

Cooperatives fight against poverty and inequality in Kenya: COVID-19 Pandemic to reverse the efforts!



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Since the establishment of the first cooperative in Kenya in 1908, cooperatives have been vital in fighting poverty in Kenya. Their growth and ability to metamorphose under different economic industries have enable to reach the and help the poor and contribute to poverty alleviation. Cooperatives have been critical in Marketing services for small holder farmers, providing a voice to the poor in the policy making and enhancing women socio-economic participation, structures, social welfare facilitation to children and elderly, employment creation, improve member incomes and benefits, facilitation of financial services, and access to affordable housing among others.

The cooperative movement is such a Kenya's socio-economic driver that 67% of the entire population, depend on the cooperatives' related activities, directly and/or indirectly, for their livelihoods. For instance, financial cooperatives (i.e. savings and credit cooperatives - SACCOs) control slightly over 30% of the country's GDP and accounts for 80% of the total accumulated savings. Kenya's SACCO movement is the most influential in Africa as contributes nearly 62% of the savings and 65% of the loans disbursed through the cooperatives on the continent. With such cooperatives' contributions, [Kenya](#) was able to record a decline in the poverty rate from 43.6% in 2005/06 to 35.6% in 2015/16.

This paper reviews the how COVID-19 pandemic is likely to reverse the cooperatives' efforts in fight against poverty and inequalities; and relook on means and ways cooperatives should remain on course in the war against poverty and inequality.

Covid-19 complicating poverty and inequalities alleviation efforts

The successes made by cooperatives in fight against poverty and inequality in Kenya are likely to be reversed with the impending effects of the COVID-19 pandemic in the country. According to the 2019 Kenya Population and Housing Census there are about 19.5 million poor people in Kenya; with 14 million, 1.3 million and 4.2 million living in rural areas, peri-urban and core-urban and informal settlements, respectively. Poverty is also feminized. The 2015/16 [Kenya Integrated Household Survey \(KIHBS\)](#) results show that 30.2% of female headed households are poor

compared to 26.0% of their male counterparts. The COVID-19 pandemic will exacerbate poverty, especially among female headed households who constitute (30.2%) of the poor population.

Income inequality levels have not decreased significantly in recent years. Kenya's Gini coefficient of 44.5 is above the 2013 Sub-Saharan African average of 43.8, as indicated by World Bank, 2014. The latest KIHBS results also show that nationally, more than half (59.4%) of total expenditure is controlled by the top most quintile (Q5) while the bottom quintile (Q1) controls the least share of 3.6%. Thus, the COVID-19 pandemic will exacerbate income inequality. The [Kenya National Bureau of Statistics \(KNBS\)](#) estimates that unemployment stands at 14.2% amongst youth aged 20 – 24 years. The formal sector currently generates about 20% of the jobs required to absorb the labor force which is growing at 2.9% per annum.

Workers in the informal economy may not have the luxury of staying at home when they are sick without paid sick leave. People living in or near poverty often lack disposable cash and cannot easily stockpile food in times of pandemics. Hunger, malnutrition, pneumonia and other forms of health-related shocks and stresses compound vulnerability to the COVID-19 pandemic and contribute to a vicious cycle of disease, destitution and death.

[Poverty can fuel contagion](#), but contagion can also create or deepen impoverishment. The COVID-19 pandemic would increase poverty, inequality and unemployment due to its adverse impact on people's jobs and livelihoods in the key sectors of the economy. The lack of health insurance for most of the poor and people who reside in rural and informal settlements would exacerbate poverty and inequality the later with respect to access to health services. [Currently](#), four out of every five Kenyans have no access to medical insurance and that among the poorest quintile, only 3% have health insurance with disparities between rural and urban populations, where rates of coverage are an average of 12% and 27% respectively.

In the respect to the above, it is obvious the cooperative movement role on poverty reduction is and will equally shake to the core because members and potential members are affected directly and indirectly by COVID-19 pandemic. Therefore, efforts of rebuilding and redesigning primary cooperatives is paramount both in the present and in the future; if cooperative are going to remain formidable tools to fight poverty.

Rebuilding the cooperative movement to enhance its poverty reduction potential in midst of pandemics

After COVID-19 pandemic, Cooperative Alliance of Kenya (CAK), notes that the need for reconstructing primary cooperatives "as the point of departure" for poverty alleviation will be inevitable. The question to be answered are:

- How can we build on what works, design cooperative institutions, and change cooperatives' character so that they support poor people's own initiatives to lift themselves out of poverty?
- How can poor people's connectivity with cooperatives be increased so that they are heard and represented in programs and policy making at the local, national and global level?
- How can the knowledge, resources and power at the local, national and global levels be used to support poor people's own efforts?

Therefore, more efforts should be made to promote and support cooperatives to become institutions which truly enable the people to achieve their own development needs. These efforts should include:

- Stimulus package fund for cooperatives affected drastically by COVID-19 pandemic

- Building strong member-controlled cooperatives including in more other essential services as health
- Improving Cooperative Education and Training from school levels
- Promoting good governance, leadership and management practices
- Promoting Strong and effective Cooperative Development Support Institutions – such as Kenya Society of Cooperative Professionals, Cooperative Mediation Services
- Promoting technological solutions to reduces costs and generate more revenue
- Review cooperative legal and regulatory frameworks in respect to the current constitution

Doing so is likely to result to the following strategic considerations:

- Changing cooperative promoters' mindsets in supporting the cooperative organization and environment. The Current USAID mantra of Journey to self-reliance (J2SR) will be heightened through cooperatives.
- Investing in the poor people's assets whereby five kinds of assets in the context of powerlessness, especially: strong networks and membership based organizations (i.e. organizational ability) extending beyond the family and immediate community are essential to help poor people to gain access to other assets and resources such as healthy bodies, information, education, and entrepreneurship ideas.
- Changing governance and regulation of cooperatives and effecting the devolution of the cooperative function to the county government as stipulated in 2010 Constitution under Schedule IV.

These considerations will continue to revive the cooperatives identity, spirit, value and principles while addressing emerging shocks in the communities and nations, even in the wake of such pandemics.

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