



**REPUBLIC OF KENYA**

**MINISTRY OF COOPERATIVES AND MICRO,  
SMALL, AND  
MEDIUM ENTERPRISES (MSMEs)  
DEVELOPMENT**

*Office of The Cabinet Secretary*

**THE ETHICAL LEADERSHIP AND GOVERNANCE  
FORUM**

**LAKE NAIVASHA RESORT**

**6<sup>TH</sup> JUNE, 2025**

**REMARKS BY HON. FCPA DR. WYCLIFFE  
AMBETSA OPARANYA, CABINET SECRETARY,  
MINISTRY OF CO-OPERATIVES AND MSMEs  
DEVELOPMENT, DURING THE ETHICAL  
LEADERSHIP AND GOVERNANCE FORUM HELD  
AT LAKE NAIVASHA RESORT ON 6<sup>TH</sup> JUNE, 2025**

**Leaders of the Cooperative Alliance of Kenya and  
the Institute of Directors (Kenya),  
Board chairpersons, chief executive officers,  
Members of the cooperative movement,  
Distinguished guests,  
Ladies and gentlemen,**

**Good morning.**

It is a great honour and privilege to join you today at this important forum. I would like to express my sincere appreciation to the **Cooperative Alliance of Kenya (CAK)** and the **Institute of Directors (Kenya)** for convening this timely gathering. This forum comes at a moment when the cooperatives sector requires renewed reflection and collective resolve. It provides us with a unique opportunity to interrogate the values and leadership standards that underpin the cooperative ecosystem in Kenya.

Kenya's cooperative movement has, for over a century, served as a formidable engine for economic empowerment and social transformation. It has enabled millions of farmers, traders, and entrepreneurs to access opportunities and assert their dignity through enterprise. However, we acknowledge that this remarkable legacy is under strain.

The cooperative movement faces significant threats arising from financial mismanagement, weak governance frameworks, and a growing erosion of public trust. These are not theoretical concerns. They are real and visible in the form of shuttered SACCOs, disillusioned members, and communities that are increasingly questioning the relevance and reliability of cooperative institutions.

Kenya's 31,000+ cooperatives, mainly SACCOs, play a key role in financial inclusion by offering accessible services to many excluded from formal finance. They are central to the Government's BETA Plan, empowering grassroots communities to create wealth, jobs, and reduce poverty, ensuring development benefits reach underserved areas and promote equitable livelihoods nationwide.

The Government remains committed to fostering an environment that supports cooperative entrepreneurship. We are focused on creating the right infrastructure, improving access to finance, and strengthening the policy and regulatory frameworks that govern the cooperative sector.

As a Ministry, we are proactively driving sector-wide reforms through the proposed *Cooperatives Bill, 2024*, currently before the Senate. This Bill enhances ethical leadership by enforcing transparency, accountability, and anti-corruption measures. It strengthens good governance with robust oversight and safeguards institutional integrity through strict penalties and self-regulation frameworks; all designed to restore trust and ensure the sustainability of Kenya's cooperatives sector.

Ladies and gentlemen,

The *Cooperative Societies Bill, 2024*, also introduces provisions that require cooperative leaders to meet higher educational and competency standards. This will ensure that cooperatives are guided by individuals with the right expertise to make informed, strategic decisions for long-term success.

In pursuit of stronger institutions and enhanced sectoral integrity, the Government, through the Ministry, initiated targeted governance reforms to restore public confidence, improve operational efficiency, and reinforce ethical leadership within the cooperative sector. These reforms focus on three key areas:

First, **legal and regulatory reform** through the appointment and inauguration of a five-member Committee of Experts in the month of May to comprehensively review the *SACCO Societies Act, 2008*,

align it with emerging global standards, and enhance institutional accountability.

Second, **institutional oversight** through the inauguration of a new two-year Transition Board for KUSCCO, mandated to oversee its organizational restructuring, protect member interests, and steer its evolution as an apex institution of cooperative governance.

Third, **producer cooperative governance**, particularly the revival and professionalization of agricultural coffee cooperatives, aimed at restoring good governance, empowering farmers through accountable institutions, and ensuring they receive their rightful value.

Let me emphasize that these measures are not punitive. They are corrective and enabling. They are designed to rebuild trust and position our cooperatives for sustainable growth. We intend to implement them in full consultation and partnership with all sector stakeholders.

As cooperatives continue providing affordable credit, responsible debt management and sustainable lending are crucial. The Government is committed to facilitating access to favorable credit while building cooperatives' capacity to manage debt effectively. A key reform is the proposed Deposit Guarantee Fund under the SACCO Societies Act amendments, designed to protect members' savings, enhance financial stability, and boost confidence in the sector.

Effective risk management is crucial for the continued success of cooperatives. The Government is dedicated to equipping cooperatives with the tools and knowledge to manage both financial and operational risks. We are also exploring partnerships with financial technology firms to introduce advanced risk management solutions. These tools will enhance the resilience of cooperatives, particularly in managing credit portfolios and addressing emerging financial risks.

The Government remains fully committed to supporting the cooperative sector. Through a comprehensive policy framework, we are creating an environment where cooperatives can thrive, innovate, and contribute significantly to our economy. Our reforms focus on improving governance, ensuring financial stability, promoting digital transformation, and fostering inclusivity.

We, however, remain confident that the decline in ethical leadership and governance is reversible. The remedy lies in our collective will to recommit ourselves to the founding principles of the cooperative movement—transparency, accountability, and service to the public good. These are not abstract ideals; they are practical imperatives that must guide our leadership at every level.

Distinguished guest,

Ethical leadership is not measured by rank or title. It is demonstrated through moral courage, especially when no

one is watching. It calls for principled decision-making, for placing the interests of members at the heart of all policy decisions, and for rejecting practices of financial secrecy that breed suspicion and disengagement.

As leaders entrusted with the stewardship of public resources, we must remind ourselves that our actions today will determine whether future generations inherit stronger institutions or broken systems. The question we must each reflect on is this: Will we be remembered as the generation that strengthened Kenya's cooperative sector—or the one that watched it unravel?

Strong governance is the foundation of institutional resilience and public trust. I call on all cooperative leaders to embrace internationally recognized practices such as member-led oversight, mandatory independent audits, and transparent reporting. Boards and management must commit to ongoing training to effectively manage the legal, financial, and ethical challenges of modern cooperative leadership. Equally important is making inclusivity a standard, ensuring full participation of women, youth, and marginalized groups in all decision-making processes to drive equitable and sustainable growth.

Ladies and gentlemen,

This forum must be more than just an event. It must ignite a sustained movement for ethical reform, policy coherence, and leadership accountability. I call on all of you to return

to your communities with renewed purpose. Begin by assessing the governance structures in your respective institutions. Identify the weaknesses and take action. Reaffirm the cooperative spirit among your members by reminding them that these institutions exist to serve them, not to exploit them. And above all, hold yourselves accountable. Leadership is not a personal entitlement. It is a sacred responsibility anchored in integrity and public trust.

Distinguished guests,

As part of our ongoing efforts to strengthen governance, transparency, and accountability within the cooperative sector, I wish to bring to your attention two critical directives aimed at ensuring compliance and enhancing institutional efficiency among our cooperative societies.

First, let me address the matter of annual returns. The *Cooperative Societies Act* stipulates that all cooperative societies are required to file their annual returns in the prescribed manner and within the specified timeframe. Unfortunately, we have observed a growing number of societies failing to meet this legal obligation, thereby exposing themselves to the risk of deregistration.

In response to this concern, and in exercise of the powers granted to me under *Section 93A(d) of the Cooperative Societies Act and Rule 14 of the Cooperative Societies Rules*, I hereby direct all cooperative societies, including



unions, national cooperative organizations, and apex cooperatives, to file their annual returns no later than the **30th of April each year.**

These returns must include a duly approved copy of the audited financial statements for the year in question, as well as updated details of all elected officials and the Chief Executive Officer—specifically their full names, physical addresses, telephone numbers, and email addresses.

Let me be clear: any cooperative society that has failed to file its returns for the last three years and within the stipulated timelines will be struck off from the Cooperative Register and will cease to exist as a corporate entity. This directive takes immediate effect, and all cooperative entities are expected to comply fully.

Second, I want to address the challenge of effective member participation in cooperatives with very large memberships. The law—specifically *Section 27(1) of the Cooperative Societies Act*—vests the supreme authority of a cooperative society in the general meeting, where members have the right to attend, participate, and vote. *Sections 19 and 21(a)* further affirm these rights.

However, in practice, we have seen that for societies with more than 10,000 members, especially those with broad geographic coverage, it is neither practical nor efficient to hold general meetings with every member physically

present. This has often led to disorganized meetings and poor decision-making processes.

To address this challenge, and pursuant to the powers conferred upon me under Section 93A(c) of the *Cooperative Societies Act* and *Rule 54(1)(b) of the Cooperative Societies Rules*, I am directing that all cooperative societies with a membership exceeding **10,000** must amend their by-laws within the next **six months** to adopt a delegate system of representation.

Under this system, no more than **500 delegates** shall be selected to represent the broader membership at general meetings. This representation must be fair and inclusive, taking into account geographical distribution, gender balance, age diversity, and the inclusion of persons with disabilities.

These directives are not mere administrative measures—they are essential steps towards building a cooperative movement that is transparent, participatory, and resilient. I urge all cooperative leaders and members to take these directives seriously and implement them without delay.

In conclusion, I am reminded of the words of Robert Owen, a pioneer of cooperative thought, who said: “**Character is formed by the choices we make.**” Today, we are presented with a choice. We must choose integrity over

indulgence. We must choose service over personal status. We must choose to build a future of trust, resilience, and shared prosperity for all Kenyans through vibrant cooperatives and empowered MSMEs.

I reaffirm the Government's unwavering support and commitment for the cooperative sector. The future of cooperatives lies in our collective ability to work together, share resources, and innovate. Let us embrace the opportunities before us, uphold the highest standards of governance, and ensure that our cooperatives remain resilient and sustainable. I urge all cooperative leaders to lead with vision, integrity, and a commitment to the long-term success of the cooperative movement.

Thank you all, and may God bless you. May God bless our cooperative movement, and may God bless Kenya.

Signed  
**Cabinet Secretary**