

# THE CO-OPERATIVE MAGAZINE



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THE CO-OPERATIVE ALLIANCE OF KENYA (CAK) | JANUARY-MARCH, 2026 | ISSUE 01



## NEXT-GEN MONEY: WHY SACCOS MUST REINVENT TO SURVIVE

As millennials and Gen Z reshape Kenya's money habits, traditional SACCOS face a make-or-break moment. PG4-5

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# NIKO KADI

**Najaza tank and I pay using my Co-op ATM card at NO extra charge. Je, uko kadi?**



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## EDITORIAL

**FRED AMINGA**  
THE GROUP EDITOR

>> Welcome to the first issue of the Cooperative Magazine for 2026. We promise to keep you updated regularly and on time. This is your home for discussions on issues pertaining to Kenya's cooperative movement which stands as one of the country's most enduring economic success stories. We have also started leveraging social media platforms to educate and communicate more often with our members.

The core theme of this issue is to ensure that readers get nuggets of knowledge on policy literacy and we have a special health sector to educate the readership and

encourage you to be conscious about your health for longevity.

Through savings and credit cooperatives, millions of citizens have gained access to affordable credit, secure savings channels and investment opportunities that might otherwise have remained out of reach.

For decades, Saccos have empowered farmers, salaried workers, small entrepreneurs and entire communities to build financial resilience. Yet the environment in which these institutions operate is evolving rapidly, and the next phase of growth will depend not only on financial strength but also on a deeper engagement with policy and

regulatory standards.

Today, the Sacco sector operates in an increasingly complex governance landscape shaped by financial regulations, data protection rules, anti-money laundering frameworks, tax policies and digital finance standards. Compliance is no longer a simple administrative requirement.

It has become a strategic pillar that determines the credibility, stability and sustainability of cooperative institutions.

The regulatory framework anchored by the Sacco Societies Regulatory Authority has played a crucial role in professionalising the sector.

EVOLVE OR FADE

# Why SACCOs must evolve or fade with the next generation

Cooperatives are largely absent from modern education systems, often perceived as bureaucratic, inflexible, and lacking innovation



George Y. Ombado, CEO, (ACCOSCA). | PHOTO COURTESY



Jennie Connie of Rumah Energi. | PHOTO COURTESY

John Otini | @Co-operativeCak

Kenya's cooperative movement, one of the strongest in Africa, stands at a critical crossroads. With over 14 million members and deep roots in community-driven finance, cooperatives (SACCOs) have historically been a powerful tool for economic empowerment. Yet, their sustainability increasingly depends on one key factor: their ability to attract and retain Millennials and Gen Zs. These younger generations now dominate Kenya's working-age population, but most view cooperatives as relics of a bygone era—slow, bureaucratic, and resistant to change.

**Challenge**

The challenge is clear. "Africa is currently the youngest continent in the world, and our economic growth has probably been the highest in terms of standing at 3 per cent to 10 per cent over the past decade. But why is there so much unemployment? This is something that as SACCOs we need to address," says George Y. Ombado, CEO of the African Confederation of Cooperative Savings & Credit Associations (ACCOSCA). His words capture a dilemma at the heart of Africa's development story: a continent

brimming with youthful energy and potential, yet struggling to translate that into widespread economic inclusion.

One of the most significant barriers to youth engagement in the cooperative sector is lack of awareness and understanding of how cooperative business models work.

**Enterprises**

In many cases, the concept of member-owned enterprises remains foreign to young people who have grown up with digital banking apps, crypto wallets, and mobile investment platforms. "Cooperatives are largely absent from modern education systems, often perceived as bureaucratic, inflexible, and lacking innovation," says Jennie Connie of Rumah Energi, an alliance of green cooperatives. This perception alienates the very demographic that could inject fresh energy and innovation into the sector.

To bridge this knowledge and perception gap, institutions like the Kenya Union of Savings and Credit Cooperatives (KUSCCO) have stepped in. KUSCCO has developed structured mentorship and training of trainers (ToT) programmes designed to equip young people with financial literacy, leadership, and business management skills.

Africa is currently the youngest continent in the world, and our economic growth has probably been the highest, over the past decades in terms of standing at

**3% - 10%**

**Young professionals**

Under this initiative, experienced cooperative leaders train young professionals on savings culture, investment strategies, and cooperative governance. This effort has led to the creation of youth-focused SACCOs, giving young farmers, professionals, and digital entrepreneurs access to affordable credit and the means to scale their businesses.

The Cooperative University of Kenya (CUK) has also been instrumental in nurturing a new generation of cooperative leaders. Through courses and hands-on training, the university has introduced young entrepreneurs to the cooperative model as a viable alternative to purely profit-driven business structures. Such programs are essential in reshaping how the youth perceive cooperatives—from outdated financial entities to modern, inclusive, and purpose-driven enterprises.

But as Ombado observes, structural transformation is equally critical. "One of the things I see from my corporate space is the cooperatives mantra that goes 'we are growing and we are growing in brick and mortar.' But if you want young people in the system, they will not go to branches. They need to be served with the new way of doing things," he says. This statement strikes at the core of the digital revolution that is reshaping every sector. Today's young adults are digital natives who expect instant, seamless, and intuitive service delivery. They live on their smartphones, transact online, and communicate in real time across social platforms.

*"One of the things I see from my corporate space is the cooperatives mantra that goes 'we are growing and we are growing in brick and mortar.' But if you want young people in the system, they will not go to branches. They need to be served with the new way of doing things*

For cooperatives to capture this audience, embracing digital transformation is not optional—it's existential. Developing robust, mobile-first platforms that allow users to save, borrow, and track their transactions with ease is the first step. Cooperatives must streamline processes to eliminate long queues and paperwork that discourage tech-savvy youth. Moreover, communication must evolve.

Platforms such as Instagram, TikTok, and LinkedIn are where Gen Zs and Millennials spend most of their time; cooperatives should use these spaces to share financial tips, member success stories, and impact narratives in a relatable way. Creating vibrant online communities where members can connect and share ideas would further foster a sense of belonging that traditional physical branches often fail to deliver.

Equally, cooperatives must rediscover and amplify their core values—democracy, equality, and community

welfare—values that deeply resonate with younger generations.

**Integrity**

Millennials and Gen Zs are purpose-driven; they want to associate with organizations that embody integrity, inclusivity, and sustainability. By showcasing authentic stories of social impact—such as financing renewable energy projects, supporting smallholder farmers, or empowering women-led enterprises—cooperatives can distinguish themselves from traditional profit-driven financial institutions. Transparency and ethical governance are not just moral imperatives; they are competitive advantages in a world where social impact increasingly defines brand loyalty.

Flexibility also matters. Young people's financial needs and career paths differ significantly from previous generations. They often juggle multiple income streams—from freelancing to gig work—and require adaptable products. Cooperatives should design flexible savings and credit products, such as short-term microloans or goal-based savings plans for education, travel, or business startups. Tiered membership models, with smaller and more flexible dues, can lower entry barriers while giving members clear value for their contributions.

**Online courses**

Additionally, continuous learning opportunities—like online courses, workshops, and certifications—should be

built into membership packages, aligning with the younger generation's focus on personal and professional growth.

However, digital innovation and product flexibility alone will not secure the future of cooperatives. Governance and leadership structures must also evolve. Younger members need to see that their voices matter and that there are clear pathways to influence within the organization.

This can be achieved by integrating youth representatives into boards and committees, even as non-voting members at first, to ensure that decision-making reflects diverse perspectives. Furthermore, mentorship and "reverse mentorship" programs can create intergenerational synergy—experienced leaders imparting wisdom while young members introduce digital and technological insights that modernize operations.

Listening to young members is crucial. Creating open, interactive feedback channels where ideas and concerns are acknowledged and acted upon builds trust and engagement. For instance, cooperatives can use digital surveys, social media polls, or member forums to crowdsource innovation ideas, demonstrating responsiveness and inclusivity. Such participatory models make the youth feel like co-creators rather than passive customers.

Ultimately, the cooperative movement's strength has always lain in its people-centered philosophy. But as Kenya's economic and social landscape shifts, the meaning of community and participation must evolve too. For the digital generation, belonging is no longer defined by physical presence but by shared values, digital connection, and mutual empowerment.

Kenyan cooperatives have an opportunity to reinvent themselves—not by abandoning their principles, but by reinterpreting them for a new age. The same cooperative ethos that built rural economies can now power digital communities, social enterprises, and green startups.

If SACCOs and other cooperatives can modernize their systems, embrace digital-first strategies, and align with the social values of Gen Zs and Millennials, they will not only secure their survival but also become engines of inclusive growth for the continent's youngest and most dynamic generation.

In doing so, they can transform from aging institutions into vibrant, future-ready ecosystems—where tradition meets innovation, and where the dreams of a youthful Africa find a home in collective prosperity.



KUSCCO Ltd. | PHOTO COURTESY

# Can Kenya's Saccos scale up for more relevance?

**Reforms** | For Daniel Marube, the conversation must begin with structural gaps that continue to slow progress.

Victor Mukabi |  
@Co-operativeCak

Kenya's cooperative movement is working hard to ensure that emerging gaps are filled as sector leaders push for deeper reforms to unlock growth, resilience and global relevance. The move leverages a simple but urgent question: how can cooperatives retain more capital while expanding affordable credit to members?

For Daniel Marube, the conversation must begin with structural gaps that continue to slow progress. The chief executive of the Co-operative Alliance of Kenya argues that while Kenya's cooperative sector has made notable global strides, serious dialogue is needed to address emerging weaknesses.

"Kenya's cooperative sector has made great strides in the world," Marube said during the Annual Cabinet Secretary for Cooperatives and MSMEs Consultative Forum in Naivasha. "However, stakeholders need serious dialogue to address emerging gaps."

He points to limited access to affordable credit, weak extension services and the high cost of farm inputs as persistent constraints eroding member incomes. Governance, he adds, remains central. Poor oversight can quickly undermine even the most promising institution, while transparent leadership builds trust and encourages savings.

Despite these challenges, Marube maintains that the sector's resilience rests on strong member confidence — a currency commercial lenders often struggle to replicate. "We have invested greatly in addressing challenges, mainly good governance, affordable financial services and boosting extension services," he said. "The cooperative sector is a key ingredient for growth."

Savings and credit cooperatives



Daniel Marube, The chief executive of the Co-operative Alliance of Kenya | PHOTO | COURTESY

**Kenya's cooperative sector has made great strides in the world. However, stakeholders need serious dialogue to address emerging gaps - Marube.**

have long anchored household finance, small enterprise funding and rural development. Yet as markets globalise and financial innovation accelerates, Saccos face mounting pressure to evolve beyond traditional lending models. Industry data shows that loan growth within the subsector has remained modest, even as member ambitions expand.

The Co-operative Bank of Kenya believes stronger credit expansion is key to reversing this trend. Its leadership argues that improving retained earnings will help build institutions capable of

withstanding economic shocks.

Vincent Marangu, Director-in-Charge of the Cooperative Banking Division at the bank, has challenged credit unions to rethink their strategies. He notes that Saccos typically generate between five and six per cent of gross earnings — a figure he believes can be improved.

"When we look at our Sacco sub-sector, one of the things we are challenging ourselves is how do we expand affordable credit to our members?" Marangu said. "Loan growth is averaging about ten to eleven per cent. This should not be adequate. We should strive to move to heights of fifteen per cent."

For Marangu, stronger credit growth is both an opportunity and a responsibility. More lending — when anchored in sound governance and risk management — translates into higher earnings, deeper member loyalty and stronger capital buffers.

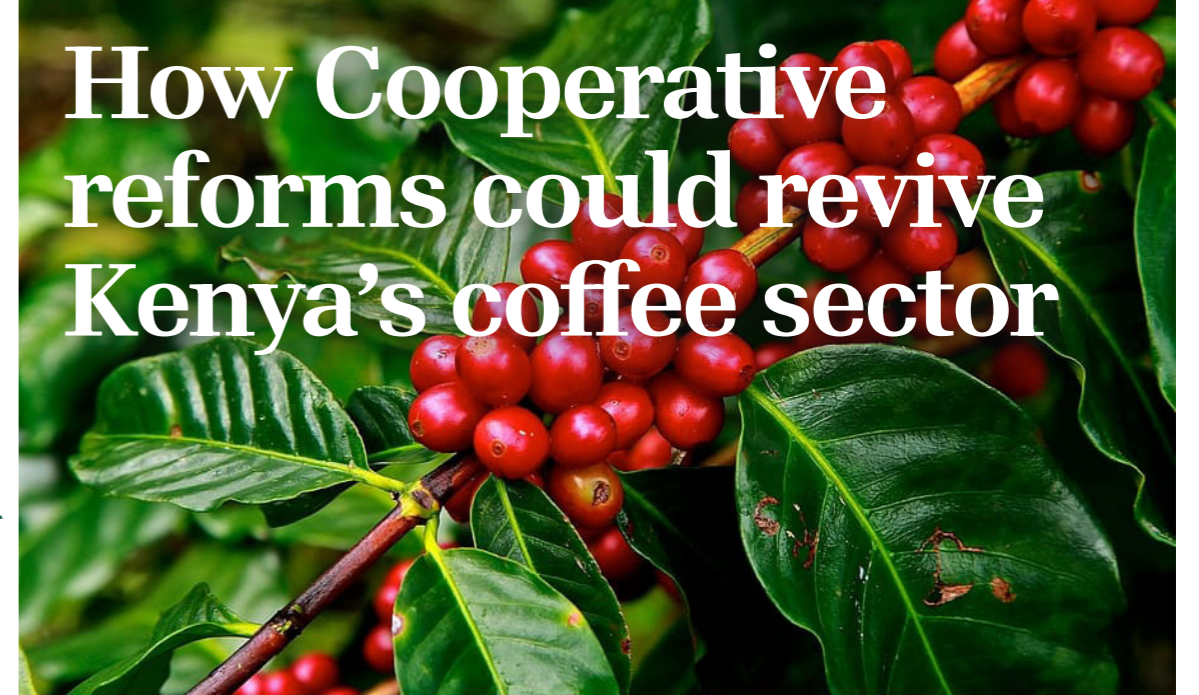
Global comparisons offer both inspiration and caution. The World Cooperative Monitor Report shows cooperatives worldwide generating trillions of dollars in turnover, dominated by players in agriculture, insurance and retail. Yet none of the leading names originate from Africa.

Kenya ranks first on the continent in cooperative deposits and membership, but financial cooperatives still lag behind counterparts in Europe and the United States in scale and influence. Marangu argues consolidation may be necessary to build entities capable of enduring global competition across housing, dairy, agriculture, transport and real estate.

The consultative forum — organised by the Cooperative Alliance of Kenya — provides a platform for reflection and recalibration. Its focus on leadership, innovation and sustainable growth underscores a sector aware that tradition alone will not secure its future.

Kenya's cooperative movement mobilises a significant share of national savings and serves millions across agriculture, housing and microenterprise. Yet fragmentation, cautious lending and uneven governance have limited its clout.

**Farming**  
| Coffee remains a key pillar of Kenya's economy—ranking as the third largest agricultural export and supporting about 13 per cent of households.



# How Cooperative reforms could revive Kenya's coffee sector

John Otini |  
@Co-operativeCak

**The Cooperatives Bill 2024 is more than just legislative housekeeping—it is the backbone of a business strategy to rebuild the coffee value chain.**

In the lush highlands of Kenya, where the red cherries of Arabica coffee once rolled easily from trees into cooperative-run factories, the current reality is far less idyllic. Coffee remains a key pillar of Kenya's economy—ranking as the third largest agricultural export and supporting about 13 per cent of households.

**Outdated farming**

Yet production has declined precipitously, from around 130,000 metric tonnes in 1988 to approximately 50,000 metric tonnes by 2021. The

**Yet production has declined precipitously, from around 130,000 metric tonnes in 1988 to approximately 50,000 metric tonnes by 2021.**

PHOTOS | COURTESY

**financial irregularities within coffee cooperatives have led to payment delays and decreased coordination, which have, in turn, undermined farmers' trust in the cooperatives**



reasons are familiar: outdated farming techniques, climate change, and limited access to financing. Just as significant is the breakdown in the cooperative system that lies at the heart of the coffee value chain.

Small-holder farmers who produce the bulk of Kenya's coffee typically deliver their cherries through cooperative societies. These cooperatives aggregate produce, mill and market it, and then distribute proceeds to farmer-members. But when cooperatives mismanage funds, delay payments, accumulate unsustainable debt, or operate opaque governance, the system falters. Farmers who cannot rely on their cooperative stop investing in their estates; yields fall, acreage is lost, and the value chain unravels. It is in this context that the cooperative question becomes central to the revival of Kenya's coffee sector.

**legislative reform**

Enter the Cooperatives Bill, 2024 (National Assembly Bill No. 7 of 2024), a major legislative reform designed to modernise the cooperative movement and strengthen governance, regulation and accountability. The Bill is intended to "establish a legal framework that supports a sustainable and competitive cooperative sector within a devolved governance system." It aims to "enhance the promotion, registration, regulation and supervision of cooperatives," to "set uniform norms

of the office of the Commissioner for Cooperative Development, described in the Bill as “an office in the Public Service” responsible for implementing the new Act. Moreover, the Bill introduces a four-tier cooperative structure—primary, secondary, federation and apex—that is meant to streamline operations. As the Bill puts it: “there shall be only one registered Cooperative federation at any given time within a specific value chain, business line or Cooperative subsector.” For coffee cooperatives, which many argue have grown too large, overlapping in roles and competing with each other, this architecture could bring order, accountability and scale.

Governance of cooperatives is another area addressed by the Bill. It stipulates that a primary cooperative may not “be registered under this Act with multiple objects and shall not undertake multiple objectives or purposes” unless expressly permitted by the Commissioner. This clause, by curbing mission drift and reducing overlapping commercial activities, seeks to bring clarity of purpose to cooperatives whose scattered engagements in credit, investment, production, marketing and real estate

have diluted focus and undermined trust.

#### Derivatives

The Bill also protects the cooperative identity by stipulating that “except as provided in this Act ...the word ‘cooperative’ or its derivatives shall form part of the name of every cooperative ... the word ‘limited’ shall be the last word in the name.” For the coffee sector, where multiple intermediaries and multiple layers of cooperative and union structures have confused roles and accountability, the reforms offer a fresh opportunity.

These legislative reforms must be understood alongside value chain issues. Kenya’s premium Arabica coffee has long commanded a special reputation: the famed “Kenya AA” grade remains prized globally. Yet production has collapsed, value addition is weak, and farmers typically export green unprocessed beans, a strategy that underutilises the brand premium and the artisan niche of specialty coffee.

Marketing channels remain fragmented, real time information is scant, and multiple intermediaries eat into farmer margins. At the same time, many cooperatives have run up debts or delayed payments, reducing their capacity to deliver agronomy training, access to seedling finance, or milling services.

As Kenya Institute for Public Policy Research noted, “financial irregularities within coffee cooperatives have led to payment delays and decreased coordination, which have, in turn, undermined farmers’ trust in the cooperatives.” This erosion of trust

### AT A GLANCE

>> Bill introduces a four-tier cooperative structure—primary, secondary, federation and apex—that is meant to streamline operations

>> The establishment of new cooperative frameworks therefore does not only fill a governance hole—it underpins the entire value chain’s renaissance.

>> A well-governed cooperative can mobilise funds more efficiently, negotiate better export partnerships, invest in wet-mills and processing, and link directly to specialty importers

directly impacts production and investment. The establishment of new cooperative frameworks therefore does not only fill a governance hole—it underpins the entire value chain’s renaissance.

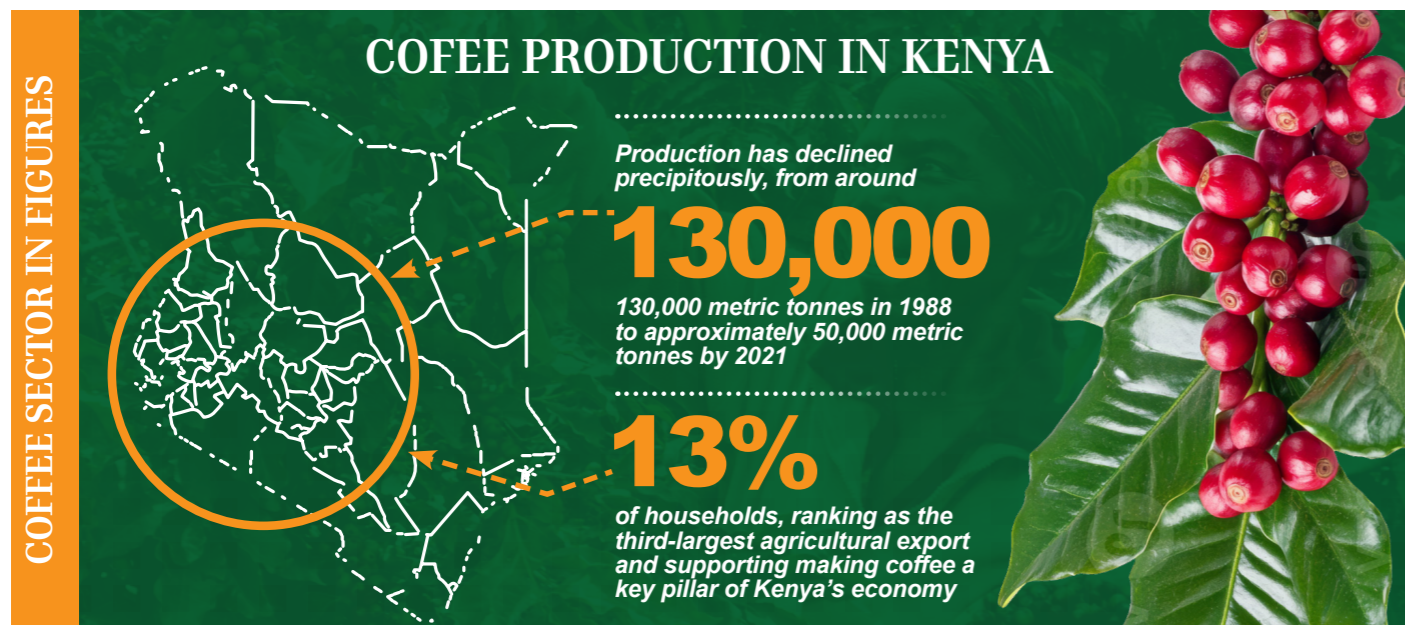
#### Export partnerships

In practical business terms, the Bill offers several entry points for revitalising coffee. A well-governed cooperative can mobilise funds more efficiently, negotiate better export partnerships, invest in wet-mills and processing, and link directly to specialty importers. The upstream farmers benefit via better access to inputs and extension. Meanwhile, the entire chain—from cherry to cup—can capture more value. The cooperative reform essentially becomes a precondition for unlocking the coffee sector’s business potential.

Of course, doing so is fraught with challenges. Passing the legislation is one thing; implementing it is another.



*Except as provided in this Act ... the word ‘cooperative’ or its derivatives shall form part of the name of every cooperative ... the word ‘limited’ shall be the last word in the name*



## ADVOCACY

# Saccos eye tax relief in next budget



**GROWTH | The proposals target tax measures that KUSCCO says have increased the cost of living for millions of SACCO members across the country.**

Victor Mukabi |  
@Co-operativeCak

Kenyans who save and borrow through Savings and Credit Cooperative Societies are hoping they will soon enjoy tax relief if proposals by the Kenya Union of Savings and Credit Cooperatives are adopted by the National Treasury in the next budget cycle.

The proposals target tax measures that KUSCCO says have increased the cost of living for millions of SACCO members across the country.

KUSCCO presented the recommendations as part of consultations ahead of the 2026 budget, arguing that cooperative members deserve special consideration given the mutual nature of SACCOS.

The proposal makes a call to exempt SACCO members from the 20 per cent excise duty charged on loan processing fees and member account maintenance charges. These fees are commonly applied when members access credit or maintain savings accounts within their cooperatives, costs that KUSCCO says have steadily risen in recent years.

KUSCCO argued that charging excise duty on such fees contradicts the long established doctrine of mutuality that governs cooperative societies. Under this doctrine, SACCOS are viewed as

member owned institutions where transactions occur within a closed group of contributors and beneficiaries.

According to the umbrella body, these internal transactions should not be treated as commercial activities subject to indirect taxation.

“SACCOS function under the doctrine of mutuality, where members pool resources and transact within a cooperative they collectively own,” KUSCCO noted.

The organisation warned that taxing these internal dealings distorts the cooperative model and places an unfair burden on ordinary members.

“Imposing excise duty on intramember fees fractures the identity between contributors and beneficiaries and re-characterises mutual dealings as a taxable trade, contrary to settled doctrine,” it added.

KUSCCO maintained that the excise duty is rarely absorbed by SACCOS and is instead passed directly to members through higher charges.

This, it said, raises the cost of borrowing and weakens the ability of SACCOS to deliver affordable financial services, particularly to low and middle income earners.

SACCOS remain a critical source of credit for households and small businesses that may not easily access bank loans. Higher charges, KUSCCO

argued, risk locking out members who rely on cooperative loans for school fees, medical bills, housing, and small enterprise financing.

The union told the Treasury that exempting these fees would help preserve the original purpose of SACCOS as people centred financial institutions.

Beyond excise duty, KUSCCO also proposed changes to the personal income tax structure to cushion members from rising living costs.

In its submission, the union called for widening individual income tax bands and raising the tax exempt threshold.

KUSCCO said the current structure places disproportionate pressure on low income earners, many of whom are SACCO members. It argued that broader tax bands would make the system more progressive and leave workers with more disposable income. According to the proposal, such reforms are necessary in the context of persistent inflation and higher household expenses.

KUSCCO noted that many members have seen their purchasing power eroded by rising food, fuel, housing, and utility costs. The union said tax relief would indirectly strengthen SACCOS by improving members’ ability to save and service loans. Higher take home pay, it argued, would translate into stronger deposits and healthier cooperative balance sheets.

The proposals come at a time when SACCOS are under intense scrutiny from regulators and the public. The government has rolled out sweeping reforms aimed at restoring confidence in the cooperative movement after a series of high profile scandals.

Several SACCOS have collapsed or been placed under statutory management following allegations of fraud and mismanagement.

Members in some institutions lost access to their savings, triggering public outcry and demands for tighter oversight. In response, the government has moved to strengthen governance and accountability within the sector.

One of the key reforms is the mandatory professional registration of SACCO chief executives and senior managers. The move is intended to ensure that leaders meet minimum competence and ethical standards. Authorities say professional registration will help curb abuse of office and improve transparency in SACCO operations.

**SULUHU DT SACCO**  
"Together we grow"

Suluhu Sacco, Formerly Mwingi Mwalimu SACCO is a Savings and Credit Co-operative Society that was registered in 1995 under the Co-operative Societies Act.

In 2019, the Sacco rebranded to SULUHU SACCO thus opening the common bond to allow everyone to be eligible to join as a member

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## USHIRIKA DAY: 2025 INTERNATIONAL DAY OF COOPERATIVES

**THEME**  
*Driving Inclusive and Sustainable Solutions for a Better World*

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- Automobile Loan
- Fanikisha Loan
- Haraka Loan
- Jipange Loan
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## CIC Insurance Group: Championing the Cooperative Spirit for a More Inclusive and Sustainable Society

"Driving Inclusive and Sustainable Solutions for a Better World." Is the theme of the 2025 International Day of Cooperatives. This theme allows the world to reflect on the role that cooperatives play in providing inclusive growth to our communities and their contribution to sustainable development through their initiatives and interventions. The story of cooperatives in Kenya and Africa is anchored on the spirit of resilience, innovation, and community. These are pillars that CIC Insurance Group has committed to in its endeavour to strengthen the cooperative movement, and is embodied in the brand promise, "We keep our word".

to the development of policies that safeguard and strengthen cooperatives. Its policy advocacy, informed by years of experience working with cooperative members across the country, ensures that regulations reflect the real-world needs of cooperatives, especially in areas like insurance access, financial literacy, and enterprise development. In a country with over 25,000 cooperatives and over 14 million members, ensuring that these societies serve the needs of members, especially those in the rural and informal economies cannot be overstated.

More than an insurer, CIC is, first and foremost, a national cooperative institution that has grown as part of Kenya's cooperative sector for over five decades. Its DNA is rooted in the very values that define cooperatives: mutual support, shared prosperity, and inclusive development.

**Regional and Global Engagement**  
CIC's influence extends beyond Kenya. As a member of the International Cooperative and Mutual Insurance Federation (ICMIF) and the International Cooperative Alliance (ICA), the Group collaborates with cooperatives across Africa and the globe. These networks enable cross-border knowledge sharing, technical support, and innovation in service delivery. For grassroots cooperatives, this means they benefit from globally informed, locally delivered solutions, which bridge the gap between community-level challenges and global best practices.

CIC's journey began in 1968 as an insurance agency under the Kenya National Federation of Co-operatives (KNFC). It was established to respond to the insurance needs of cooperative societies, which were then marginalised by conventional financial service providers. Recognising the potential of the cooperative model to drive economic inclusion, CIC was incorporated as the Co-operative Insurance Services Ltd (CIS) in 1978. By 1999, it had evolved into the Co-operative Insurance of Kenya Ltd, before rebranding to CIC Insurance Group Limited in 2010 to reflect its broader role and regional ambitions. To reflect its comprehensive financial services offering that includes insurance and investment services.

**Growing cooperatives through tailored solutions**  
Understanding that many cooperative members, especially in rural areas, operate on modest and fluctuating incomes, CIC has invested in innovative tailored solutions that are affordable and flexible compared to traditional insurance.

As one of the National Cooperative Organisations, CIC plays a pivotal role in shaping Kenya's cooperative landscape. Through active membership in the Cooperative Alliance of Kenya (CAK), CIC contributes

An example is CIC's microinsurance solutions, which are

designed with simplicity, affordability, and accessibility in mind. For instance, CoopCare Health Insurance, ensures that cooperative members can access a specialized comprehensive medical cover tailored for inpatient and outpatient services. This solution prevents cooperative members from being driven into poverty through medical expenses which often becomes a burden, causing families to incur debt while pursuing funds to finance medical treatment. Our focus to extend quality healthcare has led to the establishment of CIC Pharmacy, a Kenyan subsidiary set up to provide affordable and convenient services through well priced medication. This new addition is expected to lower the cost of healthcare to cooperative members, especially the vulnerable in our society.

Funeral or last expense policies provide much-needed financial relief during times of bereavement. In many Kenyan communities, funerals can place a heavy financial burden on families, often requiring members to take out loans or deplete savings. By offering a modest, low-premium insurance cover, cooperative members can avoid financial distress while maintaining dignity in these difficult moments. In agriculture-focused cooperatives, crop and livestock insurance is especially important. Given that many cooperative members rely on farming and livestock for their livelihoods, these products protect them against losses from climate-related shocks such as droughts, floods, or disease outbreaks. With this protection, farmers can recover faster and reinvest in their farms, contributing to food security and sustained income.

The Loan Guard cover ensures that SACCO members' loans are covered in case of unforeseen circumstances such as sudden death or permanent disability of the borrower. It protects institutions from losses, and guarantees financial stability in case of such eventualities. The insurance cover also protects the bereaved family

from the burden of paying debt when the provider suffers such an untimely death or permanent disability. Further, recognising the transformative role of technology in how people access services today, CIC Insurance Group has strategically invested in digital platforms that enhance accessibility, convenience, and efficiency for its cooperative clients and individual customers. The **CIC Invest App**, **EasyBima App**, and **MediPal App** have significantly simplified the insurance experience, allowing users to easily onboard themselves, access tailored financial and insurance products, and manage their accounts at their convenience, 24/7. Additionally, the **CIC website** serves as a comprehensive self-service portal, offering users in-depth product information and support, further empowering cooperative members to make informed decisions and take control of their financial future.

This comprehensive investment has translated to customer trust and positive performance for the Group. In 2024, CIC realised a Ksh 3.9 billion profit before tax, a 57 percent growth from Ksh 2.5 billion reported in 2023 while total assets grew to Ksh61.9 billion, being a 23 percent rise from 50.3 billion registered in 2023.

The financial strength underpins CIC's commitment to sustainability, articulated in its 2025–2030 strategy centred on four pillars: Environmental Stewardship, Social Responsibility, Economic Resilience, and Responsible Governance. Finally, the Group is positioning itself for a future defined by innovation, inclusivity, and sustainability. As part of its 2025 strategic focus, the company has established a Microinsurance Company in Kenya, started medical business in Uganda as well as expanded its asset management footprint through CIC Asset Management (CICAM) Uganda which are key moves to broaden access to affordable financial solutions across the region. As CIC Group looks to the future, its commitment to supporting cooperatives aligns seamlessly with the global vision of using collective strength to build more resilient, sustainable societies.

## BENCHMARKING

# Global Exchange: How Kenya is leveraging UK and US expertise



**Fortification.** | *The reform's blueprint is the planned creation of a Deposit Guarantee Fund, a Central Liquidity Fund, and a Stabilisation Protection Scheme, mechanisms designed to mirror protections enjoyed by commercial bank customers.*

| John Otini |  
@Co-operativeCak

Kenya is drawing lessons from some of the world's most stable credit union systems as it designs a new financial safety net for Savings and Credit Co-operatives, signalling a decisive shift toward stronger member protection and sector resilience. The Committee of Experts' Review Report proposes a package of stabilisation tools inspired by frameworks in Ireland, the United Kingdom, and the United States, jurisdictions widely recognised for safeguarding cooperative financial institutions during economic shocks.

"Despite this success, the sector has faced persistent challenges. Fragmented regulation, governance weaknesses, insider lending, duplication of functions, and limited access to modern financial infrastructure have slowed the sector's progress and exposed its members to unnecessary risk," the experts report notes.

The reform's blueprint is the planned creation of a Deposit Guarantee Fund, a Central Liquidity Fund, and a Stabilisation Protection Scheme, mechanisms designed to mirror protections enjoyed by commercial bank customers.

Regulators and policymakers argue that SACCO members, who collectively hold more than one trillion shillings in deposits, deserve security comparable to

bank depositors, particularly as SACCOs increasingly resemble mainstream financial institutions in scale and complexity.

The proposed Deposit Guarantee Fund would be incubated within the Kenya Deposit Insurance Corporation, leveraging existing expertise, infrastructure, and governance systems rather than building a standalone institution from scratch.

*Despite this success, the sector has faced persistent challenges. Fragmented regulation, governance weaknesses, insider lending, duplication of functions, and limited access to modern financial infrastructure have slowed the sector's progress and exposed its members to unnecessary risk*

Experts say this approach reduces costs, accelerates implementation, and strengthens credibility, critical factors at a time when confidence in sections of the SACCO sector has been shaken by governance failures and high-profile financial scandals.

Deposit insurance is widely regarded as the cornerstone of financial stability, preventing panic withdrawals and shielding small savers from catastrophic losses when institutions collapse, a lesson reinforced repeatedly during global banking crises.

Benchmarking missions revealed how Ireland's credit union stabilisation framework helped prevent systemic contagion during financial turbulence, allowing struggling institutions to merge, restructure, or wind down without devastating member losses.

The Central Bank of Ireland Central Bank of Ireland operates a robust supervisory and resolution regime, combining prudential oversight with a Stabilisation Protection Scheme that intervenes early when credit unions display signs of financial distress.

Kenya's proposed Stabilisation Protection Scheme, dubbed SPS-K, would similarly provide technical assistance, financial support, and structured resolution pathways, aiming to rescue viable SACCOs while ensuring orderly exits for irrecoverable institutions.

Stakeholders argue that early intervention is essential in cooperative finance, where delayed corrective action can rapidly erode capital, compromise liquidity, and trigger cascading failures affecting interconnected SACCO networks.

EMPOWERING LEADERS

# CAK: Strengthening Cooperatives through Policy Reform

**LEADERSHIP** | *It is within this context that the Co-operative Alliance of Kenya (CAK) has intensified its training programmes for cooperative leaders and managers, equipping them not only to comply with evolving regulations but also to meaningfully participate in shaping them.*



Victor Mukabi  
@Co-operativeCak

We live in a VUCA world, whose key elements are: Volatility, Uncertainty, Complexity, and Ambiguity. This has permeated almost all sectors, in the same manner as disruption in technology, business environment, and even cooperative affairs.

The movement is now a fast evolving environment where interest rate caps, tax amendments, governance standards, data protection rules, procurement reforms and county by-laws can alter balance sheets, reporting obligations and even the viability of entire business models. Yet for years, many cooperative leaders still struggle to interpret how these shifting policy currents affect their institutions.

It is within this context that the Co-operative Alliance of Kenya (CAK) has intensified its training programmes for cooperative leaders and managers, equipping them not only to comply

with evolving regulations but also to meaningfully participate in shaping them.

Kenya's cooperative sector is one of the largest in Africa, accounting for a significant share of national savings and agricultural marketing. Millions of Kenyans depend on cooperatives for credit, farm inputs, housing and market access. But scale does not automatically translate into influence. Policies are often crafted through technical processes that require sectoral knowledge, legal literacy and coordinated advocacy — capacities that are not always present at grassroots level.

CAK's training initiative addresses this gap directly through structured workshops, policy forums and leadership seminars, cooperative board members, chief executives and managers are guided through the fundamentals of public policy: how laws are drafted, how regulations are developed, how public participation works and where cooperatives can intervene constructively.

At the heart of these programmes is a simple but powerful idea, that compliance

and influence are two sides of the same coin. Leaders who understand policy frameworks are better positioned to align their internal governance structures with statutory requirements. At the same time, they are more confident engaging regulators and lawmakers before new rules are finalised.

One of the most immediate benefits of the training has been improved compliance. Cooperatives operate within a web of oversight bodies, from the State Department for Cooperatives to financial regulators and county governments. Failure to meet reporting standards, audit requirements or governance thresholds can lead to penalties, reputational damage or even dissolution.

By breaking down complex regulatory provisions into practical, operational terms, CAK's sessions help leaders translate policy into action plans. Participants learn how proposed amendments could affect loan provisioning, dividend declarations, procurement practices or member communication protocols. Rather than reacting to new regulations after they take effect, trained leaders are encouraged to anticipate changes and adjust early.

Accountability is another core pillar. Cooperative governance is built on democratic principles — one member, one vote — but translating this ideal into transparent practice requires strong internal systems. CAK's programmes emphasise the link between policy literacy and board responsibility. When leaders understand fiduciary duties embedded in legislation, they are more likely to strengthen internal controls, ensure timely audits and foster a culture of openness.

Importantly, the trainings also demystify public participation. Kenya's Constitution provides for citizen involvement in legislative processes, yet many cooperatives have historically viewed public consultations as distant or inaccessible exercises. CAK works to change that perception by explaining how to prepare policy memoranda, how to present evidence-based submissions and how to collaborate with other sector players for greater impact.

In recent years, cooperative leaders trained through CAK have taken part

in consultations on tax policy, housing initiatives, agricultural reforms and digital finance regulations. Rather than attending as passive observers, they now approach these forums with structured positions backed by data and member perspectives.

This shift from reactive compliance to proactive engagement is critical at a time when the operating environment is becoming more complex. Digital transformation, climate change, global commodity price fluctuations and evolving consumer protection standards are all reshaping cooperative business models. Policies addressing these issues can either enable growth or introduce unintended burdens.

Through scenario-based discussions,

CAK's workshops explore how emerging policy trends — such as data protection requirements for member information or environmental sustainability standards for agricultural exports — intersect with cooperative realities. Leaders are encouraged to map risks and opportunities, ensuring that strategic decisions are aligned with regulatory direction.

The training model is deliberately participatory. Case studies drawn from Kenyan cooperatives illustrate both successes and cautionary tales. Peer learning sessions allow managers from different counties and sectors to compare approaches, strengthening networks across the movement. In doing so, CAK reinforces its role as an apex body that not

only represents cooperatives nationally but also fosters cohesion internally.

Another significant outcome has been improved communication between cooperatives and policymakers. When leaders understand the constraints under which regulators operate — including fiscal limitations and international obligations — conversations become less adversarial and more solution-oriented. CAK encourages engagement grounded in evidence and constructive dialogue rather than confrontation.

For young professionals entering cooperative management, the programme provides foundational exposure to policy ecosystems that shape enterprise sustainability.

creatine monohydrate supplements mainly to boost their performance and enhance their looks. This, as revealed by a combination of studies by the National Health and Nutrition Examination Survey (NHANES), Science-Based Medicine, PLOS Mental Health, and Muscle and Brawn

**Are Supplements a Health Concern?**

As the supplement market is booming, regulators have raised an alarm of the increased counterfeit and unregulated products flooding local markets including Kenya. This concern, as well as unguided and unprescribed usage could turn everyday fitness into a public health concern.

Kelvin says that even though he

overlooks it, he often experiences diarrhea especially after working out. On the other hand, Vincent experiences gut health issues and developed a 'pot belly' while at the same time gaining weight.

Flavianne Atolwah, a Pharmacist at St. Francis Community Hospital denotes that gym supplements for muscle gain poses great health risks, some which can be lethal to users, most of whom are not privy of the dangers.

She explains that supplements are meant to boost nutrients in the body, that is if you are not getting enough nutrients from the food you eat to keep you healthy - but each comes with a warning that most people ignore.

For muscle gain supplements, she says, things get dangerous during

excretion which is the beginning of most complications.

"Most of the supplements are excreted through the urine and anything excreted through the urine must go through the kidneys which play a critical role in our bodies. But then, not everything that goes through the kidney is excreted, some are reabsorbed in the system and this means if the supplement had side effects like digestive issues for instance, and it goes back to the system, the effects will be prolonged," says Atolwah.

Additionally, reabsorption can also be dangerous for the liver which is responsible for metabolism and blood production.

Ultimately, in cases where individuals experience prolonged side effects, there

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200,000.00-499,999.00	6.0 % P. a	7.75 % P. a	8.5 % P. a	9 % P. a
500,000.00-999,999.00	6.0 % P. a	8.75 % P. a	9.5 % P. a	10 % P. a
1,000,000-4,999,999.00	6.5 % P. a	9.75 % P. a	11 % P. a	11.5 % P. a
5,000,000-9,999,999.00	6.5 % P. a	10.250 % P. a	11.5% P. a	12.75 % P. a
Ten million & above	7.0 % P. a	11.5% P. a	12.75 % P. a	13.5 % P. a

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## EMPOWERING LEADERS

# Digital Vulnerability: Addressing the Rising Cybercrime Threat in Kenya's Sacco Sector

**LEADERSHIP** | *It is within this context that the Co-operative Alliance of Kenya (CAK) has intensified its training programmes for cooperative leaders and managers, equipping them not only to comply with evolving regulations but also to meaningfully participate in shaping them.*

Victor Mukabi |  
@Co-operativeCak

Kenya's savings and credit cooperatives are under growing pressure to strengthen their cyber defences as rapid digitisation exposes the sector to increasingly sophisticated attacks targeting financial institutions considered easy entry points by hackers.

Regulators and sector leaders warn that as Saccos adopt digital platforms to expand financial services, cybercriminals are increasingly exploiting weak technology systems and governance gaps to infiltrate cooperative networks and siphon members' funds.

The concerns are echoed by the office of the Commissioner for Cooperatives David Obonyo, who says the same technological shift that has enabled cooperatives to deepen financial inclusion has also opened new vulnerabilities.

Kenya's Sacco movement has expanded rapidly over the past decade, mobilising billions of shillings in deposits and providing credit to millions of members who might otherwise struggle to access bank financing. Digital banking platforms, mobile services and electronic payments have made Saccos more competitive and accessible.

But that progress has come with unintended consequences. According to sector officials, a growing number of Saccos operate on outdated technology platforms that lack robust cybersecurity systems such as advanced firewalls, intrusion detection tools and real-

time monitoring frameworks. These weaknesses make them attractive targets for hackers seeking to exploit poorly secured systems.

Industry leaders say financially strained cooperatives and those with weak governance structures are particularly vulnerable. In such cases, internal oversight failures often combine with technological weaknesses to create entry points for cybercrime.

The threat is real as Kenya has witnessed multiple cyber incidents affecting both public institutions and financial platforms in recent years, reinforcing concerns about the resilience of digital infrastructure across sectors.

Officials say attacks targeting Saccos typically involve attempts to breach core banking systems, manipulate payment

platforms or compromise sensitive member data. In some instances, these attacks have resulted in the loss of funds and reputational damage for affected institutions.

The challenge has prompted calls for stronger governance and oversight within cooperatives. Sector leaders argue that effective supervisory and audit committees are critical in safeguarding financial cooperatives against emerging technological threats. Such committees help establish checks and balances within institutions while advising boards on risk management strategies and cybersecurity investments.

The leadership of the Cooperative Alliance of Kenya has also warned that cybercrime could slow the growth of Saccos if the sector fails to strengthen its digital infrastructure.

According to the alliance, some cooperative systems have already experienced data breaches or attempted intrusions, highlighting the urgency of upgrading legacy technology and investing in skilled ICT personnel.

Training gaps remain another concern. Many Sacco directors and senior managers were originally trained in traditional cooperative finance rather than digital risk management. This can slow response times when cyber incidents occur and complicate recovery efforts.

To address these weaknesses, the sector has begun investing in shared technology platforms designed to improve resilience and reduce operational costs.

One of the most notable initiatives is the development of shared financial technology infrastructure by cooperatives with support from institutions such as Co operative Bank of Kenya.



DIGITALIZATION



# Slow and steady may be the smartest strategy for digital cooperative revolution

**TECHNOLOGY | Marketing, communication, technology, and member engagement now define the success of modern cooperatives.**

| John Otini |  
@Co-operativeCak

Cooperatives, by their very nature, tend to move deliberately rather than swiftly. This measured pace is often seen as a drawback in an age where technology evolves fast. Yet, it gives cooperatives their strength and long-term stability.

When they take time to strategize effectively, they move together, grounded in shared purpose and a solid foundation. As the global economy grows increasingly digital and competitive, cooperatives must not just survive—but thrive.

**Co-operative principles**

The answer lies in embracing modernization while holding fast to cooperative principles. Marketing, communication, technology, and member engagement now define the success of modern cooperatives.

Marketing is no longer about product, price, and promotion alone. It now focuses on people, processes, and purpose. Human connection and efficiency drive success more than ever before.

Digital technologies have reshaped marketing departments, giving them tools to reach wider audiences and deepen engagement. Cooperatives can lift stories off the page and create powerful multimedia content. They can produce podcasts, videos, and online discussions that bring members together and strengthen the sense of community.

This helps cooperatives remain relevant in a digital-first marketplace.

Tools like digital newsletters, audiobooks, and digital ad boards can transform how co-ops share their values.

**Podcasts**

Digital “Principle 6” campaigns can connect cooperatives worldwide through podcasts and live streaming. Community engagement remains central to the cooperative model. But in the digital era, building communities requires new approaches. Modern cooperatives must connect both in-person and online.

**DIGITAL REVOLUTION IN NUMBERS**

PescaData in Mexico connects over **300,000** fishermen through a shared digital ecosystem

Kenya's mobile penetration exceeds **95%**, and over **80%** of adults use mobile money

Platforms like Circle, Mighty Networks, and Skool allow co-ops to onboard new members, host online classes, and hold public events. They make interaction accessible and inclusive for everyone.

These tools turn traditional meetings into interactive digital experiences that transcend geography. For cooperatives, building meaningful online relationships has become essential, not optional. Managing customer and member relationships is equally vital. Customer Relationship Management systems, or CRMs, help cooperatives streamline communication, marketing, and financial operations.

**Large co-operatives**

Systems like Hubspot, Salesforce, and Keap automate marketing, invoicing, and analytics for large cooperatives. Smaller co-ops can use simpler tools like Paperbell or Kartra. These technologies save time, reduce paperwork, and eliminate inefficiencies. Automation helps co-ops focus on members instead of manual administrative work.

Communication is another powerful but underused asset in the cooperative movement. Cooperatives have inspiring stories to tell—but too often, they remain untold.

**AT A GLANCE**

- >> Tools like Cision can help cooperatives distribute their stories to journalists and audiences worldwide
- >> A platform cooperative is a website or mobile app that provides a service or sells a product
- >> Machine learning helps SACCOs analyze income patterns and predict defaults

In an era driven by attention and storytelling, co-ops must share their achievements, values, and community impact. Regular storytelling keeps members informed and connected. It also builds belonging and strengthens cooperative identity. Tools like Cision can help cooperatives distribute their stories to journalists and audiences worldwide.

By sharing their progress, cooperatives reinforce their values and visibility. Communication becomes a tool for advocacy, growth, and social connection.

Beyond marketing and communication lies the rise of platform cooperatives. These digital co-ops blend traditional cooperative ownership with modern technology. According to Non Profit Quarterly, the concept was introduced

by Trebor Scholz and the Platform Cooperative Consortium at New York's New School.

A platform cooperative is a website or mobile app that provides a service or sells a product. But unlike typical tech platforms, it is owned by its users.

This model combines cooperative governance with digital innovation. It ensures that profits and decisions stay with participants, not distant investors.

Up & Go, for example, is a worker-owned cleaning platform in the U.S. It unites several cleaning cooperatives to provide fair pay and safe conditions. PescaData in Mexico connects over 300,000 fishermen through a shared digital ecosystem.

**Work ownership**

It helps them share data, sell products, and solve problems together. Stocksy, a photography platform, allows photographers to retain ownership of their work while sharing in collective profits. It's a model of ethical digital ownership.

These examples show that platform cooperatives merge fairness with technology. They create inclusive economies built on transparency and shared value.

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SYSTEMATIC RISK

# Over 5,000 SACCOs operating

| John Otini |  
@Co-operativeCak

Kenya's SACCO sector stands at a crossroads. It is large. Influential. Deeply woven into household finance. Yet beneath its success lies a structural weakness that experts say can no longer be ignored.

For decades, SACCOs have powered financial inclusion. They mobilise savings. Extend affordable credit. Support farming, housing, small businesses. Millions rely on them. Trust them. Build their financial lives around them.

But growth has outpaced regulation. Oversight remains uneven. Fragmented. Inconsistent. The Committee of Experts now warns that this imbalance is creating vulnerabilities with consequences for members, institutions, and national financial stability.

The report delivers a stark finding. "A dual regulatory framework has created inconsistencies in oversight. Only 355 SACCOs are regulated by SASRA, leaving over 5,000+ SACCOs outside formal supervision, increasing systemic risk."

That single paragraph reframes the entire debate. Kenya is not facing isolated SACCO failures. It is confronting a systemic exposure. Thousands of institutions operate beyond prudential rules designed to safeguard deposits and governance standards.

SACCOs are not small community clubs anymore. Many hold billions in member savings. Some rival banks in asset size. Yet regulatory coverage captures only a fraction of the sector's true scale and complexity.

This gap matters. Unregulated SACCOs lack consistent capital adequacy requirements. Liquidity safeguards. Risk management frameworks. Fit and proper tests for directors. Mandatory disclosures. The foundations that underpin stability in modern financial systems.

The Committee connects weak oversight to repeated crises. Governance failures. Insider lending. Fraud. Mismanagement. These are not theoretical risks. They have already translated into member losses and eroded confidence across the cooperative



**355**  
**SACCOs are regulated by SASRA, leaving over 5,000+ SACCOs outside formal supervision**

ecosystem.

Experts note that contagion risk is real. Distress in one SACCO spreads anxiety across many. Members withdraw savings. Liquidity tightens. Healthy institutions face pressure. Trust, once shaken, rarely collapses quietly or in isolation.

The credibility challenge is explicitly acknowledged. "Credibility in the Sector is low, partially due to failures, fraud and governance issues. Financial losses in the sector, and Board's being politicised are having a detrimental impact."

Behind these words lies a deeper concern. Governance weaknesses are amplifying regulatory gaps. Boards overstepping mandates. Executives withholding information. Oversight structures failing to detect risks before they metastasise into crises.

Kenya's SACCO architecture compounds the problem. Deposit taking SACCOs fall under SACCO Societies Regulatory Authority. Others sit under the Commissioner for Cooperatives. Many remain effectively outside prudential

supervision altogether. The result is a patchwork system. Different rules. Different enforcement intensity. Different reporting obligations. Members struggle to distinguish between regulated and unregulated institutions despite vastly different levels of protection. Registration thresholds illustrate the imbalance. Ten members can form a SACCO. No



# without oversight, experts warn

meaningful capital requirements for many categories. Minimal governance vetting. Low barriers encourage proliferation, not necessarily sustainability or institutional resilience.

The Committee calls the framework "not fit for purpose." Too many small SACCOs. Undercapitalised. Undergoverned. Operationally fragile. Vulnerable to shocks. Prone to governance capture. Ill equipped for an increasingly digital, regulated financial environment.

Regulatory fragmentation also limits sector development. Unregulated SACCOs struggle to access shared services. Professional treasury management. Advanced MIS platforms. Cybersecurity infrastructure. Innovations that demand scale, investment, and supervisory confidence.

Liquidity management emerges as a critical weakness. Without centralised support mechanisms, SACCOs facing temporary stress often resort to costly borrowing or disruptive member withdrawal restrictions, both of which strain trust and stability.

The proposed Central Liquidity Facility seeks to change this. A pooled reserve. Professionally managed. Accessible under defined prudential conditions. Designed to absorb shocks before they escalate into institutional failures. Deposit protection is another fault line.

Banks benefit from insurance via Kenya Deposit Insurance Corporation. SACCO members, despite comparable savings exposure, lack an operational Deposit Guarantee Fund.

The report is unequivocal. Deposit protection is urgent. Not optional. Member savings require a credible safety net. Failures must not translate automatically into catastrophic household losses.

Modernisation pressures intensify the urgency. SACCOs increasingly demand access to payment systems. Digital channels. Interoperability. Yet legal definitions under the Central Bank of Kenya Act exclude SACCOs from key privileges. Experts argue that prudential regulation is the gateway. Access to national payment infrastructure, liquidity facilities, and deposit insurance must be earned through compliance with capital, governance, reporting, and risk management standards.

This is not punitive. It is developmental. Regulation builds confidence. Confidence attracts deposits. Deposits fund lending. Lending supports growth. Stability and inclusion reinforce rather than undermine each other.

The Committee proposes tiered regulation. Risk sensitive. Proportionate. Large SACCOs face bank like standards. Smaller ones transition gradually. Clear pathways replace regulatory ambiguity that currently leaves thousands drifting between oversight regimes.

A nationwide SACCO census is recommended. Map active institutions. Identify dormant entities. Classify risk profiles. Understand governance capacity. Establish an evidence based foundation for reform instead of anecdotal crisis driven interventions.

Mandatory governance reforms feature prominently. Fit and proper criteria. Competency requirements. Induction training. Continuous professional development. Transparent nomination processes. Boards must become guardians of member interests, not arenas of internal politics.

Consolidation is framed as inevitable. Unsustainable SACCOs merge. Strengthen capital bases. Pool expertise. Share infrastructure. Fragmentation gives way to resilience. Size, when well governed, becomes a stabilising rather

than destabilising force.

The Committee even signals a cultural shift. Rebranding large SACCOs as credit unions. Align terminology with global standards. Reinforce regulatory identity. Signal professionalism. Reposition the sector within modern financial services discourse.

Kenya's SACCO story remains fundamentally positive. Few countries match its scale. Its reach. Its grassroots legitimacy. But history shows that size without stability eventually erodes the very inclusion gains it once delivered.

Systemic risk rarely announces itself dramatically. It accumulates quietly. Through governance lapses. Regulatory blind spots. Liquidity strains. Confidence shocks. Until corrective action becomes crisis management rather than strategic reform.

The Committee's warning is therefore timely. Clear. Difficult to dismiss. Regulatory gaps are no longer marginal technical issues. They sit at the centre of member protection, financial stability, and the future trajectory of cooperative finance.

Reform momentum now depends on execution. Legal harmonisation. Expanded supervisory mandates. Operational deposit insurance. Functional liquidity support. Governance enforcement. Sector collaboration. Policy declarations must translate into institutional change.

For members, the stakes are deeply personal. Savings represent school fees. Farm inputs. Emergency buffers. Retirement security. Confidence in SACCO safety is not abstract. It shapes household resilience across urban and rural Kenya.

For policymakers, the message is equally sharp. Kenya can lead Africa in cooperative finance innovation. But leadership requires credibility. Credibility requires stability. Stability requires regulation that is unified, risk sensitive, and consistently enforced.

The window for gradual correction remains open. But not indefinitely.

The longer systemic vulnerabilities persist, the higher the probability that the next SACCO crisis will test not just institutions, but public trust in the entire sector.

TOUTH INVESTMENTS

# The Sh1.9 Trillion Question: Can SACCOs Win Back Kenya's Youth?

**Saving culture | As cooperative societies rival banks in size and influence, their biggest risk is not balance sheets—but a generational drift away from the culture of saving that built them.**



CAK Correspondent |  
@Co-operativeCak

PHOTOS | COURTESY

For decades, savings and credit cooperative societies have formed one of Kenya's most quietly powerful financial engines. Today, the SACCO sector controls assets estimated at more than Sh1.9 trillion, mobilises deposits of over Sh1.2 trillion, and serves close to 14 million members, according to industry and regulatory data.

In sheer scale, SACCOs rival mid-sized banks and remain the single largest source of affordable credit for households, small businesses, and salaried workers.

**Collective saving**

Yet beneath this strength lies a growing concern that young people, who make up the bulk of Kenya's population, are increasingly absent from the movement that once defined collective saving.

Walk into an Annual General



*For young entrepreneurs, boda boda riders, freelancers, and early-career professionals, this model can be transformative—if they are willing to engage*

Meeting of many established SACCOs and the demographic reality is visible. Membership skews older, often dominated by civil servants, teachers, and long-serving professionals who joined decades ago.

**Financial habits**

For many young Kenyans, SACCOs carry the image of an institution built for their parents' generation—steady but slow, trustworthy but unexciting. In an era of mobile wallets, instant loans, and digital investment apps, patience and long-term saving can feel out of step with youthful financial habits shaped by speed and convenience.

Yet the irony is striking since most SACCOs were designed precisely for the challenges young people face today such as limited access to affordable credit, volatile incomes, and the need to build assets gradually. Unlike commercial banks that demand payslips, collateral, or lengthy credit histories, SACCOs reward discipline.

Save consistently for a few months and borrowing power opens up, often at rates far below those charged by digital lenders. For young entrepreneurs, boda boda riders, freelancers, and early-career professionals, this model can be transformative—if they are willing to engage.

The problem, sector insiders admit, is not just perception but communication. Financial literacy among young people remains uneven, and many do not fully understand how SACCOs work, how dividends are generated, or how collective savings translate into individual opportunity. A 26-year-old graphic designer in Nairobi recounts joining a SACCO only after a friend explained that dividends could outperform a standard savings account. "I thought SACCOs were just for loans," he says. "I didn't know you could actually grow wealth there." That gap in understanding is widespread, and it costs the sector its future members.

**Deep impressions**

Trust also matters, given that stories of mismanaged cooperatives abound, though often isolated, hoooon to travel fast on social media and leave deep impressions. Younger savers, more risk-aware and more skeptical, want transparency before committing their money. This is where regulation becomes crucial. Bodies such as Cooperative Alliance of Kenya (CAK) and the SACCO Societies Regulatory Authority play

*I can save from my phone and see my balance anytime. It feels modern*

a central role in restoring confidence by training and supervising deposit-taking SACCOs, enforcing governance standards, and protecting members' funds. When young people understand that a SACCO is regulated, audited, and accountable, hesitation begins to ease.

Technology is rapidly becoming the sector's most powerful bridge to the youth. Many leading SACCOs are digitising operations, allowing members to save, borrow, repay loans, and track dividends through mobile platforms. For a generation accustomed to managing finances on a smartphone, this shift is essential. A university student in Eldoret who joined a teachers' SACCO through a youth membership category describes the appeal simply: "I can save from my phone and see my balance anytime. It feels modern." Digitisation does more than improve convenience; it signals relevance.

There is also a cultural opportunity because SACCOs have always been rooted in community, yet younger members often crave purpose alongside profit. Cooperatives that align themselves

with youth empowerment, climate action, or entrepreneurship training are finding renewed interest. Financial literacy clinics, campus outreach programs, and mentorship forums are quietly rebuilding the pipeline of young savers. Lower entry thresholds, flexible contribution schedules, and tailored products for first-time earners help convert curiosity into commitment.

**Deposit base**

From a business perspective, the stakes are high. Without younger members, SACCOs risk shrinking relevance over time, even as their balance sheets remain strong. With them, the sector can deepen its deposit base, expand lending, and reinforce its role as a stabilising force in the economy. Youth contributions, though smaller individually, compound over time and bring long-term sustainability.

Kenya's SACCO movement has survived economic cycles, banking crises, and shifting policy regimes by adapting. Bringing young people back into its lifeline is the next test. It will require clearer storytelling, stronger transparency, smarter technology, and a willingness to meet the youth where they are. If successful, the reward is not just membership growth, but a renewed social contract—one that anchors a new generation in the discipline of saving, the power of collective finance, and the promise of shared prosperity.

NETWORKING

## KENYA'S INSTANT PAYMENTS RAIL PLUGS INTO AFRICA'S CROSS-BORDER NETWORK

>> Pesalink, the banking sector's M-Pesa, has entered a partnership with the Pan-African Payment and Settlement System (PAPSS) aimed at transforming cross-border payments.

It promises to cut transaction costs, and accelerate financial integration as African economies push for smoother regional trade and investment flows.

The agreement links Pesalink directly with PAPSS, enabling instant, round-the-clock cross-border transfers from PAPSS participants into Kenyan banks and mobile money operators connected to Pesalink, with transactions settled seamlessly in local currencies rather than foreign reserve denominations.

By eliminating layers of correspondent banking requirements, the partnership reduces delays, lowers fees, and lessens reliance on hard currencies, long seen as a structural barrier that complicates African trade, particularly for small businesses and individuals conducting regional transactions.

"PAPSS, an initiative of the African Export-Import Bank (Afreximbank) in collaboration with the African Union and the AfCFTA Secretariat, enables cross-border payments between African countries. Pesalink is now a Technical Connectivity Provider," said Trezer Maina, Head of Marketing, Integrated Payment Services Limited.



SECTOR REVIEW

# Saccos redraw loans market

**Redrawing the map | Movable asset based lending reflects a deeper recognition of how wealth is actually held in Kenya. Vehicles, farm equipment, livestock, machinery, and stock often represent the real capital base for small businesses, farmers, and informal traders across the country.**

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Savings and Credit Cooperative Societies in Kenya are redrawing the map of credit access. By accepting loans secured with movable property, the sector is reshaping lending traditions and challenging long held assumptions about who qualifies for meaningful finance in the cooperative sector.

For decades, land and buildings defined borrowing power. Without a title deed, many Kenyans were effectively locked out of larger loans, regardless of how productive or profitable their activities were. That reality is now shifting, with profound implications for sacco lending and the wider loans market.

Movable asset based lending reflects a deeper recognition of how wealth is actually held in Kenya. Vehicles, farm equipment, livestock, machinery, and stock often represent the real capital base for small businesses, farmers, and informal traders across the country.

### Lending models

By acknowledging these assets as acceptable security, saccos are aligning their lending models with everyday economic realities. This change directly supports financial inclusion goals by unlocking liquidity that was previously trapped outside formal credit systems.

For sacco members, the impact is immediate. Borrowers who once relied on guarantors or small unsecured loans can now access larger facilities tied to assets they already own. This reduces dependence on social collateral, which has often strained member relationships.

In rural areas, the implications are especially significant. Farmers with tractors, dairy herds, irrigation equipment, or storage facilities can leverage these assets to finance expansion, smooth cash flows, or invest in productivity enhancing technologies.

Urban and peri urban traders are also

**AT A GLANCE**

- >> Larger and more diverse loan portfolios can improve interest income, strengthen member loyalty, and reduce over reliance on a narrow class of borrowers who own titled land.
- >> Valuing movable assets requires new skills, systems, and data. Unlike land, movable property depreciates, can be damaged.
- >> Digital tools that track asset condition, ownership, and insurance status are becoming increasingly important in supporting these loans

benefiting. Vehicles used for transport, delivery, or ride hailing services can now secure working capital loans, enabling operators to scale operations without surrendering ownership or seeking land based guarantees.

### Property lending

For saccos, movable property lending expands the addressable market. Institutions can grow their loan books by serving members who were previously excluded from higher value borrowing, increasing relevance and deepening member engagement.

This expansion supports sacco

# with movable collateral

sustainability. Larger and more diverse loan portfolios can improve interest income, strengthen member loyalty, and reduce over reliance on a narrow class of borrowers who own titled land.

However, the shift also raises operational demands. Valuing movable assets requires new skills, systems, and data. Unlike land, movable property depreciates, can be damaged, or may fluctuate sharply in market value.

To manage this, saccos are investing in improved valuation frameworks and technology platforms. Digital tools that track asset condition, ownership, and insurance status are becoming increasingly important in supporting these loans.

Asset registries play a critical role. Centralized movable asset registries improve transparency, reduce fraud,

and give lenders greater confidence that pledged assets are not double financed across multiple institutions.

Regulatory guidance has also helped. Clear rules on collateral registration, repossession, and member protection strengthen confidence and reduce uncertainty around enforcement, which has historically discouraged innovation in cooperative lending.

Despite these safeguards, enforcement remains a sensitive issue. Recovering movable assets can be more complex than selling land, especially where assets are integral to a borrower's livelihood or are easily relocated.

Saccos must therefore balance recovery with member welfare. Aggressive enforcement could undermine trust, while weak enforcement could expose institutions to rising default risk.

Risk management is becoming more sophisticated. Many saccos are combining movable asset collateral with insurance, guarantor support, and income based assessments to create layered security structures.

This evolution is also altering competition with banks. Commercial banks have traditionally dominated asset backed lending, particularly for vehicles and equipment. Saccos are now entering this space more assertively.

### Assessing risk

Unlike banks, saccos enjoy close relationships with members. This familiarity allows better understanding of borrower behavior, asset usage, and income patterns, giving cooperatives an edge in assessing risk.

Pricing is another competitive factor. Sacco loans are often cheaper than bank credit, especially for members with strong savings histories. Movable collateral further improves pricing by reducing perceived risk.

Banks, however, retain advantages in scale, technology, and recovery infrastructure. They can absorb losses more easily and have established legal mechanisms for asset repossession and resale.

As saccos expand movable asset lending, competition in the loans market is intensifying. Borrowers now have more choice, pushing lenders to improve

service quality, turnaround times, and product flexibility.

This competition benefits consumers. Faster approvals, tailored repayment schedules, and innovative products are emerging as saccos and banks vie for the same borrower segments.

Small and medium enterprises stand to gain the most. With more lenders recognizing movable assets, businesses can negotiate better terms and avoid informal credit sources with high interest rates.

### Formal lenders

The informal lending market may gradually shrink. As formal lenders become more flexible, borrowers are less likely to rely on unregulated lenders who often impose punitive repayment conditions.

Still, capacity gaps persist within the sacco sector. Smaller societies may struggle to implement robust valuation and monitoring systems, exposing them to higher risks if the model is poorly executed.

Sector wide collaboration could help. Shared valuation standards, pooled insurance schemes, and centralized recovery services could reduce costs and improve outcomes across the cooperative movement.

Education is equally important. Members must understand their obligations when pledging movable assets, including depreciation risks and the consequences of default.

Looking ahead, movable property lending is likely to become a permanent feature of sacco finance. As systems mature and confidence grows, loan sizes and product diversity are expected to increase.

This transformation reflects a broader evolution in Kenya's financial sector. Credit is slowly shifting from paper based ownership to productivity based value, recognizing assets for what they enable rather than how they are titled.

For saccos, the change is both an opportunity and a test. Success will depend on disciplined risk management, strong governance, and member centered implementation.



DYSBIOSIS

# How ultra-processed foods affect our gut microbiome

**Health** | *The additives added to processed food to keep it fresher for longer might be having an unexpected effect on the health of the microbes in our guts*



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Inside all of us there's a bustling community of trillions of cells that influences numerous aspects of our health. We call it our "microbiome".

"You can think of gut diversity as like a forest. The more microbes that you have and the different types of microbes in your forest, the greater resilience you have to any perturbations," says Melissa Lane, a nutritional epidemiologist at Deakin University.

Science long ago confirmed that a healthy and diverse microbiome is key for our overall wellbeing, as it influences everything from our mood to our metabolism and even our brains.

Those who have lower bacterial diversity in their gut are more prone to sleep problems, poorer gut health and greater inflammation, whilst a high diversity is even linked to a longer life.

"It's this whole ecosystem. It's like an extra organ that we have in our body,"

explains Sarah Berry, a professor of nutrition from Kings College London.

But some of the foods we commonly eat could be harming this ecosystem, evidence suggests. Ultra-processed foods (UPFs) in particular can disrupt and alter the microbes in our gut.

**Numerous additives**

And one of the reasons is increasingly being attributed to the numerous additives in our food. It made me wonder what these additives do to our gut.

Look at any ingredient list as you next browse the supermarket and you'll quickly note just how many dietary emulsifiers, artificial sweeteners and food colourings are added to our food.

They do everything from making food tastier or increasing its crunch, to changing texture and extending shelf life.

For instance, a seemingly "healthy" chicken salad I picked up recently contained a high-risk additive according to an app I use to scan the nutritional quality of food.

**And they are extremely prevalent. One analysis found that**

**6,640**

**different food products in UK supermarkets contain emulsifiers, which amounted to about half the products analysed.**

It included several emulsifiers, substances which allow oils and water to mix, which are commonly found in UPFs. The texture of your favourite melt-in-the-mouth ice cream? That is down to emulsifiers. They also extend its shelf life. (Read more about the ice cream that doesn't melt.) Emulsifiers help supermarket bread stays spongy for so long and are also why a shop-bought cake will stay moist for longer than a homemade one.

And they are extremely prevalent. One analysis found that 6,640 different food products in UK supermarkets contain emulsifiers, which amounted to about half the products analysed.

**Public guidance**

Despite the health concerns over their use, there is no public guidance over whether we should avoid emulsifiers. One reason is because there are simply so many additives in our food and scientists don't definitely know how many are toxic, or whether it's the combination of them that's harmful, Whelan says.

The emulsifiers we eat have all been approved by the food industry, explains Chassaing. "They are only tested for the toxicity effect or for the ability to induce DNA damage. And for those two aspects, they are perfectly fine. But they were never tested in the past for the direct effect on the microbiome," he says.

The European Food Safety Authority (EFSA) states that: "In the European Union all food additives are identified by an E number, and their safety is evaluated before they can be permitted for use in food." Similarly in the US the Food and Drug Administration (FDA) states that "a food additive must be authorised by the FDA before it can be used in food on the market".

That said, there can definitely be cumulative effects adds Chassaing. How these chemicals and nutrients interact has been dubbed the "cocktail effect" – and because there are so many permutations, it's difficult to isolate

**In the European Union all food additives are identified by an E number, and their safety is evaluated before they can be permitted for use in food**

the effect of one additive from another. Emerging evidence on human cells in the lab suggests that the combined effects of several commonly consumed additives is linked to increased cell damage.

In addition, how food is processed could also matter for gut health, beyond nutrient content alone, a recent study has shown.

In a randomised control trial, Lane and colleagues found that a diet high in ultra-processed food resulted in lower gut microbe diversity. The team compared two groups over three weeks; both ate low calorie diets, and the diets contained comparable nutrients.

Crucially, one group consumed a diet based mainly on highly processed meal-replacement products like shakes, soups and bars, and the other followed a low-UPF diet made up of minimally processed, freshly prepared food.

While the two groups experienced

similar weight loss levels, the gut bacteria in each group dramatically differed. Those on the low-UPF diet had a more diverse gut microbiome whilst those on the high-UPF diet had lower diversity, as well as more constipation. Participants whose gut diversity decreased also tended to report less favourable changes in bloating and abdominal pain.

Although the team couldn't pinpoint exactly why, Lane says it could be due to the fact that the types of fibre differed. "The higher ultra-processed food diet had mixtures of additives and, very low amounts of minimally processed ingredients, whilst the low-UPF diet had many different types of fibre coming from whole foods, and far fewer additives," she said.

**Cooking from scratch**

Another important point to consider is that many UPFs are low in the nutrients we need, which could also affect the gut. It's already well understood that a diet rich in fibre and polyphenols nourishes our gut bacteria, and polyphenols are known to have anti-inflammatory properties.

With the evidence mounting up, I asked those I spoke to what the public should look out for to minimise some of these harmful effects of emulsifiers.

**More like this:**

- *How gut bacteria are controlling your brain.*
- *What we do and don't know about gut health.*
- *Can our bodies forget how to digest flesh?*

The best thing, says Berry, is to cook from scratch using fresh ingredients as much as possible. It's unrealistic to avoid ultra-processed foods altogether, she says.

Whelan agrees: "I wouldn't want to be saying to the general public, 'never eat anything that has a food additive in it', I certainly don't do that and I'm not recommending people do it." What we can all do, he says, is think about eating more healthily. "Food is a really precious thing in our lives and we should celebrate it."

Clearly, moderation is key and rather than only focussing on what to take away, we can also consider what to add to our diet, Berry says, especially when it comes to snacks, as they account for a significant portion of our daily calories.

Ultimately, a good rule of thumb is to eat much fresh produce as possible. When we do so, our health – and our microbes – only benefit.

**MORE LIKE THIS:**

- >> How gut bacteria are controlling your brain
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