Vihiga County.

3.3. Principles of the sector policy

The following principles have guided the formulation of this policy subject to the challenges outlined under 2.2 above.

a) Co-operative as private business organizations

Co-operative societies are owned by their members who manage and control their business activities. The government neither owns the co-operatives nor has direct powers to dictate any business decisions unless the public good is threatened. This concept also means that members are fully responsible for the success or failure of their co-operatives. Co-operatives as business organizations are free to compete with other businesses and are entitled to the same services like other business entities.

b) Co-operatives as public organizations

Co-operatives are businesses in which citizens are free to join and participate as customers subject to the organization's by-laws. Therefore, the public are entitled to a legal and administrative framework that is thorough, fair and efficient.

c) Co-operatives as self-help organizations

Globally, co-operative societies are the largest segment of civil society. They provide the best ways for communities to organize themselves in a businesslike manner and share the benefits of economic development. They are also treated as partners with the government because they help to maintain a fair distribution of income. Cooperative members are rewarded for the share they contribute to total capital and not for their position in the society or their wealth.

d) Cooperatives' free democratic space

Members of cooperatives need to have freedoms of speech, association, movement, and trade to facilitate the growth of their societies. They should be entitled to adequate levels of education so that they can be informed of their rights and duties. Equally, cooperatives require adequate physical infrastructure, fair and honest processes to be able to develop and respond to changing economic opportunities.

e) Cooperatives and decentralization

Cooperatives as grassroots business entities are good vehicles for the implementation of the decentralization policies and governance. Cooperatives can, provide some services at decentralized levels instead of solely seeking for such services from centralized national structures. The devolved system of governance in Kenya is a good avenue for the realization of this principle in cooperatives

3.4. General Objective:

The main objective of this policy is to promote a sustainable cooperative movement in Vihiga County for improved socio-economic development of its residents and to re-align the county cooperative sector to changed government management structures, legal and regulatory framework.

3.5. Specific Objectives:

The specific objectives of this policy are;

- a) To restructure and upscale the capacity of the Directorate of Cooperatives
- b) To popularize the county cooperative development policy
- c) To promote, organize, develop, and register cooperative societies in potential areas in Vihiga County
- d) To promote good governance in co-operative societies
- e) To encourage mobilization of savings for cooperative investments
- f) To encourage gender mainstreaming in cooperatives (i.e. youth, women, and persons with disabilities)
- g) To promote socio-economic cooperatives (e.g. housing, health and education
- h) To promote value chain development through cooperatives
- i) To transform the informal sector of Vihiga County to formal economy through cooperatives
- j) Cross culling issues in cooperatives (e.g. environment, HIV/AIDS, ICT, and community development
- k) To transform Member Controlled Economic Groups (MCEGs) into true cooperative societies for enhanced economies of scale and good governance

CHAPTER FOUR:

4.0. INSTITUTIONAL AND ORGANISATIONAL FRAMEWORK

4.1. Directorate of Cooperatives

The Directorate of Cooperatives is the technical arm charged with overall responsibility to promote, the growth and development registration, regulation and management of cooperatives in Vihiga County and in particular to;

- a) Administer the County Cooperative Societies Act, Regulations and the By-Laws
- b) Top process the applications for registration of cooperative societies
- c) To supervise cooperative societies to ensure compliance with Cooperative Societies Act, regulations and their by-laws
- d) To maintain the register of cooperative societies
- e) To supervise dissolution, division or amalgamation of cooperative societies within the county
- f) To guide and advice on the formulation and implementation of cooperative development policies strategies and projects
- g) To facilitate cooperative disputes resolutions
- h) To maintain cooperative data banks

4.2. Mandate of Directorate of Cooperative Development

The mandate of the Directorate of Cooperative Development shall include;

- a) Cooperative management and extension services
- b) Cooperative education, training, and information
- c) Cooperative accounts and management systems
- d) Cooperative marketing, research, and value addition
- e) Cooperative credit and finance
- f) Cooperative audit and supervision

4.3. Specific Departmental Responsibilities

This policy proposes to establish 6 (six) functional departments within the Directorate of Cooperatives with specific duties and responsibilities to effectively and efficiently oversee the growth and development of cooperatives in the county. These departments are as shown below.

4.3.1. Cooperative Management and Extension Services

Duties and Responsibilities:

- a) Coordination of cooperative policy formulation and extension services
- b) Promotion, development, formation, registration, and cooperative societies
- c) Cooperative legal framework i.e. County Cooperative Societies Act-2019, Regulations, By-laws and any other directions as prescribed by the Director of Cooperatives in accordance with the law
- d) Cooperative disputes resolutions
- e) Data collection and analysis
- f) Coordination of field reports
- g) Monitoring and evaluation

4.3.2. Cooperative Education, Training and Information

Duties and Responsibilities

- a) Cooperative members' education
- b) Cooperative management committee education and training
- c) Cooperative societies' staff training
- d) Public information and publicity
- e) Directorate of Cooperatives staff seminars and workshops

4.3.3. Cooperative Accounts and Management

Duties and Responsibilities

- a) Coordinate cooperative accounting systems
- b) Coordinate cooperative management systems
- c) Cooperative projects
- d) Cooperative budgeting and analysis

- e) Cooperative capital expenditure analysis
- f) Cooperative investments analysis

4.3.4. Cooperative Marketing, Research and Value-Chain Development Duties and Responsibilities

- a) Cooperative marketing procedures and systems
- b) Cooperative marketing data collection and analysis (commodity prices, new products and standards, markets and prospects)
- c) Market Research and Surveys (MRS)
- d) Warehouse receipt systems
- e) Product value chain development

4.3.5. Cooperative Audit and Supervision Duties and Responsibilities:

- a) Audit of cooperative societies
- b) Provide audit guidelines
- c) Audit registration
- d) Audit supervision
- e) Cooperative inquires ad inspection
- f) Cooperative liquidations

4.3.6. Cooperative Credit and Finance Duties and Responsibilities:

- a) Cooperative credit and Finance
- b) Cooperative savings and credit (Sacco's)
- c) Cooperative societies banking services

CHAPTER FIVE:

5.0. COOPERATIVE DEVELOPMENT PROGRAMS

In order to actualize the growth and development of cooperative societies in Vihiga County, a number of sectoral programs will be put in place and implemented by the Directorate of Cooperatives in partnership with the cooperative movement and other stakeholders. These programs will include but not limited to the following;

5.1. Cooperative Management and Extension Services

This policy recognizes the special characteristics of cooperative societies and underscores that cooperative extension and advisory services will contribute to efficient and effective management, growth and development of cooperatives in the county. Cooperative societies require a range of advice and information in production, processing, marketing, financial management, credit and other support services like accountancy and auditing. Other areas that cooperatives need help include expertise in entrepreneurship, post-production (post-harvest), technologies, value addition, and financing.

This policy calls for extensive use of cooperatives to deliver agricultural extension services through appropriate extension methods that create awareness to members in their local environment

Policy: To use cooperatives as a special vehicle to deliver appropriate cooperative and agricultural extension services

Strategy: Support, and develop the capacity of cooperatives to deliver the much needed extension services that will enable them contribute to the growth and development of the county's economy

5.2. Existing Cooperative Societies

There are a total of 95 cooperative societies in Vihiga County as at 31st July 2018 covering agricultural marketing (coffee, dairy), housing, savings and credit (Cooperative), handcraft, transport etc. These cooperative societies will be supported through building their capacity to broaden their membership, capital base and most importantly to strengthen and consolidate their self-regulation capabilities. The strengthening of self-regulation capabilities will focus on giving internal operational and management guidelines, quality control systems, proper human resource policies and procedures, marketing guidelines, as well as use of improved application of information and technology (ICT). The county directorate of cooperatives will focus on areas of weakness or potential areas where cooperatives have not emerged, especially the informal economic sector. Cooperative education and information will focus on these potential members to transform into cooperative societies. The central role of the cooperative directorate will be to assist cooperative management committees and staff to setup clear performance indicators to enable performance measurement and benchmarking within cooperatives.

Policy: To strengthen the existing cooperatives and revive the non-performing societies

5.3. Member Controlled Economic Groups (MCEGs)

This category of member-controlled economic groups include self-help community-based organizations member savings groups (Chamas), merry-go-rounds and table banking groups, which currently outnumber cooperative societies in the county. These groups are usually characterized by adhoc arrangements, absence of planning, lack of entrepreneurial skills, capital formation, and legal identity to enter formal financial and business transactions. Under this policy, these organizations will be strengthened, re-organized and prepared to transform into cooperative societies in order to benefit from cooperative economies of scale, value addition, micro-finance, capital formation, and market access and negotiations. This process will strengthen their membership base and capacity in business organization management, entrepreneurship, leadership, and governance skills.

Policy: Transformation of the informal economic sector to formal economic sector through cooperatives

5.4. Strengthening County Cooperative Management

Poverty reduction is one of the key goals of the county government under its CIDP-2018. It aims at ensuring improved living standards of the residents where everyone is able to earn a living through measures that eliminate hunger and famine. Strengthening of the management of cooperatives is critical to the achievement of this goal. Focus will be placed on strengthening cooperatives whose performance is below the expectation of their members. In order to improve management performance of cooperatives, appropriate strategies will be directed in the following areas;

- a) Training members, management committees, and managers on how to profitably manage their cooperatives
- b) Improving the efficiency with which cooperatives process and market their products and services
- c) Mobilizing internal member capital formation through strategic member participation and commitment
- d) Providing technical assistance towards strengthening management capabilities of marketing cooperatives.

Policy: To strengthen and improve management of county cooperatives in Vihiga County

5.5. Cooperative Investment

Cooperative Societies have recently setup investments cooperatives to enable members meet investment objectives by engaging in investment activities in other areas of the economy such as

business (farm inputs stores) buying tangible assets like lorries (transport hire), printing press, flour milling, animal feed plants, and other value addition ventures like packaging of dairy products and horticulture. These investments require unique skills and efficient management especially acquisition of investment financing. Cooperatives in the county will be encouraged to venture into county-specific investment portfolios that will upscale cooperative activities to grow the residents of Vihiga County economically.

Policy: Establishment of the “Vihiga County Cooperative Enterprise Development Fund” (CEDF) to avail low interest funds to cooperative societies in the county.

5.6. Development of new cooperative societies

Cooperatives will be promoted, organized, developed, and registered in all sectors of the economy in the county depending on the local needs and circumstances. These include agriculture, livestock (e.g. dairy, hides and skins, piggery, poultry), fisheries, trade, financial cooperatives (SACCOs), housing, mining, transport, water, industry (including pottery, flour milling, animal feeds, printing, and handicraft), environment, tourism, hospitality, entertainment, culture, catering and labor services (e.g. sand harvesting, quarrying, building, construction, and entrepreneurship (share services cooperatives) e.g. traders, shopkeepers, second-hand clothes sellers (mitumba) e.t.c.

5.6.1. Agro-Commodity Marketing Cooperative Societies

The economy of Vihiga County is based on agriculture. A strong and prosperous agricultural sector will inspire a strong and economically viable agricultural marketing cooperatives. The major agricultural commodities produced in the county are; coffee, Tea, Dairy, Cereals (maize, sorghum, millet), horticulture, nuts, and oil crops, pulses and legumes (beans, soya beans, delicos beans, cow peas, and green grams) poultry, hides and skins, apiculture (bee keeping), and fisheries. These agricultural products will form the basis of the agricultural commodity marketing cooperatives. Cooperatives will be developed to move away from their traditional role of raw produce collection, bulking and marketing to processing by focusing on value-addition branding and marketing. Cooperative societies will be strengthened to deliver agricultural support services such as savings, financial services, farm input supply (fertilizers, certified seeds, farm equipment, and implements) extension services, credit, processing and marketing of produce after value addition. The county government will encourage commodity marketing cooperatives to access additional capital and invest in product development and value addition activities under this policy. They will also be assisted and supported to identify competitive market outlets for cooperative product services. Cooperative societies in the county will also be encouraged to collaborate and form strategic alliances with the private sector based on institutions especially in the coffee and tea sectors for feasible marketing strategies of their products

The following are some of the proposed agricultural commodity based marketing cooperative societies to be promoted, formed, and registered within Vihiga County:

5.6.2. Coffee Marketing Cooperative Societies

The county government recognizes the key contribution played by the coffee sector in the economic development of the county. Some of the challenges facing coffee farming in the county are small land parcels due to high population density, lack of access to affordable credit by farmers, poor marketing channels, and infrastructure, non-performing cooperative societies, and the economic liberalization that opened up the coffee sector to other players. The open economy ended the monopoly enjoyed by coffee marketing cooperative societies.

The county has four registered cooperative societies handling farmer's coffee. These are Wamondo, Lunyerere, Jebrok, and Bunyore farmers' cooperative societies. These societies have remained non-performing after the collapse of the coffee sector in the county during the 1980's. However, farmers will be encouraged and guided to invest in high quality coffee production to improve coffee yields, through better coffee husbandry and improved varieties. These cooperatives will be strengthened and restructured through capacity building, provision of advisory services, marketing information and training farmers. Coffee cooperatives will be assisted the necessary credit to invest in upper value-chain development activities in the coffee sector.

Policy:

- a) Encourage and revitalize coffee farming in the Vihiga County
- b) Strengthen and restructure the existing cooperative societies in the coffee sector

Strategy:

- a) Strengthen, support and restructure coffee cooperatives through capacity building, value-addition and development of strategic partnership with other players in the coffee sector
- b) Provision of extension services, farm credit, improved seedlings, inputs and advisory services on production of high quality coffee.
- c) Improved marketing channels, offering premium prices for high quality coffee
- d) On-farm value addition e.g. roasting, grinding, branding, and packaging

5.6.3. Dairy Cooperatives

There are five dairy cooperative societies in the county namely Vihiga, Bunyore, Sabatia, Hamisi, and Mbumbere dairy farmers' cooperative societies. Vihiga County is a milk deficient area. Most of the milk requirements are obtained from neighboring Nandi County. Dairy cooperatives will be assisted by improving milk marketing through restructuring and strengthening their management. This policy will encourage dairy cooperative societies to share facilities, services, and investments into and operate plants that lengthen the shelf-life of milk and milk products, provide extension services, artificial insemination services, spray pumps,

animal feeds, and clinical services. The County Government intends to support the dairy Cooperatives with milk equipment e.g. milk cans, lactometres, and milk cooling facilities, construction of milk collection centres, transport, spray pumps, veterinary drugs and farmers’ training. However most of the dairy herds in the County are the local Zebu dairy animals which may not be ideal breeds for increased milk production. There is need to support farmers to upgrade the local zebu cows by [provision of AI (Artificial Insemination) services through the Cooperative system. In specific cases, high grade (pedigree) bulls will be introduced to support this programme. Disease control is an essential component to increased milk production because only healthy animals can be productive. There is need to develop a dairy development project in the County as a demonstration to upscale milk production.

5.6.4. Hides and Skins Cooperative Societies;

There is a great potential for the development of hides and skin industry in Vihiga County. The production and marketing of these products in the period 2015 to 2017. Indicates an encouraging trend as shown here below.

YEAR 2015			YEAR 2016		YEAR 2017	
Product	Kgs	Value	Kgs	Value	Kgs	Value
Hides	92,080	2,762,400.00	174,360	5,230,800.00	202,400.00	6,072,000.00
Skins	-	-	11,640	1,160,400.00	3,328	332,800.00

Source: Directorate of Livestock, Report 2018, Vihiga County.

These hides and skins materials were marketed by private middlemen and not through the Cooperative system. The Directorate of Cooperatives in collaboration with the Livestock Directorate will put plans in place to form Hides and Skins cooperatives to bring these resources into the cooperative system. These efforts will enable the County to establish a tannery to add value to these products. Currently the county loses huge revenue to outside venders in the hides and skins business.

Policy: To establish a hides and skins Cooperative Societies in Vihiga County.

Strategy:

- a) To register all butcheries in the county and bring them under the cooperative system
- b) Construct skins treatment facilities in Vihiga County

- c) Support to hides and skins cooperatives with transport facilities, marketing, and value-addition processes
- d) To train all meat inspectors and veterinary staff to understand the cooperative system

5.6.5. Root Crops and Tubers Cooperative Societies

There is increasing demand and consumption of traditional foods in the County. The County Government will promote the production and marketing of root crops and tubers on cooperative basis. The production and value of these crops in the county for the year ended 2017 was as shown here below.

Name of Crop	Area (Ha)	Quantity (Mts)	Value (Ksh)
Cassava	277	2112	137,088,131
Sweet potatoes	975	8795	506,990,909
Yams	66.0	396	27,600,000
Irish potatoes	0.75	9	180,000.00
Cocoa yams	25.0	250	25,000,000

Source: Crops Department Report 2017, Vihiga County.

Policy: To establish cooperative societies in the county to market root crops and tubers in and outside the county

Strategy:

- a) Support farmers to increase production of root crops and tubers through improved agronomical practices.
- b) Establish better marketing channels for root crops and tubers through the Cooperatives systems.

5.6.6. Pulses and Legumes Cooperative Societies

Production of pulses and legumes has not been optimally exploited in the country. The marketing system and channels have not been sufficiently established. The County government will encourage the farmers to establish Co-operatives societies to address these problems. For the year ended 2017, the status of pulses and legumes in the country was as shown below.

Name of crop	Area (ha)	Quantity	Vale (ksh)
Beans	23,650	6940.0	511,070,000
Soya beans	200	107.5	9,062,221
Dolichos beans	0.5	2.0	177,700
Cow peas	15.2	7.05	591,600
Green grams	1.4	2.5	275,000

Source: Crops Department Report 2017-Vihiga County.

Policy: to establish cooperative societies in the county to market pulses and legumes in and outside the county

Strategy:

- a) Support farmers to increase pulses and legumes through improved seeds and better agronomical practices.
- b) Support farmers through provision of farm inputs (certified seeds, fertilizers, tools e.t.c.)
- c) Support farmers through extension services
- d) Establishment of better marketing channels (storage and transport, grading and packaging) on a cooperative system.

5.6.7. Nuts and Oil Crops Cooperative Societies

Oil crops are an important source of income to many small scale farmers in Vihiga County. These crops include: groundnuts, sim sim, sunflower and soya beans. The County government will promote the production, processing and marketing of oil crops, nuts, and their products and by-products on Cooperative basis. In the year 2017, the production and value of these crops to Vihiga County were as shown here below;

Name of crop	Area (ha)	Quantity (mts)	Value (ksh)
Groundnuts	134.0	91.4	12,695,500.00

Sim Sim	-	-	-
Sunflower	-	-	-
Soya beans	200.00	107.5	9,062,221.00

Source- Crops Department Report 2017, Vihiga County.

Policy: To establish nuts and seed oil crops cooperative societies in the county

Strategy:

- a) Support farmers to increase production of nuts and oil crops through improved agronomical practices on cooperative basis.
- b) Establish value addition facilities for edible seed oil extraction (especially cold-press system).
- c) Production of animals feeds from the edible seed-oil by –products.

5.6.8. Cereals Cooperative Societies

Cereals constitute the staple food crops of the residents of Vihiga County. The county government will promote the production and marketing of these crops in order to increase the incomes of small scale farmers on cooperate basis. This will be done through the provision of farm credit, certified seeds, fertilizers and storage to minimize on post-harvest losses. Efforts will also be made to encourage value-addition using the cooperative system. These efforts will also mitigate the food security in the county. The cereal crops produced in Vihiga County include maize, sorghum, finger millet and grain amaranth. During the year 2017 the production and value of these crops were as shown below:-

Name-crop	Area(ha)	Quantity(mts)	Value(kshs)
Maize	32480.0	45214.0	907326440.00
Sorghum	342.0	172.02	9816044.00
Finger millet	60.0	41.76	3744000.00
Grain amaranth	3.0	5.0	500000.00

Source- crops department report -2017- Vihiga county.

Policy: To establish cereals marketing cooperative societies in Vihiga County

Strategy:

- a) Support to farmers to increase cereals production through provision of improved seeds, fertilizers, farm credit and other support services
- b) Establishment of value addition through flour milling and packaging facilities.
- c) Establish the Warehouse Receipt System (WRS)
- d) Support and provision of extension services

5.6.9. Poultry Cooperative Societies

The promotion of poultry cooperative societies will be encouraged in Vihiga County. Poultry are very popular table birds in the area. Most of the county poultry requirements are supplied from the neighboring counties of Nandi, Kakamega and Bungoma. The county government will intensify efforts to support the production of poultry on cooperative basis. Emphasis will be put on production of indigenous poultry because of their popularity as table birds. However, there is noticeable shortage of poultry products like eggs. The supply of eggs to the county is obtained from Busia County and imports from Uganda. Improved indigenous poultry have been developed at Kalro Station in Naivasha. The county can benefit greatly from the results of this Kalro research station. Poultry cooperatives will be an ideal business models for women and youth because they are gender sensitive and requires very small land surface to operate. The use of appropriate technology in poultry production (especially Kerosene operated incubators) are cost-effective in areas not supplied with electricity in the county.

Policy: To establish poultry cooperative societies to market poultry and poultry products

Strategy:

- a) To support youth employment and women empowerment.
- b) Support poultry farmers acquire improved indigenous poultry from Kalro research station in Naivasha
- c) Establish market channels for poultry and poultry products
- d) Support farmers on poultry disease control measures
- e) Introduce appropriate technology in poultry production on cooperative basis

5.6.10. Horticulture Cooperative Societies

Vihiga County has high potential in horticultural production. However, because of high perishability of the products, a lot of produce has gone to waste as witnessed in the open markets within the county.

The government will support horticultural production, storage and extraction facilities with a view to increasing their unit value, shelf-life, and handling. Cooperative societies will be established and supported to venture into horticultural activities for purposes of wealth and employment creation among the youth and women. Most of the horticultural requirements in Vihiga County e.g. fruits, vegetables; are supplied from neighboring counties. Vihiga County has high potential and a conducive climate to produce exotic and indigenous varieties of horticultural products

Policy: To establish horticultural cooperative societies

Strategy:

- a) Support horticultural cooperative with farm inputs, marketing facilities (transport, storage, and value-addition)
- b) Support extension services to improve agronomic practices in horticultural production

5.6.11. Apiculture (bee-keeping) Cooperatives

Beekeeping is increasingly becoming an important economic activity in the county. Efforts will be put in place to promote bee-keeping as an important economic activity to create wealth and generate income for the communities in Vihiga County. The county government will support the establishment of co-operative societies in this sector. Currently, bee keeping receives support from non-state actors and private individuals who have not realized the enterprise's full potential. The co-operative societies will be supported to establish honey refineries to add value to this produce. Honey production is an ideal business venture for the youth. Honey production in the year 2018 was: 65,100kgs in 2015, 67,200 in 2016 and 66,810kgs. Bee-wax production was 1000kgs, 1290kgs and 1290 in the same period.

Source: Directorate of Livestock Production report-2018 Vihiga County

Policy: establish bee-keeping cooperatives societies in Vihiga County

Strategy:

- a) Support to bee-keeping co-operatives with appropriate bee hives, honey harvesting equipment and establishment of honey refineries for both domestic and export markets.
- b) Support cooperatives with start-up capital

5.6.12. Fisheries Cooperative Societies

Fisheries is an emerging enterprise in Vihiga County. This is a critical employment generating venture for the youth in the county because it utilizes very small land surface. The county government will encourage the development of fish resources on cooperative basis. This policy aims at encouraging sustainable exploitation of fisheries, build capacity for value addition and strengthen partnership with private sector in fish processing e.g., fish canning, smoked fish, fish skin tannery and other fish-by-products. These interventions will aim at increasing fish production, storage, capacity of local fish farmers' cooperatives and fish marketing. This will also enhance the ability of fish farmers' cooperative societies to regulate and control the supply of fish to markets and by extension improving price stability.

The table below shows the status of fish farming in Vihiga County as at 30th April 2018.

	Emuhaya	Hamisi	Sabatia	Vihiga	Total
No of farmers	67	183	201	180	723
No of ponds	129	218	265	213	976
Area of ponds	36,374	57,039	72,051	63,900	256,190
No of fingerlings	27,000	51,000	48,000	213,000	374,000
Area of ponds harvested	7,800	3,000	6,220	4,500	24220
Estimated yield	3,530	1,525	2,400	825	9003
Estimated market value	759,000.00	457,500.00	720,000.00	247,500.00	24,009,000

Source: Directorate of Fisheries Report 2018 Vihiga County

Policy: Establish fish farmers' cooperative societies in Vihiga County

Strategy:

- a) Encourage sustainable exploitation of fish resources in the county
- b) Support fish farmers through value addition facilities, storage infrastructure, marketing channels for fish and fish products
- c) Support establishment of fish multiplication ponds for supply of fish fingerlings to farmers.

5.6.13. Tea Farmers' Cooperative Societies

The tea sector in the county is the highest employer and income generation in the county. However, this sector is facing specific challenges that must be urgently addressed e.g. the acquisition of farm inputs like fertilizer (NPK) transportation of green leaf product from the weighing center to the tea factory at Mudete and low prices offered to the farmers compared to other tea farmers in the county under the same Tea Agency (KTDA). The private Tea factories in the neighboring counties offer more than double the green leaf price paid by Mudete Tea Factory.

Policy:

Encourage and promote Tea Production and Marketing Cooperative Societies in the County.

Strategy:

- a. Support Tea farmers to access farm financial credit and inputs e.g. fertilizers (NPK), High value Tea Seedlings, farm implements and equipment
- b. Support Tea farmers with transport facilities
- c. Support Tea farmers to establish Value addition on green tea
- d. Establish Warehouse Receipt System to facilitate tea farmers market their tea produce

Other types of cooperative societies will be promoted and registered in other sectors of the economy in Vihiga County as detailed here below from 5.1.6.13 to 5.1.6.25

5.6.14. Building Construction and Artisan Cooperatives

These types of co-operatives can produce an opportunity to the youth who have trained in lower and middle level technical institutions (i.e. TIVET institutions) to acquire gainful employment. These cadres of artisans can be found in the following fields: carpentry, masonry, welders, metal fabricators, fitters, craftsmen, electricians, brick making, tailors, and plumbers etc.

These trained youths constitute a sizeable proportion of idle resource in the county since they cannot operate viably as individuals. These skilled youths can be supported to build the necessary synergy through cooperatives as opposed to working informally as individuals. This will enable them to acquire legal status as cooperate bodies with a physical address and premises where they can be found. Forming a cooperative society will enable these youth access credit from financial institutions like co-operative bank and the government’s “Youth Fund”. They will be able to contract for jobs in the labor market and also qualify for tenders provided by the government as legally constituted bodies.

Policy: Encourage skilled youth to form cooperatives in order to acquire legal status

Strategy:

- a) Support skilled youth and graduates of lower and middle level technical institutions to form co-operative societies to upscale their bargaining power in the job market.
- b) Support youth (Artisans) cooperatives’ with start-up capital through the Cooperative Enterprise Development Fund (CEDF) established by the County Government.

5.6.15. Handicraft Cooperatives

The rich heritage in skills to produce various types of handicraft and ornamental articles among the communities in the county will be promoted and commercialized. These include pottery, baskets, mats and ropes among others. The communities will be sensitized and mobilized to form co-operative societies to enable them utilize economies of scale and access gainful markets for their high quality pottery, mats and other pieces of art.

Policy:

Mobilize and sensitize the community endowed with traditional art, skills and talents and other ornamental articles to form cooperative societies

Strategy:

- a) Support communities in Vihiga County with talents in handicraft and ornamental art to access profitable markets for their products
- b) Support handicraft cooperatives with start-up capital through the Cooperative Enterprise Development Fund (CEDF).
- c) Support handicraft cooperatives establish show rooms to exhibit their artwork and exposure to markets

5.6.16. Savings and Credit Cooperatives

The promotion of savings and credit co-operative societies (Sacco’s) among the communities in the county will be encouraged. The county government will support the Sacco sub-sector

because of its impact to the welfare of the community and as an effective means of financing the rural agricultural sector and enhancing the savings culture of the people. The Sacco sub-sector is currently the most active segment of the co-operative movement in the county. Emphasis will be placed on promoting Sacco's in the transport sector (especially the boda boda) because of its capacity to generate employment among the youths. This will also sanitize the business in the transport sector. Other forms of Sacco's will also be promoted e.g. Labor, contracting, workers and entrepreneur's Sacco's or shared services co-operatives.

Policy: Upscale the formation of SACCOs because their positive impact in savings mobilization for investments

Strategy: Prioritize savings mobilization in the rural and informal economy sector of the county

5.6.17. Workers' Cooperatives

These types of co-operatives offer the greatest potential for employment creation in Vihiga County. For instance, workers in a hospitality industry like a restaurant can form a co-operative society with a view to buying the business from the proprietor instead of it being sold to an outsider. This enables members of the co-operative society to own the business at the same time protecting their jobs. In the process, these members create decent jobs and working environment for themselves.

Policy: - The county government will support such ventures with start-up capital to enhance business and employment creation in the county.

Strategy:

- a) Support employees in a workplace with start-up capital
- b) Support employees at the workplace to mobilize financial resources with a view to establishing or owning business ventures where they have a comparative advantage

5.6.18. Labor Contracting cooperatives

This is a form of workers' co-operative society. The main difference is that while a workers cooperative will need start-up capital for its business and some sort of gained skill (see artisans above) related to the work they intend to undertake, the labor contracting co-operative members do not need to have a start-up capital. They will only require an office where they can be reached. The members of this type of a co-operative society need not have any form of skills so long as they are healthy, strong and able to work. Their major capital is their labor. The co-operative maintains contacts with potential employers e.g. Construction companies, railways, airports, road works, any other civil works etc. Workers are required, the cooperative society arranges its members to do the job. The co-operative ensures that the labor contracts so entered into guarantee occupational health and safety, decent wages including work environment that complies with statutory standards.

The county government will encourage and support these types of co-operatives with a view to creating gainful employment for the youth and other unemployed idle labor. Labor contracting co-operatives operate like employment agencies except that the business is owned and managed by the workers themselves. Whatever commission is paid to the co-operative for job procurement by the employer is shared by the members after deducting administrative and other statutory costs.

Policy: - The county government will sensitize the community through appropriate forums to form labor contracting co-operatives to gain from public and other civil works available in the county.

Strategy: support to labor contracting cooperatives with equipment and other workload- easing implements

5.6.19. Quarrying and Sand Harvesting Cooperatives

Sand harvesting materials are available in great quantities in the county. Vihiga County is well endowed with granite stones. Quarry and sand harvesting materials will be obtained as by-products of the granite stone industries to be established in the county. The youth will be mobilized, sensitized and encouraged to form quarry and sand harvesting co-operatives. These co-operatives will be supported to acquire sand harvesting equipment and transport facilities. The sand harvesting co-operatives will support the construction and building co-operative societies through value addition by manufacturing concrete blocks. These cooperatives will support and create employment opportunities for the youth.

Policy:

Mobilize and sensitize the youth to form Quarrying and sand harvesting cooperatives

Strategy:

- a) Support youth employment creation and optimal use of natural resources in the county through the co-operatives system.
- b) Support these cooperatives with stone crushing equipment
- c) Support these cooperatives with transport facilities
- d) Support these cooperatives with concrete block-making machines
- e) Support these cooperatives with start-up capital

5.6.20. Transport Cooperatives

The county government recognizes the existing public service vehicles (PSV), tuk tuks, boda boda taxis, car hire and lorry transport Sacco's in the county. In order to improve the management of public transport in Vihiga County there is need for the county government to

transform the existing transport Sacco's into effective Transport Co-operative Societies (TRACOS).

This will entail a comprehensive review of the transport Sacco's by-laws and regulations with a view to integrating provisions for route management while retaining the savings and credit activities. It is envisaged that this review will transform the existing transport Sacco's into professionally managed Transport Sacco's (TRACOS) that will provide efficient and effective transport services to the residents of Vihiga County. It is also expected that this re-organization will sanitize the public transport system. This will also facilitate efficient and provision of effective certificate of competence for motor vehicle drivers and boda boda riders, insurance certificates, revenue collection, business licensing and general service delivery to the residents of the county. It will also open up employment opportunities and expansion of the transport sector business in the county

Policy: To re-organize and support the public transport sector and employment generation through co-operatives.

Strategy:

- a) Support the informal transport sector especially the bodaboda and matatu in the county to formal status.
- b) Provide management and financial support to the formed Transport Cooperatives (TRACOS) to be competitive and financially viable

5.6.21. Entrepreneurs (Shared Services) Cooperatives

Shared services cooperative societies are also known as "Entrepreneurs" cooperatives or simply as, Enterprise Cooperatives. These types of co-operatives are formed by enterprises (small scale business) in the informal sector of the economy as opposed to the individual members of a co-operative society. For instance, market traders, shop keepers or second-hand-clothes vendors (Mitumba traders) can form a co-operative society in order to enjoy advantage of bulk-buying, importation of clothes, organizing storage and transport facilities for their merchandise, accounting services, shared insurance costs, and provision of member education, information and business training. Shared services co-operatives (SCCs) are quite ideal for small enterprise improvement that would lead to increased earnings and profitability. This form of business model can enable enterprises to access financial services from banks; acquire legal status as opposed to fragmented groups competing among themselves in the market place.

The county government will encourage and support such small scale informal enterprises to form co-operatives that could transit into Sacco's in order to benefit from pooled resources; low interested rates from financial institutions and non-exposure to certain business risks that endanger individual traders.

Policy:

Encourage and support small scale informal business enterprises to form Cooperatives to benefit from economies of scale for profitability and acquire legal status to transit from informal status.

Strategy:

Support youth and other informal market vendors with start- up capital for income generality activities (IGAs) create jobs, stable earnings and long term business sustainability.

5.6.22. Housing Cooperatives

There is an acute shortage of housing both in the urban and pre-urban centers of the county. The situation has been made worse by the migration of people from the rural to urban centers as a result of devolution in the country. The county government will encourage and support the provision of housing facilities to the residents of Vihiga County through its own and peoples' resources, by strengthening the existing housing co-operative societies. There are currently 12 housing cooperative societies in Vihiga County with a membership of 130 and a share capital of kSh. 12,129, 800.00. The county government will also promote and encourage the formation of new housing cooperative societies. Efforts will also be put in place to solicit the involvement of the Diaspora population from Vihiga County to consider investing into housing programs in the county. This can be done through savings and credit schemes and mobilization of long-term development housing financing schemes to be developed by the cooperative movement in collaboration with the private sector.

Policy:

Encourage the residents of Vihiga County to form housing cooperative societies

Strategy:

- a) Support to housing co-operatives societies development financing schemes
- b) Seek the support of the Diaspora population from Vihiga County to invest in housing programmes in the county through savings and credit schemes.
- c) Provide the necessary infrastructure and legal framework to support housing cooperatives in the county

5.6.23. Investment Cooperatives

Cooperative investments is the employment of resources in productive activities intended to promote the economic interest of cooperative members. Investment is crucial to the growth and expansion of the cooperative enterprise. Investments by cooperative societies are normally made in areas related to the core business of the cooperative societies. Cooperative societies invest in order to diversity into new areas that will improve service delivery to their members, access new

sources of income and create employment. Cooperative investments are very critical undertakings which determine the future lines of business expansion, volume of output, financial viability, and expansion of cooperative societies' capital base. The county government will make concerted efforts to encourage the formation of investment cooperatives in the county.

Policy: To encourage cooperative societies to invest in economic activities that enhance their core business and objectives

Strategy:

- a) To support cooperatives with credit facilities and advice on investment programs and analysis
- b) To support the growth and development of second generation member-investor cooperative societies where members are motivated by expanding the size of their equity capital and Return on Investments (ROI).

5.6.24. Entertainment Cooperatives

These are cooperative societies formed by people in the entertainment industry e.g. skilled musicians, modern and traditional actors, comedians and other skilled games. These groups of people entertain the public at a fee. There are many people with these skills in Vihiga County that have not been fully exploited. These cooperatives will easily transit into SACCOs for higher investment. Entertainment industry is a very lucrative industry in modern times. The pioneer artists in the entertainment industry in Vihiga County are living in object poverty and squalor e.g. musicians, actors sportsmen, footballers, boxers who earned the county accolades in the international arena. Many of these celebrated heroes from the county have been honored in their death and not in active life.

Policy: To encourage and mobilize people with special skills to form cooperative societies with a view to creating gainful employment and enhancing quality of their lives.

Strategy:

- a) To support the youth and other skilled people in the entertainment industry with start-up capital or seed money, equipment and venues to expand their trade.
- b) Honor existing artists and sportsmen from the county.
- c) Create academies that will build the future capacity of entertainment industry

5.6.25. Tourism Cooperatives

These are cooperatives formed by tour operatives, tour guides, and hospitality agencies in order to exploit the potential in tourism industry. There is great potential for development of the tourism industry in Vihiga County in terms of its historic sites, people, hospitality, and culture.

These types of cooperatives transit into SACCOs in order to raise capital for expanded business opportunities. There is a big shortage of tourism and hospitality services in Vihiga County. The county relies on its neighbors in Kisumu and Kakamega for hospitality services while the heritage and potential of Vihiga County remain undeveloped

Policy: To encourage the residents of the county to form cooperative societies to exploit the great potential existing in the tourism industry within the county.

Strategy: To support the new cooperatives in terms of financing, management, training, and technical advice on tourism and hospitality industry.

5.6.26. Collective Farming Cooperatives

These are cooperative societies formed by people with an interest or specialized knowledge and skills in specific farming enterprises e.g., horticulture, poultry, piggery, or other greenhouse ventures. This is a good venture for youthful graduates in the farming enterprise. They can lease land on which they can be supported as cooperatives to engage collectively in high-end-farming activities e.g. Greenhouses and other value addition. The beneficiaries can share the proceeds from this business model among themselves or re-invest for business expansion.

Policy: To encourage skilled youth to engage in specialized collective farming enterprises through cooperatives

Strategy:

- a) To support skilled youth with start-up capital to undertake high-end farming and value-addition ventures
- b) Support youthful entrepreneurs with equipment, training, and market research, technical information e.g. ICT and prices data to grow their business in the farming sector
- c) Establish marketing channels for farm produce and products by these cooperatives

5.7. Cooperative Education, Training and Information

Cooperative education, training, and information is one of the internationally accepted cooperative principles. Its main objective is to provide cooperative members, their management and employees' with knowledge and skills to enable them carry out their respective roles. It is also intended to ensure that the general public is informed about the cooperative philosophy, ethics, business, and culture. To this end, cooperative education, training, and information (CETI) will endeavor to cover the four levels of cooperative education; that is, cooperative members, management committees, employees (staff) and the general public. This will ensure an enlightened and responsible leadership capable of directing and effectively controlling cooperatives for the benefit of members.

Policy: Upscale Cooperative, Education, Training, and Information (CETI) to strengthen cooperative movement in the county.

Strategy:

- a) To support and organize; Seminars, Workshops, Training of Trainers (ToTs), Public Barazas and cooperative member days etc.
- b) Review CETI content and delivery

5.8. Information Communication and Technology (ICT)

Information communication and technology is a key driver for growth of cooperative business through increased reach and provision of a platform for increased efficiency in carrying out their business operations. The research and development component in the cooperative movement will be effectively delivered through modern technology as old and young generations converge in skills and knowledge. The cooperative sector in Vihiga County must take deliberate and practical steps to develop a relevant and user friendly software that will enhance their service delivery, expand market reach for their members.

Policy: To encourage enhanced use of ICT in cooperatives.

Strategy:

- a) To assist cooperatives acquire relevant software for their operations
- b) Support capacity building in ICT at both the directorate of cooperatives and the cooperative societies' levels

5.9. Cooperative Marketing and Research

Cooperative marketing entails the process through which the cooperative members obtain what they need and want by creating, offering, and freely exchanging products and services for money. It is useless to produce a product of which customers are not aware of. The main challenge in cooperatives today is that very little emphasis is placed on product promotion. Product promotion has become important now due to the liberalization of the economic environment in the market place.

Policy: To encourage cooperatives to adopt market research and product development to improve on their competitiveness in the market.

Strategy: To support cooperatives to carryout product development and promotion to increase their market share and competitiveness

5.10. Challenges in Cooperative Marketing and Research

The challenge facing cooperative development in the county is to build capacity to effectively market agricultural produce and services in a liberalized economic environment. All primary

agricultural marketing cooperative societies in the past enjoyed monopoly and government protection in marketing agricultural produce e.g. Milk, coffee, cereals etc. This monopoly and state protectionism was ended with the free economy. Many primary cooperatives have run out of business due to weak capital base, inadequate trained personnel to deal with modern marketing techniques, limited value addition (produce is sold in its raw form), poor and delayed produce payments and most importantly, farmers' lose control of their produce after delivery to the marketing agency at the cooperative collection center.

Value addition in cooperatives is underdeveloped due to lack of market research, poor product and marketing strategies, lack of access to business development services, inadequate capital for investment in improved technologies and product development. In order to accelerate the commercialization of output of the agricultural sector, the county government will encourage and enhance agro-processing and value addition. The county government will assist cooperatives to conduct market surveys and research in the products and operations of the cooperative societies to make them competitive. Further, to increase efficiency in the supply of farm inputs, cooperative societies will play a critical role in the procurement and supply of these inputs thereby influencing competitive pricing.

5.11. Marketing by Agricultural Commodity Cooperatives

In order to address the marketing issues, cooperative societies will need to deal with the aspects of low product quality, low tradable volumes and low member benefit rates from their marketed produce. As stated above, market surveys indicate that farmers surrender the ownership of their produce after delivering to the government marketing agency at the cooperative collection center. They have no knowledge of what share of the market value of their product they are paid e.g. on coffee, tea, milk, horticulture etc.

Cooperative managers will be trained in critical marketing and entrepreneurship skills, educate cooperative management committees on effective marketing of members' produce, goods and services, appropriate marketing strategies and systems, innovation and use of new technologies.

Policy; Encourage cooperatives to adopt modern marketing techniques and systems

Strategy:

- a) Identify competitive market outlets for cooperative products and services
- b) Capacity building of cooperatives managers and leaders on marketing information and intelligence
- c) Promotion of value addition of agricultural produce marketed through cooperatives
- d) To support cooperatives to invest in product development and promotion
- e) To facilitate development of marketing systems and channels

- f) To produce credit and extension services to cooperatives

5.12. Upscaling the Marketing Function of the Directorate of Cooperatives

Cooperative marketing, research and value chain development is one of the core functions of the County Directorate of Cooperatives. This policy proposes to focus on upscaling the marketing function of the county cooperative directorate and the marketing capabilities of the cooperative societies e.g. dairy, coffee, and tea etc. Currently, the county directorate is leanly staffed and underfunded. The building of cooperative societies marketing capacity through training and provision of technical support, policy guidelines, technology transfer, and access to marketing information is critical. On the other hand, improving the cooperative directorates' capacity in terms of human resources, staff levels and skills and professional capability to effectively advise on cooperative marketing is essential to the performance of the agricultural commodity cooperative societies.

Policy: Upscale the capacity of the Directorate of cooperative's marketing research and value-chain development function

Strategy:

- a) Provide adequate staff levels, skills and professional competencies
- b) Provide adequate funding to the Directorate of cooperatives

5.13. Cooperative Research

Cooperative societies in the county are currently engaged in key economic sectors such as agriculture, livestock, savings and credit, transport and housing. It is important that a determination of the issues and challenges faced by cooperatives are identified to enable them face the future. Cooperative research will assist to identify specific strategies to help cooperative businesses gain a foothold in the county and venture into new opportunities. New competitive business environments require the emergence of businesses that can qualify and adjust to the market signals of supply and demand. Cooperative societies need to access the strategic know-how that can give them a comparative advantage. The county government will support cooperative research efforts in collaboration with other research agencies and create a database to assist members plan future market access.

Policy: Encourage cooperative research activities in the county

Strategy:

- a) Support cooperative research and development through budgetary provisions
- b) Build capacity for research in the directorate of cooperatives and cooperative societies
- c) Publish and disseminate cooperative research findings to cooperative societies

5.14. Value Chain Development/ Value Addition

Value addition analysis and processes is useful to ordinary business entities including cooperative societies serving small scale farmers and artisans participating in primary production. In the value chain analysis, the organization undertakes a study of how a business receives and processes its products. The cost of production and the profit margin are calculated throughout the various stages of the value chain up to the final stages in the market place whether local or foreign. The cooperative organization undertaking the value chain analysis can choose or decide to engage at every stage of the chain to maximize profits or elect to participate in parts thereof. Research and other market analysis show that most farmers surrender the ownership of their crop after delivering to the government marketing agency. They have no knowledge of what share of the market price of their product they are paid as take home dues e.g. in the case of coffee, tea, milk etc.

Since cooperatives participate in all sectors of the economy, efforts will be made to take advantage of the forward and backward linkages through their activities. This calls for cooperative societies to form strategic partnerships with the government, development partners, and private sector actors in performing diverse agricultural processing, credit, and financial services. However, the value chain ventures that will be undertaken by the cooperatives should be sustainable and viable economic activities that will benefit members. It is also hoped that as part of the cooperative value chain analysis, support services like research will be undertaken individually or jointly with the government, the cooperative movement, other stockholder institutions (e.g. agricultural research stations and development partners) through collaborative efforts.

The county government will support and enhance the development of technical, commercial, and financial linkages to enhance the exchange of experiences and the sharing of the benefits that will accrue from these new process. The areas of concern for value chain within the cooperative sector will include, but not limited to hides and skins, horticulture, apiculture, fisheries, oil crops (sim sim, sunflower, and soya beans), flour milling, animal feed production, and handicraft (pottery and artworks).

Policy: To promote specific interventions to encourage value addition in various cooperative enterprises

5.15. Cooperative Credit and Finance

The cooperative financial system entails the mobilization of funds within the cooperative sector. Cooperative societies mobilize their funds in the form of membership fees, share capital, deposits, retained earnings/surpluses, external borrowing, grants, and donations from government, donors, and other shareholders. These funds form the basis on which cooperatives undertake their development agenda at members' or society levels. The cooperative financial structure consists of members who provide the capital and the cooperative society which collects and appropriates the funds before it enters the national or county financial system.

Policy: Strengthen cooperative societies through the establishment of a County Cooperative Enterprise Development Fund to provide low-interest funds to cooperative societies

5.15.1. Cooperative Members

Cooperative members form the most important asset for the cooperative society because they provide the basis for cooperative development and also provide funds on which the society is founded for their socio-economic and cultural benefits. In order to encourage a savings culture among the residents of Vihiga County, this policy encourages the informal economic groups to form financial cooperative societies. Further, it encourages active participation by cooperative members in the financial management of their cooperative societies and in designing, approving and implementing policies for enhanced growth, expansion and investment of their cooperatives.

Policy: To encourage cooperative members to invest in their cooperative societies to increase equity capital to reduce dependence on limited member patronage

5.15.2. Cooperative Societies

Cooperative societies form the core of members' business transactions among themselves and the external world. As business organizations, cooperative societies are required to design financial policies aimed at attaining both short and long term goals as desired by the members. These financial policies should aim at maintaining a prudent debt/equity ratio and a strong capital base to ensure the survival and sustainability of the cooperative for the benefits of its members. The financial policies should also be reflected in the cooperatives' budget programs and be consistent with the macro-economic environment of the county.

Policy: To encourage cooperative societies to diversify their economic activities and adopt financial policies that increase returns on investments (ROI)

5.15.3. Warehouse Receipt System

In order to expand access to more member-controlled financial services for the small-scale farmers; it is important to establish the Warehouse Receipt System (WRS). In many African countries where agriculture is a predominant source of livelihood, many farmers face severe post-harvest challenges in marketing of their produce. These challenges include the lack of storage facilities, product infestations, limited market outlets, transportation, poor prices, long produce-delivery-payment-lead-time (PLT) and more importantly; the lack of money to subsist on as they wait for produce payments from their local cooperative society. The prices of agricultural products are usually very low at harvest time, rising gradually to a peak before the next harvest time. Farmers earn meager returns from their produce during the harvest season but could fetch more if only they could wait until the prices reach the peak. The lack of access to affordable financial services means that farmers are forced to sell their produce at low prices upon harvesting to middlemen, who often have the advantage of access to transportation, market information, storage facilities and financial services, which enable them to manipulate crop

buying in their favor. The Warehouse Receipt System (WRS) offers a practical solution to such a situation. Rural (farmers) SACCOs are expected to play a key role in facilitating the Warehouse Receipt System particularly in micro-financing the agricultural marketing of cereals like (maize, sorghum, millet) and other tradeable products in the cooperative system

Policy: To establish the Warehouse Receipt System to assist small scale farmers access advance payments for their products/produce.

5.15.4. Savings Mobilization

Access to credit and finance for investments and other recurrent needs has been a challenge to many residents of the county. Savings and credit cooperatives are an appropriate institutional framework through which members save jointly in a common pool and avail themselves with funds at affordable interest rates to meet their short and long-term needs under a convenient financial model will be promoted in the county.

Local savings are a critical component in the growth of investments in any economy. Savings and credit cooperatives can play a significant role in savings mobilization in the county. The low savings culture among the county residents has contributed to the low capital base of the cooperative societies. Most of the residents of Vihiga County remain unbanked with limited access to formal credit and finance. It is important to create an enabling environment to improve outreach of SACCOs to all areas and groups in the county with relevant savings products.

Policy:

Encourage the formation of new savings and credit cooperatives to mobilize domestic resources

Strategy:

- a) Restructure and strengthen the existing SACCOs to diversify their financial products in order to deepen the provision of their financial services
- b) Support SACCOs to reach the potential savers in the informal sector

5.15.5. Remittances to Cooperatives

The smooth operations of cooperatives are at times disrupted whenever marketing agencies of agro-produce like milk, coffee, tea, and employers deduct members' proceeds but do not remit such proceeds to the respective cooperative societies on time. Non-remittance issues still persist despite government efforts to recover the same through statutory agencies.

Policy: The County government will institute timely interventions remittances to the cooperative societies

Strategy;

- a) The county government will assist cooperatives to invoke the available legal provisions that make non-remittance perishable under the cooperative laws and the criminal procedure code
- b) Support the cooperatives to report such defaulting marketing agencies and employers to the credit reference bureau or similar institutions to instill prudential discipline

CHAPTER SIX

6.0. COOPERATIVE POLICY AND LEGAL FRAMEWORK

6.1. Cooperative Policy Framework

A key feature in formulating a cooperative development policy is stakeholder participation especially cooperative members, who are the principal stakeholders. In the ideal situation, the cooperative movement represented by its apex body in the county should be the prime mover in a policy formulation process. In the case of Vihiga County, such structures are not yet in place. In this regard, the prime mover in policy formulation into the foreseeable future shall be the Directorate responsible for cooperative development. This situation notwithstanding, the cooperative policy formulation process should involve as many stakeholders as possible in order to incorporate their diverse views and concerns.

This cooperative policy is supportive and consistent with national and county development plans and aspirations. Its main focus is pro-poor and inclusive development, promotion, organization, development, and multiplication of cooperatives and other Member Controlled Economic Groups (MCEG's) as well as building their management capacities. The implementation of this policy will require a strong advisory mechanism at the county which shall be cascaded to the sub-county and ward levels.

Policy:

- a) Establishment of the County Cooperative Development Board drawn from the cooperative movement the directorates of cooperatives, agriculture, livestock, and fisheries to spearhead future cooperative development and planning issues in and policy implementation in the county.
- b) To popularize the cooperative development policy.

6.2. County Cooperative Legal Framework

There is a need for a more effective cooperative legal framework that takes into account the specific challenges and needs of the cooperative sector in the county. The current Cooperative Societies Act Cap. 490 provides for the management, regulation, registration, and development of cooperatives from the center through the statutory office of the Commissioner for Cooperative development at the national level. There has to be a paradigm shift to a legal framework where cooperatives are regulated from their respective counties where their registered offices are situated. This shift is dictated by the constitutions' key features of devolution under section 7 (e) of Part II of the fourth Schedule in which the function or power over cooperatives is fully devolved. This may pave way for cooperatives to venture into new types of activities that broaden their abilities and capacities to exploit opportunities peculiar to their local environment.

Policy: Need for a county cooperative legal framework that takes into account the local needs and circumstances

Strategy:

- a) Review the current cooperative legal framework and re-align the requirements of the new constitution in which the function and power over cooperatives is devolved to the county.
- b) Domesticated the Cooperative Societies’ Act Cap 490 which provides for the registration, regulation, management, and development of cooperatives in the county.
- c) Review all other cooperative subsidiary legislation that operationalize the Cooperative Societies Act Cap 490 i.e. Cooperative Regulations and By-laws.
- d) Enforcement of the reviewed County Cooperative legal Framework (County Cooperative Societies Act-2019) Cooperative Societies Regulations and the Cooperative Societies’ By-Laws

6.3. Cooperative Regulatory Framework

In order to develop and grow the cooperative sector effectively, the county government will carry out a baseline study that is aimed at determining the current status of the cooperatives societies in the county. This will establish the number of registered cooperatives, their status in terms of operations, whether active, non-performing, or if they are capable of providing tangible economic and social benefits to their members.

6.4. Upscaling the Capacity of the Directorate of Cooperatives

Enhancement of the capacity of the Directorate of Cooperatives to effectively and efficiently oversee and guide the cooperatives is critical to their growth and development. It is also necessary that the staffing norms and staff development objectives in the cooperative directorate reflect the responsibilities of supervision in the cooperative sector. To be able to carry out its oversight function, the officers undertaking enforcement of the cooperative law and those engaged in development activities are adequately resourced. The Directorate must be staffed with professional personnel trained in various technical disciplines of the cooperative movement e.g. cooperative accounting, auditing, credit education, and extension services. Cooperative savings and credit (SACCOs) are rapidly growing into a sophisticated financial service sector. It is important to upscale the capacity of the cooperative directorate staff to match these new demand in the sector.

Policy; Ensure staffing norms and staff development objectives reflect the responsibilities of supervision of the cooperative sector

Strategy:

- a) Staff capacity building in relevant technical fields in the cooperative sector

- b) Provide adequate resources for operations and maintenance

6.5. Corporate Governance

Corporate governance refers to the ability to control the cooperative societies' resources, formulation of their policies, conduct of affairs, determining their strategic direction, setting, and evaluating their performance.

The implication of good governance in cooperatives is vital. While elected leaders control and direct the affairs of cooperatives, hired managers and staff run their day-to-day operations. On their part, the members retain the authority and demand good governance in their cooperatives. Corporate governance seeks to ensure that cooperative leaders act in the interest of the cooperative in order to achieve the goals and objectives for which it was founded. Cooperatives can, henceforth, remain commercially viable and sustainable to achieve their social-economic development if they embrace good governance.

Policy: To enhance the capacity of the Directorate of Cooperatives to monitor and evaluate the performance of cooperative societies and the integrity of management committees in accordance with cooperatives societies Act Regulations and By-Laws.

6.5.1. Poor Governance in Cooperatives

Poor governance in cooperatives arise from inadequate clarity of the roles and responsibilities among various stakeholders; e.g. inadequate interpretation and application of cooperative by-laws and guidelines, inappropriate management and operational procedures and inadequate professionalism. Some cooperative societies' management and staff have outgrown the knowledge capability and skills of the supervising government cooperative officers to the extent that they lack the requisite skills to enable them meticulously execute their oversight role.

6.5.2. lack of Professionalism in Management of Cooperative Societies

The cooperative movement in the county lack professional management and skilled personnel at all levels e.g. management, accountancy, credit management, supervision etc. This state of affairs impedes the growth and development of cooperatives and contributes to inefficiency and ineffectiveness of service delivery to their members. The county government will take practical measures to improve this situation.

Policy:

- a) All cooperative societies will be encouraged and supported to employ professional managers.

Strategy:

- a) Employ and retain professionally qualified management and operational staff and make them accountable to the society on the basis of predetermined performance targets

- b) Ensure that each committee member takes a basic training in cooperative management
- c) Each cooperative society to make budgetary provision for continuous education of its members, employees, and committees
- d) County government to enhance management capacity in cooperatives by mounting leadership courses to its staff and promote Result Based Management (RBM)

6.5.3. The Role of Government in Cooperative Governance

Cooperative societies are recognized as unique private institutions that operate without due interference from the government. However, clarity of roles and responsibilities among cooperatives, government and other stakeholders is essential if cooperatives are to overcome the challenges of the future. The government will respect the sanctity of cooperative principles while ensuring that the interest of members are safeguarded. It will also facilitate dispute resolutions in cooperatives. Sufficient attention will be given to building the capacity of the Directorate of cooperatives. However, it is the responsibility of the cooperative members to elect honest leaders and professional managers with integrity.

Policy:

- a) To ensure respect for the sanctity of cooperatives principles and values
- b) Ensuring the interest of members are safeguarded
- c) Enhancing the capacity of the Directorate of cooperatives to supervise and guide the cooperative movement in the county.

6.5.4. Role of Ethics Commission for Cooperatives:

The commission will regularly review the operational guidelines, ethics, integrity and code of conduct of cooperative societies and advice the county government on the areas that need review. It will be the responsibility of the cooperative members to elect leaders with integrity and allocate adequate resources for capacity building in personnel, equipment and information systems in their cooperatives.

Policy: County government will sensitize cooperatives on the dangers of corruption and how it can be detected and avoided

Strategy:

- a) Staffing norms and staff development to align with the oversight and supervisory responsibility functions of the Directorate of Cooperatives.
- b) Delineate roles and responsibilities of offices responsible for law enforcement and those dealing with development activities

6.5.5. Sacco Societies Regulatory Authority (SASRA)

The role of SASRA is as outlined under the SASRA Act- 2008. SASRA focuses only on SACCOs offering front office services to cooperative members.

Policy: To support the efforts of SASRA to maintain prudential management in SACCOs offering Front Office Services (FOSA)

6.5.6. Cooperative Tribunal

Cooperative dispute resolution is an important contributor to cooperative growth and development. The cooperative tribunal is part of the courts' system under the judiciary. All cooperative disputes that cannot be resolved by the directorate of cooperatives shall be referred to the Cooperative Tribunal in accordance with the Cooperative Societies Act

Policy: To support the efforts of the cooperative tribunal in cooperative dispute settlement

CHAPTER SEVEN

7.0. COOPERATIVE ACCOUNTS AND MANAGEMENT

The County Directorate of Cooperatives will be responsible for the development, and implementation of accounting and management systems in the cooperative movement. It will also exercise and improve the financial management and budgeting control of cooperative societies in order to safeguard the members' funds. It will also ensure that cooperatives in the county become financially viable entities that render services to their members at the lowest cost possible.

Policy: To ensure cooperative societies comply with County Cooperative societies Act.

7.1. Financial Management

All cooperative societies in Vihiga County will have to operate on approved budgets by their members in accordance with provisions of the cooperative societies Act. The cooperative societies Act Cap provides that, the management committee of every cooperative society shall cause to be prepared estimates of income and expenditure including capital expenditure estimates for approval by the members at a general meeting at least three months before the end of the preceding year.

Policy: To ensure that all cooperative societies comply with the County Cooperative Societies' Act.

7.2. Cooperative Audit and Supervision

It shall be the duty of every cooperative society in the county to cause its books of accounts to be audited at least once every financial year by an auditor appointed under the provisions of the Count Cooperatives Societies' Act.

The Audit and Supervision Unit shall be at the core of good corporate governance of the cooperative sector in the county. Every cooperative society for good reasons, whether big or small, must maintain accurate records of its transactions so as to enable it track down its economic performance for purposes of good governance.

Policy: To ensure all cooperatives comply with provisions of the County Cooperative's Societies Act-2019 with regard to cooperative societies' audits and supervision.

CHAPTER EIGHT:

8.0. CROSS CUTTING ISSUES

8.1. Cooperatives and Community Development

Community development, is a total program involving all aspects of community progress (e.g. health, education, transportation, recreation, environment, production, nutrition and industries). It involves the whole community rather than individual groups and, more often, the process is government promoted as part of a total plan of national progress. This approach to community development has a very significant impact on cooperative development in Vihiga County. Cooperatives are about people's (community's) socio-economic and cultural aspirations.

The seventh principle upon which cooperatives are founded is “concern for the community”. This implies that cooperatives need to consider how their development impacts on the community in which they operate. As the cooperative society grows, it is bound to affect the communities socially, economically, culturally, and the physical environment. In showing concern for the community, cooperatives work towards the sustainable development of the communities through policies and activities as approved by the members. Pursuant to this principle, cooperatives contribute directly to the development of the areas in which they operate through social interaction, change of attitudes, donations to schools, health centers, learning institutions, development of infrastructure and construction of facilities such as cattle dips, coffee factories, milk coolers, and hatcheries. Cooperative members also become beacons of light through investment of cooperative benefits in quality education for their children, construction of decent shelters for families, purchase of transport facilities and the provision of healthcare that result into improving the quality of life. The county government will support and encourage cooperatives to position themselves to provide such services and facilities that benefit the entire community.

Policy: To encourage cooperative societies to position themselves providing services and facilities that benefit the community in which they operate.

Strategy:

- a) To support and conserve the environment
- b) To support food security programs in the community
- c) Provide a forum for discussion of development issues of direct benefit to the community (Public Participation)
- d) Support youth development and empowerment

- e) Support gender equality and equity

8.2. Gender Issues in Cooperatives

Gender issues are concerned with equity and not equality with regard to the participation of men and women in social-economic development of the county. However, gender imbalance is a matter of concern to practitioners in cooperatives. This is despite the fact that cooperative development principles, values and policies advocate for non-discrimination in participation of both men and women at all levels of cooperative leadership. This is attributed to the fact that women have not sufficiently lobbied for their place in cooperative leadership. It is appreciated that cultural and religious norms have inhibited their active participation. One of the roles of the cooperative movement in the county will be to develop and support strategies that increase the involvement of women in income generating activities (IGAS). These IGAS will be transformed into cooperative societies in order to become active members. Increased membership will improve women voice and advocacy in cooperatives. In agricultural cooperatives, women are the dominant producers but the men form the majority of membership because they own the family resources on which women work. Women form a large proportion of the less economically empowered of the community. They are likely to benefit from effective participation in cooperatives through their increased membership.

Policy: To introduce measures that promote gender parity in at all levels of cooperative development

Strategy: Review the cooperative legal framework especially the by-laws to accommodate women participation in cooperative leadership

8.3. Youth and Cooperatives

Youth constitute a significant proportion of the population in Vihiga County. They are the cooperators of tomorrow and therefore must be nurtured. However, legal barriers continue to inhibit their participation in cooperatives both at membership and leadership levels especially the age requirements as provided for in cooperative societies' by-laws. There is a need to integrate legally acceptable youth activities in cooperative programs.

Development of cooperative programs aimed at providing skills and creating employment for the youth will be emphasized in collaboration with other stakeholders like youth vocational training institution (TVETs). Efforts will be put in place to promote youth participation in cooperatives through cooperative extension services. Cooperative programs targeting youth employment creation will be put in place e.g. workers, shared services, artisans, sand harvesting from granite, entertainment, tourism, sports, arts and crafts and the transformation of the informal economic sector (IES) to formal sector through cooperatives.

Policy: Encourage and involve the youth in specific cooperative activities that target the youth in the county

Strategy:

- a) Remove legal barriers that inhibit the youth from participating in cooperative activities through a review of the cooperative legal framework
- b) Formation of youth clubs that will transform into cooperatives
- c) Provide seed capital for cooperative activities that target the youth.

8.4. Cooperatives and Environment

Climate change affects everybody and every country in the world today. Cooperatives in many countries are already taking measures to deal with climate change. In Vihiga County, cooperatives can play a useful role in protecting the environment and in tackling climate change. Cooperatives are well placed to handle environmental issues as part of their concern for the community, which is one of the seven internationally recognized cooperative principles. Cooperatives will be sensitized on climate change issues and encouraged to serve as a focal point for awareness building. The county government will support cooperatives to disseminate climate change and environmental matters to their members and the communities where they operate through education, training, and information programs. In particular, cooperative societies that depend on natural resources for their activities e.g. land, forest and aquatic ecosystems will be encouraged and supported to work closely with the relevant institutions to learn and practice methods of doing business like farming, herding, and fishing that are environmentally friendly. There is greater potential in recycling household waste in the urban centers like Mbale, Luanda, Chavakali and Majengo into usable products. Cooperatives can engage in developing tree nurseries and develop tree planting programs especially among the youths. In this way, cooperatives can attain their objective of conserving and protecting the environment in Vihiga County.

Policy: Encourage and form environment cooperative societies in the county among the youth

Strategy:

- a) To support cooperatives to disseminate climate change and environmental issues to their members.
- b) Incorporate climate change and environment issues in cooperative education, and information programs
- c) Provide budgetary support to cooperatives

8.5. Cooperatives in HIV/AIDS Programs

There is tremendous justification for involving cooperatives in the fight against HIV/AIDS pandemic in the county. Cooperatives are institutions organized by the people willing to use their services. They are also managed by the people for their mutual benefit. If a significant proportion

of the members of the cooperative societies are infected by HIV/AIDS pandemic, then the community in which they operate is adversely affected in many ways. The volumes of business of these cooperatives will decline because only healthy people can contribute to increased production and productivity. High losses will be incurred if cooperative members die while owing money to cooperative societies in terms of unsecured loans and savings. The sizes and numbers of cooperatives will decline if young people who are the potential cooperators of the future die due to HIV/AIDS. The young generation constitutes the potential active labor force for economic development of the county. Lastly, the use of large amount of county resources towards medical care and upkeep of increased numbers of orphans and dependents is a burden to the county. Cooperatives are an appropriate mechanism to contribute positively to reduction of HIV/AIDS problem based on their principles and values of concern for the welfare of the community where they operate.

Policy: To encourage the involvement of cooperative members and leaders in the fight against the HIV/AIDS pandemic

Strategy: Incorporate HIV/AIDs programs in cooperative extension services in collaboration with subject matter specialists

8.6. Monitoring and Evaluation (M & E)

The lack of a cooperative monitoring and evaluation mechanism can result into the loss of tracking ability by the Directorate of Cooperative Development on the pace of attaining the objectives of the cooperative development policy in the county.

The main purpose of monitoring and evaluation system will be, but not limited to the following;

- a) To provide constant feedback on the extent of achieving the objects of the cooperative policy
- b) To identify potential problems at an early stage for possible corrective solutions
- c) To monitor efficiency and effectiveness of the implementation of the cooperative policy
- d) To incorporate the views of various stakeholders whose activities touch on the cooperatives in order to bring greater participation and ownership and accountability in policy implementation?

Evaluation of cooperative development activities will be carried out at the county, sub-county, and ward levels at least twice every calendar year. The county Directorate of Cooperatives will create specific tools to make this exercise possible. The results of the field evaluation will be reported to the County Directorate responsible for cooperatives and the County Cooperative Development Board (CCDB) for their perusal and action. The county government will provide adequate budgetary resources for this function.

Policy. To establish practical monitoring and evaluation system, to track the implementation of the cooperative development programs.

Strategy.

- a) To provide budgetary resources for monitoring cooperative development activities at all the three levels of county (county, sub-county, and ward levels).
- b) To put in place proper tools to carry out Monitoring and Evaluation of cooperatives activities and programs.

CHAPTER NINE

9.0. INSTITUTIONAL FRAMEWORK FOR POLICY IMPLEMENTATION

9.1. Coordination of Policy Implementation

The county government has both technical and service departments within the Directorate of cooperatives through which policy implementation will be fast-tracked, coordinated and monitored. For effective implementation of the cooperative policy, there will be need to strengthen the linkage between the Directorate of Cooperatives and Cooperative movement. Other strong linkages will be with the Directorate of Agriculture, Livestock, Fisheries, Trade and other stakeholders in cooperatives. By combining the efforts of all stakeholders in the productive and social sectors; agriculture, financial services, trade, education, administration, planning etc., the county cooperative development policy aims at creating economic multiplier effects that place cooperative societies as a long-term development agenda in Vihiga County

A policy implementation structure (County Cooperative Development Board (CCDB) consisting of the Chief Officer- (Cooperatives), Director of Cooperatives (Secretariat), representatives from directorates of Agriculture, Livestock, and Fisheries, Five representatives from the Cooperative movement in the county, and one non-state actor. The role of the CCDB will be to formulate policy implementation guidelines, annual work plans and budgets, oversee resource mobilization, track progress of policy implementation and provide advice to the County Executive Committee member (CEC) responsible for cooperatives on all cooperative development programs.

9.2. Role of County Government in Cooperative Policy Implementation

The weaknesses of the past cooperative development programs in Vihiga County were largely attributed to inadequate or absence of clearly defined cooperative development policy, inadequate legal framework, and regulatory tools. This cooperative policy will be implemented at the county, sub-county, and ward levels

9.3. County Level

It is envisaged that after the promulgation of the constitution-2010, cooperative societies whose activities are within the county shall for all intents and purposes fall within that jurisdiction of the county for oversight, growth and development. The role of the county government in administration of cooperative societies will be to:

- a) Formulate county specific cooperative policies in line with national goals and policies
- b) Promote registration of cooperative societies within the county
- c) Carry out regular inspections into affairs of county cooperatives
- d) Provide audit services and enforcement of audit standards and guidelines in county cooperatives

- e) Promote value addition and adoption of appropriate technology by cooperatives
- a) Establish and maintain county cooperative information centers
- b) Enforce compliance with cooperative legislation
- c) Facilitate collaboration and linkages with various stakeholders for the benefit of the cooperative societies in the county
- d) Enforce good governance in the management of the cooperative societies
- e) Undertake cooperative education and training to members committees and staff of the cooperative societies in the county

Policy: To exercise its oversight role, promotion, growth, and development of all county cooperative societies in the county.

9.4. Role of the Apex (Vihiga County Cooperative Union Ltd)

The Apex cooperative body (Vihiga County Cooperative Union Ltd) will be supported to play its rightful role in cooperative policy implementation at the county and local level in accordance with its by-laws. It will also interlink its affiliates to the national level besides providing research and consultancy services. The union will also offer management services to weak affiliates, bulk purchase of inputs and merchandise goods for its affiliates and centralized transportation of cooperative agricultural commodities.

9.5. Primary Cooperative Societies

Primary cooperative societies will be expected to organize and train their members through cooperative education and information to understand their role in the fulfillment of the objective of this policy in conjunction with their secondary cooperative societies.

9.6. Cooperative Policy Implementation Matrix

The implementation Matrix for the county cooperative development policy indicates critical actions that must be taken in the medium-term. The matrix is informed by the policy measures and actions that are contained in this policy. Broad program areas, activities, outputs and interventions are listed. The costs for the implementation of priority actions and activities identified in this policy will be shared between the county government and the cooperative movement. Significant technical and financial assistance from the county government is envisaged. For a comprehensive implementation of the policy, the major activities that need urgent funding from the county government include the following;

- a) Capacity building and training to enable the cooperative societies cope with the dynamics of a liberalized economic environment
- b) Investment capital in support of priority development programs in the cooperatives

- c) Funding for cooperative marketing and research activities in the cooperative movement
- d) Development and review of essential management and governance tools (manuals)
- e) Establishment of the Vihiga County Cooperative Development Board (CCDB)

It is hoped that the foundation for the county cooperative development policy will be laid over the medium term period 2018-2020 when it is expected that most issues pertaining to operationalizing this policy, establishing support, programs and financing instruments will be concluded. This will be in conformity with the broad **Vihiga County Integrated Development Plan 2018-2022** under the social and economic pillars and poverty reduction agenda. Despite the resource limitations facing the cooperative sector, the various measures highlighted in this policy are considered to be integral to the development of the cooperative sector as a contributor to the broader county development initiatives and hence require adequate financing to succeed. For the weak competitive cooperative societies with high business potential, financial credit for on-lending to members will be a desirable option.

A detailed “cooperative policy implementation matrix” has been provided as appendix to this policy document.

CONCLUSION

The County government of Vihiga intends to use this cooperatives development policy to streamline, democratize and facilitate the development of cooperatives in the county to become self-reliant and economically viable business organizations. This policy proposes to provide the members with improved access to economies of scale through increased resource mobilization, safeguarding them against market imperfections and enabling them enjoy the advantages of collective action in order to realize Kenya Vision 2030 and the Vihiga County development objects and goals as detailed in **Vihiga County Integral Development Plan 2018-2022**.

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APPENDIX

Program area	objective	outputs	interventions	Time frame	responsibility	Estima cost
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<p>COUNTY COOPERATIVE DEVELOPMENT POLICY</p>	<p>To formulate a county specific cooperative development policy to guide the development and growth of coop societies in Vihiga County</p>	<p>Draft cooperative development policy formulated</p> <p>Draft cooperative policy subjected to public participation</p> <p>Cooperative policy approved by CEC/Cabinet</p> <p>Cooperative policy approved by county assembly</p>	<p>Cooperative policy popularization to coop societies and coop stakeholders</p> <p>Train cooperative directorate staff on coop policy</p> <p>Train cooperative society members, committees, and staff on coop policy</p> <p>Dissemination of cooperative policy to societies and stakeholders</p> <p>County Cooperative Development Board established (CCDB) and operationalized</p>	<p>Sept 2018 to august 2019</p>	<p>Directorate Cooperatives, Chief Officer Cooperatives, County Assembly, CEC (1/c Cooperatives)</p>
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<p>COUNTY COOP LEGAL FRAMEWORK (COUNTY COOPERATIVE SOCIETIES ACT, COOPERATIVE REGULATIONS, COOP BY-LAWS)</p>	<p>To domesticate cooperative legal framework to give effect sec 7(e) of Part II of the Fourth Schedule to the Constitution-2010</p> <p>Provide for formation, registration, and regulation of county coop societies and any other connected purposes</p>	<p>Draft county cooperatives societies Act-2019 completed</p> <p>Draft county cooperatives Act to peer review</p> <p>Draft county cooperatives Act subjected to public participation</p> <p>Draft county cooperative Act approved by cabinet</p> <p>County cooperative society bill approved by the county assembly into law</p> <p>County cooperative regulations drafted, reviewed, public participation done and approved by county assembly</p> <p>All county cooperative societies by-laws reviewed</p>	<p>Review the existing cooperatives legislative framework and guidelines for efficient implementation</p> <p>Cooperative societies legislative framework popularized to cooperative societies and stakeholders</p> <p>Train cooperative directorate staff on revised cooperative legal framework</p> <p>County cooperative Development Board operationalized</p> <p>Continuous monitoring and evaluation of the implementation of the county cooperative legal framework</p>	<p>Feb 2019 to August 2019</p> <p>Continuous monitoring to 2022 and beyond</p>	<p>Director of cooperatives</p> <p>CEC (1/c Cooperatives)</p> <p>Cabinet</p> <p>County Assembly</p> <p>Other stakeholders in cooperative sector</p> <p>National government</p>
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<p>UPSCALING CAPACITY OF COUNTY DIRECTORATE OF COOPERATIVES</p>	<p>Enhancement of capacity of county directorate of coops to efficiently and effectively oversee and guide the county coop societies</p>	<p>Staffing norms and staff development objectives realigned and developed</p> <p>6 functional departments established</p> <p>Adequate number of tech, staff deployed e.g. audit accts, credit, and management</p> <p>Cooperative tech staff trained in cooperative policy and legal framework</p>	<p>Restructuring the coop directorate to reflect its mandate with six departments</p> <p>Support and provide adequate resources to cooperative directorate for O and M</p> <p>Carryout cooperatives baseline study to determine number types and status of cooperative in the county</p>	<p>March 2019 to Aug. 2019</p>	<p>Chief Officer (Cooperatives)</p> <p>CEC (1/c Cooperatives)</p> <p>Cabinet</p> <p>County assembly</p> <p>Director Cooperatives</p>
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<p>MOBILIZE/SENSITIZE VIHIGA COMMUNITY TO FORM NEW COOPERATIVE SOCIETIES IN POTENTIAL AREAS</p>	<p>To empower economically the members of the newly formed cooperative societies</p>	<p>Number of cooperative societies registered:</p> <p>40 transport cooperative societies registered</p> <p>1 skins and hides coop society</p> <p>Five poultry cooperative societies</p> <p>Six horticultural cooperative societies registered</p> <p>Three quarry and sand harvesting cooperative societies registered</p> <p>Five building and construction cooperative societies registered</p> <p>Five fish cooperative societies registered</p> <p>Five tea farmers' cooperative</p>	<p>Pre-cooperative education</p> <p>Basic cooperative knowledge and skills;</p> <p>What are cooperatives?</p> <p>Difference between cooperatives and other organizations</p> <p>Cooperative principles and values</p> <p>Why cooperatives?</p> <p>Transformation and registration of new cooperative societies (registration, procedures, legal instruments)</p> <p>Train management of registered cooperatives</p> <p>Train committees and members of registered cooperative societies</p>	<p>March 2019 to 2020</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CEC (i/c cooperatives)</p> <p>Other cooperative stakeholders</p> <p>Local leaders</p>
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		societies registered Two industrial cooperative societies registered 300 MCEGs transformed into formal cooperatives	Open books of Accts and registers of cooperative societies			
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<p>STIMULUS FUND FOR STEERING GROWTH OF COOPERATIVES (COOPERATIVE ENTERPRISE DEVELOPMENT FUND)</p>	<p>To provide low interest loans to cooperative societies as to upscale their business</p>	<p>Cooperative enterprise Fund Bill prepared</p> <p>Cooperative Enterprise Fund Act approved by county assembly</p> <p>Cooperative enterprise Fund regulation approved</p> <p>Cooperative enterprise fund board established</p> <p>Cooperative enter fund established</p> <p>Enter fund regulations established</p> <p>40 cooperative societies benefited from enter fund</p>	<p>Prepare Fund operational procedures</p> <p>Select Fund board members</p> <p>Recruit Fund manager and staff</p> <p>Train fund personnel and board</p> <p>Train board of participating coop societies</p> <p>Prepare fund policy and operating procedures, documents</p> <p>Administration of Fund</p>	<p>Sept 2018 to Feb 2019</p> <p>March 2019 to Aug 2019</p> <p>Continuous monitoring and evaluation</p>	<p>Directorate of cooperatives</p> <p>Chief Officer Cooperatives</p> <p>CEC i/c Cooperatives</p> <p>Fund Board</p> <p>CEC (Finance)</p> <p>County Assembly</p>
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<p>REVIVE NON-PERFORMING COOPERATIVE SOCIETIES IN THE COUNTY</p>	<p>To consolidate cooperative movement in the county</p>	<p>Four coffee cooperative societies revived (Wamondo, Bunyore, Jebrok, Lunyere Cooperative societies)</p> <p>One county cooperative union revived.</p> <p>Two dairy cooperatives revived (Sabatia Hamaisi)</p> <p>One teachers sacco revived</p> <p>Ten transport SACCOs revived and registered as Transport Cooperative Societies (TRACOS)</p>	<p>Carry out a baseline study on cooperatives in the country to determine their actual number and status</p> <p>Carry out a SWOT analysis on identified target cooperatives</p> <p>Prepare cooperative strategic plans for non-performing cooperatives</p> <p>Draw cooperative survival strategies for cooperative societies</p> <p>Upscale audit function in coop societies</p> <p>Train cooperative leaders and management</p> <p>Carry out cooperative member education, training, and information</p> <p>To build strong collaboration</p>	<p>March 2019 to 2022</p>	<p>Directorate of cooperatives</p> <p>Chief Officer cooperatives</p> <p>CEC i/c Cooperatives</p> <p>Directorate Agriculture, livestock, Fisheries</p>
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with Directorates of Agriculture, Fisheries, and livestock as key stakeholders in the survival strategies of agricultural commodity cooperatives

Provide and support cooperatives with core/stimulus capital to revive their business (Cooperative Enterprise Development Fund)

<p>ESTABLISH SACCO SOCIETIES IN THE INFORMAL ECONOMIC SECTOR OF THE COUNTY</p>	<p>Upscale the cooperative movement in the county</p> <p>To create decent employment for the youth in the county</p> <p>To economically empower the youth and women</p> <p>To transform the informal economy sector top formal in the county through cooperatives</p>	<p>Five transport (boda boda) SACCOs registered per ward (5*25 = 125) in the county</p> <p>Eight transport services SACCOs registered in the county (transport terminus youth) in the county</p> <p>Five SACCOs per ward registered (members of informal savings groups i.e. MCEGs) = 5*25 = 125 SACCOs in the county</p> <p>Ten health cooperatives per ward base on Nyumba Kumi (10*25 = 250 cooperatives in the county)</p>	<p>Pre cooperative education</p> <p>Basic cooperative knowledge and skills</p> <p>What are cooperatives?</p> <p>Difference between cooperatives & other organizations</p> <p>Cooperative principles and values</p> <p>Why cooperatives?</p> <p>Transformation & registration of new cooperatives (registration procedures & legal instruments)</p> <p>Train management of registered cooperatives</p> <p>Train members & committees of registered cooperative societies</p> <p>Open books of Accts & registers</p>	<p>March 2019 to 2022</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (cooperatives)</p> <p>CEC (i/c cooperatives)</p> <p>Local leaders</p> <p>MCA's</p> <p>County Administration</p> <p>NHIF</p> <p>Sub County Administration</p> <p>Culture, youth, gender & social services</p>
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			of new coops societies			
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<p>ESTABLISH MARKET COOPERATIVE SOCIETIES IN THE AGRICULTURE SECTOR (TEA, HORTICULTURE, POULTRY, PIGS, FISHERIES ETC)</p>	<p>To economically empower farmers</p> <p>Involve farmers in the management and market of their produce products</p> <p>Food security</p> <p>To create decent employment</p> <p>To involve farmers in value addition</p> <p>Poverty reduction</p>	<p>Six tea farmers coops registered in the county (2 Hamisi, 2 Sabatia, 1 Vihiga, 1 Emuhaya)</p> <p>Five cooperatives societies registered (1 per sub- county)</p> <p>Twelve beekeeping cooperatives registered</p> <p>Two nuts and oil crops cooperative registered</p> <p>Five pulses and legumes cooperatives registered</p> <p>Three roots and tubers cooperatives registered</p> <p>Four pig farming cooperatives registered</p> <p>Five poultry cooperative societies registered</p> <p>Three hides and skins</p>	<p>Pre cooperative education to farmers</p> <p>Basic cooperative knowledge and skills to farmers</p> <p>What are cooperatives?</p> <p>Difference between cooperatives and other organizations</p> <p>Cooperative principles and values</p> <p>Why cooperatives?</p> <p>Collaboration with directorates of agriculture and livestock on extension services, good agronomical and production practices, storage, grading, transportation product promotion</p> <p>Support to farmers’ training, farm inputs, equipment and</p>	<p>March 2019 to 2020</p> <p>Continuous monitoring and evaluation of operations of new registered cooperatives</p>	<p>Directorate of coops, Agriculture Livestock & Fisheries</p> <p>Chief Officer (Cooperatives)</p> <p>Directorates of Agriculture, Livestock & Fisheries</p> <p>CECi/c Agriculture, Livestock, Fisheries and Cooperatives</p> <p>Other stakeholders in agriculture, livestock, and fisheries</p>
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		<p>cooperatives registered</p> <p>TOTAL = 43</p> <p>cooperatives registered in the county</p>	<p>implements, certified seeds, feeds, fertilizers</p> <p>Train management of registered cooperatives</p> <p>Train members & committees of registered cooperatives</p> <p>Open books of Accounts and registers of new cooperative societies</p> <p>Value addition</p>			
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<p>COOPERATIVE DAIRY DEVELOPMENT PROGRAM (PROJECT) IN VIHIGA COUNTY</p>	<p>To improve milk production</p> <p>To empower women dairy farmers economically through cooperatives</p> <p>To increase household incomes</p> <p>Support to milk marketing</p> <p>Support to management of dairy cooperative societies</p> <p>Food security</p>	<p>Four dairy cooperative societies supported</p> <p>1000 members of dairy cooperatives supported</p> <p>850 women groups engaged in dairy farming supported</p> <p>2000 existing dairy farmers willing to form dairy cooperatives supported</p>	<p>Cooperative dairy development project formulated and approved in the county</p> <p>Five dairy development programs components formulated and approved (disease control, farmers training feed development, credit program and cattle upgrading programs</p> <p>Train farmers in improved dairy husbandry</p> <p>Train farmers in animal disease control and surveillance measures</p> <p>Improve access to milk marketing outlets</p> <p>Improve fodder and feed production</p> <p>Develop credit schemes for</p>	<p>June 2019 to 2022</p>	<p>Directorate of cooperatives, Agriculture, livestock and social services and veterinary services</p> <p>Chief Officer (cooperatives, Agriculture and social services and veterinary services</p> <p>CECs Agriculture, Livestock, and coops and culture and societies services</p>
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			<p>female dairy farmers</p> <p>Support to four dairy cooperative societies (Hamisi, Sabatia, Vihiga, Bunyore</p> <p>Form new dairy cooperative societies in the county</p> <p>Capacity building to cooperative society management, committee members and staff</p>			
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<p>ESTABLISH HIDES AND SKINS COOPERATIVES IN VIHIGA COUNTY</p>	<p>Upscaling cooperative movement in the livestock sector</p> <p>Empower economically the butchery owners in the county</p> <p>Employment creation</p> <p>Value addition to hide and skins</p> <p>Reduce capital flight from the county</p> <p>Poverty reduction</p>	<p>Census of all butchereries in the county taken</p> <p>Tannery establishment in Vihiga county</p> <p>All butchery owners in Vihiga county registered</p> <p>Four hides and skins cooperatives registered</p> <p>100 jobs created</p> <p>Revenue to county increased</p>	<p>Mobilize and sensitize all butchery owners in the county</p> <p>All meat inspectors sensitized and trained as to the roles and responsibilities</p> <p>All slaughter houses registered</p> <p>Procedures and recording of skins from slaughter houses completed</p> <p>Storage and treatment of skins completed</p> <p>Support to cooperatives on transport facilities</p> <p>Support and provision of core capital to hides and skins cooperatives</p> <p>Train management of new formed hides and skins cooperatives</p> <p>Train members and committees</p>	<p>June 2019 to 2020</p>	<p>Directorate cooperatives</p> <p>Livestock</p> <p>Veterinary (all meat inspectors)</p> <p>Public health</p> <p>Chief Officer (Cooperatives)</p> <p>CEC (Agriculture, Livestock, and cooperatives)</p> <p>Director, Trade and Industry</p> <p>CEC Finance</p> <p>MCA's</p> <p>Sub-County Administration</p>
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			<p>of new cooperatives</p> <p>Procedures for licensing of butchereries through their cooperatives completed</p> <p>Establish tannery in vihiga county</p>			
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<p>QUARRY AND SAND HARVESTING COOPERATIVE SOCIETIES IN VIHIGA COUNTY</p>	<p>To empower youth economically</p> <p>Employment creation</p> <p>Optimal use of county natural resources</p> <p>Environment conservation</p>	<p>Ten cooperative societies registered</p> <p>3000 new jobs created among the youth</p> <p>5000 youth recruited as members of these coops (18-35 years old)</p> <p>10 Quarry and Sand Harvesting sites opened in the county</p> <p>10 cooperative societies supported</p> <p>10 cooperative societies facilitated to acquire supply tenders for concrete and sand</p> <p>Concrete and Drainage Pipes manufactured by cooperatives</p>	<p>Pre-cooperative education (see no8 above)</p> <p>Support new cooperatives with stone crushing machines</p> <p>Support new coops with sand harvesting equipment</p> <p>Support new coops with transport facilities, bulking site and supply tenders</p> <p>Train management of new registered cooperative societies</p> <p>Train members and committees of registered cooperative societies</p> <p>Open books of accounts and registers for the new cooperative societies</p> <p>Establish & register Quarry and Sand</p>	<p>June 2019 to 2020</p>	<p>Directorate cooperatives</p> <p>Chief Officer cooperatives</p> <p>Directorate of Youth</p> <p>NEMA</p> <p>CECM (Infrastructure)</p> <p>CECM (Housing)</p> <p>Director Environment</p> <p>CECM (Environment)</p> <p>Director (Infrastructure)</p>
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			Harvesting operating sites in consultation with NEMA and CEC Environment			
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<p>BUILDING AND CONSTRUCTION COOPERATIVE SOCIETIES IN VIHIGA COUNTY</p>	<p>Empower the youth economically (18-35 years old)</p> <p>To create employment</p> <p>Target TVET graduates</p>	<p>All TVET graduates in the county registered in the following fields: welding, metal work, and fabrications, electrical, masonry, carpenters, plumbers</p> <p>Five cooperative societies registered (1 per sub county)</p>	<p>Pre-cooperative education (see no 8 above)</p> <p>Support to new cooperative societies with building and construction equipment</p> <p>Support new cooperatives with start-up capital</p> <p>Support to new cooperatives with transport facilities</p> <p>Prioritize tender awards to the youth (being part fulfillment of 30% quota of tenders to the youth)</p> <p>Seek classification of the cooperatives with the Directorate of Infrastructure</p>	<p>June 2019 to 2020</p>	<p>Directorate of cooperatives</p> <p>Chief Officer cooperatives</p> <p>CECM i/c (cooperatives)</p> <p>Directorate of infrastructure</p> <p>TVET institutions in the county</p> <p>Other TVETs with Vihiga resident students</p>
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<p>ESTABLISH INDUSTRIAL COOPERATIVE SOCIETIES</p>	<p>To industrialize Vihiga County through cooperatives</p>	<p>Number of value addition industrial ventures established in Vihiga county</p>	<p>Value addition activities in the Vihiga County in agro-and quasi industrial sectors</p>	<p>2019 to 2020</p>	<p>Directorate of cooperatives NEMA Directorate Environment Kenya Bureau of Standards Chief Officer (Cooperatives) CECi/c cooperatives Directorate industry and trade Public Health</p>
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<p>FLOUR MILLING AND PACKAGING (COOPERATIVES) PLANT IN VUHIGA COUNTY</p>	<p>To industrialize the county through cooperatives</p> <p>Employment creation</p> <p>Food security</p> <p>To create econ linkages e.g. manufacture of animal feeds, edible seed oil, soap processing</p> <p>Expanded county revenue base</p> <p>Diversification of county economy</p>	<p>One Flour Milling Plant established</p> <p>One Animal Feed Plant established</p> <p>One Edible Seed Oil Plant established</p> <p>500 new jobs created through distributive trade</p> <p>Revenue to county increased through licenses and dividends</p> <p>One county union established to run the operations (see no 6 above)</p>	<p>Feasibility study of flour milling plant in Vihiga county</p> <p>Feasibility studies of animal feed and edible-seed oil plant</p> <p>Feasibility studies approved</p> <p>Industry location established</p> <p>Source of raw material and supplies contracts drawn</p> <p>Train the management of the plant (county cooperative union)</p> <p>Distribution centers for products established</p> <p>Seek KBS certification</p> <p>Continuous monitoring and evaluation of implementation</p>	<p>Aug 2019 to 2010</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CECM i/c (cooperatives)</p> <p>Directorate industry and trade</p> <p>County cooperative union Ltd</p> <p>Public Health</p> <p>Directorate Livestock and Veterinary Services</p>
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ANIMAL FEED PLANT (COOPERATIVE)	Ditto # (a) above Optimal use of by-products from flour milling plant (i.e. maize, wheat, bran)	Animal feed plant established Animal feeds produced: dairy meal, poultry feeds (chick, broiler, growers, layers, mashes, pigs etc.) 500 jobs created Revenue to county increased Distribution outlets for products established	Ditto # 13 (a) above Raw material availability from flour milling plant as by- products Establish investment cooperative to manage the Animal Feed Plant Continuous monitoring and evaluation of plant operations	Aug 2019 to Dec 2020	Ditto # (a) above
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<p>PRINTING PRESS (THROUGH COOPERATIVES)</p>	<p>To provide education materials in the county (paper, exercise books, term exam, printing etc.)</p> <p>Supply stationary materials to public officers</p> <p>Printing for occasions and public functions</p>	<p>Education material available to schools, colleges, universities, other institutions</p> <p>Stationary materials available to hospitals, business community, government offices</p> <p>Standardized cooperative stationary available e.g. Accounting, registers, other documentations</p> <p>Printing press established in Vihiga county</p> <p>400 jobs created through distribution of products</p> <p>Revenue to county increased</p>	<p>Ditto # 13(a) above</p> <p>Project implemented by Vihiga</p> <p>Teachers' sacco ltd</p> <p>Support for core capital by county government through CEDF</p> <p>Train management and committee of Vihiga Teachers' Sacco ltd</p> <p>Establish Investment cooperative societies to run the printing press</p> <p>Continuous monitoring and evaluation of project implementation</p>	<p>Aug 2019 to Dec 2020</p>	<p>Ditto # 13(a) above</p>
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<p>COOPERATIVE EDUCATION, TRAINING, AND INFORMATION</p>	<p>Top upscale cooperative capacity in cooperative societies at four levels; (Members, Management committees, cooperative staff and the general public) to be able to manage their affairs efficiently and effectively</p>	<p>Cooperative members, management committees, staff trained on their rights, liabilities obligations and duties and responsibilities of cooperative societies</p> <p>Cooperative members, management committees and staff trained on the roles and responsibilities of Annual general, special general meetings</p> <p>Training done at all levels on; cooperative financing, governance, credit, marketing, budgeting, auditing, accounts and management, cooperative inspections and inquiries and cooperative dispute resolution mechanisms</p>	<p>To train cooperative members, committees and staff on rights, liabilities, obligations, roles, and responsibilities of cooperative societies</p> <p>To train cooperative members, committees, staff on the roles and responsibilities of Annual and special general meetings</p> <p>To train members, committees and staff on the role of cooperative societies in cooperative financing, credit marketing, financial management and cooperative disputes resolutions</p> <p>Training on the importance of good corporate governance,</p>	<p>Sept 2018 to 2022</p> <p>Continuous review of cooperative education programs and activities</p>	<p>Directorate of Cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CECM (Cooperatives)</p> <p>Cooperative Societies</p> <p>Apex County Cooperative Union Ltd)</p>
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		Roles, responsibilities of cooperative societies delivered to general public	auditing and accounts and management Deliver cooperative information to the general public			
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<p>COOPERATIVE CREDIT AND FINANCE;</p> <p>Cooperative Members</p> <p>Cooperative Societies</p> <p>Cooperative Banks</p> <p>Cooperative Insurance</p> <p>Cooperative Research</p> <p>COOPERATIVE SAVINGS AND CREDIT SOCIETIES (SACCOs)</p>	<p>To establish and understand the sources and applications of cooperative funds (members cooperative societies and other financial intermediaries)</p> <p>Acquire knowledge and skills on types of savings and credit models in the market</p> <p>Outline the differences between cooperative financing and other financial intermediaries</p>	<p>Sources and applications of cooperative financing established</p> <p>Savings and credit cooperatives formed for both employer and producer based</p> <p>300 MCECs transformed into formal SACCOs</p> <p>40 informal economy sector (IES) transformed into formal SACCOs</p> <p>New savings mobilization model levels</p> <p>New savings mobilization manuals developed</p> <p>Savings mobilization expanded into potential areas with savings products</p> <p>Difference between SACCOs and</p>	<p>Establish sources and application of cooperative credit and financing; cooperative members, cooperative societies, other cooperative financial institutions like cooperative bank, cooperative insurance</p> <p>To form savings and credit cooperative societies (SACCOs) both employer and producer based</p> <p>Transform member controlled economic groups (MCEGs) into SACCOs</p> <p>Transform the informal Economy Sector (IES) into formal sector through cooperatives</p> <p>Develop new savings mobilization models</p>	<p>June 2019 to August 2020</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CECM (Cooperatives)</p> <p>Cooperative members</p> <p>Cooperative societies</p> <p>Cooperative Apex in the county</p>
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		<p>other financial intermediaries outlined to the cooperative movement</p> <p>Savings mobilization policy developed in the county</p>	<p>Develop savings mobilization manuals</p> <p>Expand savings mobilization in areas with potential savings products</p> <p>Outline the differences between SACCOs and other financial intermediaries</p> <p>Develop a savings mobilization policy</p>			
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<p>COOPERATIVE MARKETING AND RESEARCH</p>	<p>To establish cooperative marketing procedures and systems</p> <p>To establish a cooperative information data bank, products, prices, standards, value-addition, and research</p> <p>To encourage cooperative societies to adopt market research, product development, promotion in order to improve on their competitiveness in the market</p>	<p>Cooperative marketing guide developed</p> <p>Cooperative officers, members, management, committees and staff trained on support services to cooperative marketing</p> <p>Value addition knowledge and skills imparted to cooperative societies</p> <p>Cooperative research manual developed</p> <p>Research methodology skills and knowledge imparted</p>	<p>Develop cooperative marketing guide for cooperative societies</p> <p>Train cooperative officers, management committees and staff supported services provided to marketing cooperative societies e.g. product development, promotion, storage, packaging, and branding</p> <p>Train on value-addition and value-chain analysis</p> <p>Cooperative research and applications in cooperatives</p> <p>Develop cooperative marketing research manuals</p>	<p>August 2019 to August 2020</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CECM (Cooperatives)</p> <p>Cooperative Apex</p> <p>Other stakeholders in cooperatives</p>
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<p>GOVERNANCE IN COOPERATIVE SOCIETIES</p>	<p>To enhance the capacity of the Directorate of Cooperative to monitor and oversee the performance of cooperative societies and the integrity of management committees and staff of cooperative societies in accordance with the cooperative societies Act, Regulations and By-laws</p> <p>To upscale the capacity of cooperative societies towards self-regulation</p> <p>Cooperative societies in accordance with the cooperative societies Act, regulations and by-laws</p> <p>To upscale the capacity of cooperative societies</p>	<p>Cooperative management committees elected</p> <p>All cooperative societies legal framework compiled with</p> <p>All cooperative societies meetings e.g. AGMs, SAGM, CMCs property and regularly conducted</p> <p>Minutes of all meetings kept</p> <p>All cooperative societies books of accounts audited every financial year</p> <p>Proper books of accounts kept</p> <p>Cooperative ethics and code of conduct adhered to by all cooperative management committees and staff</p>	<p>To ensure all cooperative societies have an elected management committee</p> <p>Ensure all cooperative societies legal framework</p> <p>To enforce cooperative legal framework</p> <p>Ensure all cooperative societies conduct proper and regular meetings e.g. AGMs, SAGMs, and committee meetings</p> <p>Ensure the management committees keep a record of minutes if their meetings</p> <p>Ensure all cooperative societies and audited at least once every financial year</p> <p>Ensure all cooperative</p>	<p>September 2018 to 2022</p> <p>Continuous follow-up and supervision</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CECM (Cooperatives)</p> <p>Apex cooperatives</p>
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towards self-regulation

societies keep proper books of accounts in accordance with cooperative management procedures

<p>COOPERATIVE ACCOUNTS AND MANAGEMENT</p>	<p>All cooperative societies to keep books of accounts and other accountable documents in compliance with the county cooperative societies Act 2019</p>	<p>Proper books of accounts and registers kept</p> <p>Annual income and expenditure statements prepared</p> <p>All cooperative societies budgets approved</p> <p>Monthly trial balances prepared</p>	<p>To ensure all cooperative societies keep proper books of accounts and registers</p> <p>To ensure all cooperative societies prepare annual income and expenditure statements</p> <p>All cooperative societies to operate on approved budgets</p> <p>All cooperative societies to prepare monthly income and expenditure statements (Trial Balance)</p>	<p>September 2018 to 2022</p> <p>Continuous monitoring of cooperative societies operations</p>	<p>Directorate of cooperatives</p> <p>Chief Officer (Cooperatives)</p> <p>CECM Cooperatives</p> <p>Cooperatives Apex</p>
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<p>COOPERATIVE DATA CENTER</p>	<p>To be the basis of all cooperative societies planning and management decision making process</p>	<p>Data collection tools designed Cooperative data center established Data storage software developed for all types of cooperatives in the county</p>	<p>Design data collection tools from cooperative societies Establish a cooperative data center Develop a software for data storage (marketing, SACCOS, housing)</p>	<p>August 2019 to August 2020</p>	
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