REPUBLIC OF KENYA

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

VOTE 1173: STATE DEPARTMENT FOR COOPERATIVES

MTEF 2027/28-2029/30

SUB-SECTOR REPORT

August 2026

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List of Acronyms and Abbreviations

AIA	Appropriations in Aid
BETA	Bottom Up Economic Transformation Agenda
CCARF	Coffee Cherry Advance Revolving Fund
CMIS	Cooperative Management Information System
DIALs	Declarations of Income, Assets and Liabilities
DTSs	Deposit Taking SACCOs
EACC	Ethics And Anti-Corruption Commission
FY	Financial Year
GECA	General Economic and Commercial Affairs
GJLO	Governance, Justice, Law and Order
ICT	Information Communication and Technology
KCSAP	Kenya Climate Smart Agriculture Project
KFA	Kenya Farmers Association
KNTC	Kenya National Trading Corporation
KPI	Key Performance Indicator
KSPC	Kenya Society of Professional Cooperators
New KPCU	New Kenya Planters Cooperative Union
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
MSMEs	Micro, Small and Medium Enterprises (Msmes) Development
New KCC	New Kenya Cooperative Creameries
NWDTS	Non – Withdrawable Deposit Taking SACCOs
PAVI	Pamba and Viazi
PBB	Programme Based Budget
PPR	Programme Performance Review
SACCOs	Savings and Credit Cooperative Societies
SAGAs	Semi-Autonomous Government Agencies
SASRA	SACCO Societies Regulatory Authority
SAGA	Semi-Autonomous Government Agencies
SDC	State Department for Cooperatives

EXECUTIVE SUMMARY

The State Department for Cooperatives is a sub-sector under the General Economic and Commercial Affairs (GECA) sector following the Executive Order No. 1/2025. The GECA sector is required to prepare a consolidated budget consisting of all its sub-sectors for the FY 2027/28- 2029/30 MTEF period. This sub-sector report contains the Programme Performance Review for the period beginning the FY 2023/24 to FY 2025/26. The review involved undertaking a detailed assessment of the progress achieved towards realization of the targeted outcomes and outputs after implementation in review period. The sub-sector report further contains a presentation of the FY 2027/28, FY 2027/28 and the FY 2029/30 priority targets for the Programme-Based Budget in line with section 38(3)(b) of the Public Finance Management Act, 2012.

The State Department implements the Cooperative Development and Management programme and five Sub-programmes in delivery of its mandate. The main objective of the Programme is to promote growth and development of coooperatives through capacity building and provision of appropriate policy, legal and institutional framework.

During the review period (FY 2023/24- FY 2025/26) the sub-sector registered 12,652 audited accounts, surpassing the target of 13,000. Membership in SACCOs regulated by SASRA grew to 7.87 million, reflecting expanded financial inclusion, while core capital to total asset ratios were maintained at healthy levels for both deposit-taking and non-deposit-taking SACCOs. In terms of financial deepening, savings within cooperatives rose significantly from KSh. 1,126 billion in FY 2023/24 to KSh. 1,324.9 billion by end of FY 2025/26.The Cooperatives Bill 2024 was also finalized and approved by the Cabinet during the review period and was forwarded to Parliament. Additionally, Strategic Plans to guide future development in the sub-sector were developed during the period. The New KPCU disbursed KSh. 14.93 billion to farmers across coffee-growing counties and milled and marketed a total of 15,477 and 7,283 metric tons respectively. The PAVI Cotton Farmers' Cooperative Society achieved substantial progress, with the ginnery having been completed within the review period. The dairy processing capacity at the New KCC remianed at 875,000 litres per day. The facility processed glut milk produced in excessive rainfall periods, converting it to 5,240 metric tons of milk powder during the period.

To support delivery of the programmes, the State Department had an approved budget of Ksh. 7,532.9 million in FY 2023/24, Ksh. 8,343.73 million in FY 2024/25 and Ksh. 9,315.49 million in FY 2025/26. The actual expenditure for the period was Ksh. 3,813.86 million, Ksh. 8,337.36 million and Ksh. 9,232.63 million for FY 2023/24 ,FY 2024/25 and FY 2025/26 respectively. The difference in approved vs actual expenditure for FY 2024/25 is attributed to over-collection of AIA by the New KPCU.

The major outputs/services to be provided by the State Department during FY 2027/28 – 2029/30 MTEF period will focus on promotion and registration of cooperatives across the identified national value chains and requires support to sustain the aggregation activities. This shall be through capacity building, enforcement of the sub-sector standards, and provision of appropriate policy, legal, and institutional framework as well as value addition infrastructure. The priority will be to fast track enactment of the Cooperative Societies Act and subsequent regulations and guidelines. Infrastructure projects prioritized include construction and/or refurbishment of dairy processing plants; cotton ginneries; coffee milling plants among others. To enhance service delivery, the State Department is implementing the Cooperative Management Information System (CMIS) which will eventually be integrated to the e-citizen and cooperative services will be offered at Huduma Centres.

To achieve the above deliverables, the sub-sector has financial requirements totaling to Ksh.15,150.98 million; Ksh. 6,462.01 million; KSh. 6,302.80 million for FY 2027/28, FY 2028/29 and FY 2029/30, respectively. This comprises of recurrent expenditure requirements of Ksh. 9,353.98 million; Ksh. 5,782.01 million and Ksh. 5,797.80 million for the FY 2027/28, FY 2028/29 and FY 2029/30, respectively and development expenditure of Ksh. 5797.00 million; Ksh.680.00 million and Ksh. 505.00 million for the FY 2027/28, FY 2028/29 and FY 2029/30, respectively.

Amidst this projection, the sub-sector is faces challenges which need to be addressed to ensure the intended goals are realized. These challenges include inadequate funding for the Programme; inadequate policy, legislative and regulatory framework; low technology, innovation, research and development; inadequate equipment, and transport services. To mitigate the challenges stated above, the State Department has requested for enhanced budgetary allocation from The National Treasury and continues to seek development partner support to enable it to implement its programs and projects. The legal, regulatory and policy framework is being reviewed through amending the relevant Acts and regulations.

CHAPTER ONE: INTRODUCTION

1.1 Background

The State Department for Cooperatives (SDC) is one of the two State Departments that constitute the Ministry of Cooperatives and Micro, Small and Medium Enterprises (MSMEs) Development. The SDC is a member of General Economic and Commercial Affairs (GECA) medium term expenditure framework sector working group. The Department has one (1) Programme, namely Cooperative Development and Management and five (5) Sub-Programmes namely: i) Governance and Accountability; ii) Cooperative Advisory Services; iii) Marketing Value Addition & Research; iv) Cooperative Management and Investment and v) General Administration and Support Services.

The main objective of the Programme is to promote growth and development of cooperatives through setting of standards, capacity building, provision of appropriate policy, legal and institutional framework.

1.2 Sub-Sector Vision and Mission

Vision
A sustainable and vibrant cooperative sector for prosperous Kenya

Mission
To promote the cooperative sector through provision of appropriate policy, legal, regulatory framework and capacity building for socio-economic transformation.

1.3 Strategic goals and objectives of the sub-sector

The goals for the sub-sector are:

1. Enabling cooperative policy, legal and institutional framework
2. Aggregated economic units
3. Improved funding
4. Improved governance in cooperatives
5. Increased access to affordable financial services
6. Improved service delivery

The objectives of the sub-sector are:

1. To update policy, legal, institutional framework
2. To improve governance in cooperatives
3. To aggregate individuals into cooperatives
4. To increase cooperatives access to markets
5. To improve service delivery

1.4 Sub-Sector and its Mandate

The State Department for Cooperatives is established under the Ministry of Cooperative and Micro Small and Medium Enterprises (MSME) Development through the Executive Order No. 1/2025 which spells out its mandate as below:

I. Cooperative Policy, Standards and Implementation;

II. Promotion of Cooperative Ventures;

III. Cooperative Production and Marketing;

IV. Supervision and oversight over Cooperative Societies;

V. Cooperative Savings, Credit and other Financial Services Policy;

VI. Cooperative Legislation and Support Services;

VII. Cooperative Education and Training;

VIII. Cooperative Audit Services;

IX. Cooperative Financing Policy.

1.5 Autonomous and Semi-Autonomous Government Agencies (SAGAs)

The sub-sector has three SAGAs as listed below:

Table 1.1: Semi-Autonomous Government Agencies

	Category	SAGA	Mandate
1	Commercial / Manufacturing Corporations	New Kenya Cooperatives Creameries (New KCC)	Procure high quality raw milk, process, package and market milk and milk products
2	Regulatory	SACCOs Society Regulatory Authority (SASRA)	Licence, regulate and supervise deposit taking and specified Non-Withdrawable Deposit Taking SACCOs.
3	Marketing and smallholder financial intermediary	New Kenya Planters Cooperative Union(New KPCU)	Milling and marketing farmers coffee and administration of the coffee cherry advance revolving fund (CCARF).

1.6 Role of Sub-Sector Stakeholders

Article 201 on the Principles of Public Finance in the Constitution of Kenya requires openness and accountability including public participation in financial matters. The sub-sector has a wide range of stakeholders whose roles are outlined below:

Table 1.2: Role of Sub-Sector Stakeholders

Stakeholders	Role
Cooperatives	▪ Aggregation of produce ▪ Access to market ▪ Mobilization of finances ▪ Provision of affordable credit
International cooperative organizations (e.g. ICA, WOCCU)	▪ Provision of lobbying, advocacy, and technical support
Development Partners	▪ Support in resources mobilization
County Governments	▪ Promotion and supervision of cooperatives
The National Treasury	▪ Provision of financial support
Other Ministries Departments and Agencies (MDAs)	▪ Support in service delivery
SAGAs (SASRA, New KCC, New KPCU)	▪ Enhance efficiency in provision of specialized services
Private sector	• Support mandates of the Cooperatives
Service Providers	• Provision of good and services
Parliament	• Legislation, oversight and budgets approvals
Media	• Publicity of activities and information
Training and Research Institutions	• Provide education, training and research.
Attorney General	• Assist in drafting legislative instruments and representation in courts • Provide legal advice
Judiciary	• Arbitrate on legal disputes
Presidential Economic Transformation Office	• Provide advice to the presidency and MDAs

CHAPTER TWO: PROGRAMME PERFORMANCE REVIEW FINANCIAL YEARS 2023/2024-2025/26

2.1 Review of Sub-Sector Programme Performance in terms of delivery of outcomes, outputs, KPIs and target attainment

This Section reviews the performance of subsector programmes in terms of delivery of outcomes, outputs, Key Performance Indicators (KPIs) and target vs achievement for the period FY 2023/24 to FY 2025/26.

1. Governance and Accountability

During the period under review, the State Department implemented the following to strengthen governance and accountability in cooperatives: registration of 12,652 audited accounts against a target of 13,000; preparation of annual lists of approved cooperative auditors and formulation of 8 technical updates cum guidelines. Compliance audits were undertaken in all counties in addition to coordinating 1,242 Declarations of Income, Assets and Liabilities (DIALs) by cooperative society officials.

There was significant improvement in financial stability of Deposit Taking SACCOs (DTS) and Non-Withdrawable Deposit Taking SACCOs (NWDTs) as evidenced by the core capital to total asset ratio of SACCOs remaining higher than the target for each financial year. The ratio also remained well above the statutory requirement of 10% for DT SACCOs and 8% for NWDTs. Additionally, membership of SASRA-regulated SACCOs increased from 6.84 million in 2023/24 to 7.87 million in 2025/26. The rise in membership occurred alongside increase in assets of SASRA-regulated SACCOs from Ksh 863.95 billion in 2023/24 to Ksh1,234.52 billion in 2025/26. On the other hand, deposits grew from Ksh 716.5 billion to Ksh 877.42 billion during the review period. Further, 72% of regulated SACCOs subscribed to the Kenya Central SACCO as a result of value proposition of shared techno-logical platform to be offered by SACCO central.

2. Cooperative Advisory Services

The National Cooperative Policy whose theme is “Promoting Cooperatives for Socio-Economic Transformation” was disseminated in 5 regional forums where a total of 20 institutions were sensitized. The draft Cooperatives Bill Number 7 of 2024 was developed and is in parliarment awaiting mediation process; draft legislative proposals on cooperatives regulations were developed awaiting the enactment of the Cooperatives bill into law. Furthermore, proposals on the Kenya Society for Professional Co-operators bill and the Kenya Cooperatives Transformation Strategy were also developed. All the viable applications for registration of cooperatives were processed, leading to registration of 3,995 new cooperatives that included 136 cooperatives in the10 priority value chains under the Bottom-Up Economic Transformation Agenda (BETA).

During the review period, the New KPCU disbursed Ksh. 14,927.3 billion to farmers across 30 coffee growing counties in Kenya under CCARF. The NKPCU also increased its milling out-turn from 8,394 metric tons in 2023/24 to 15,477 metric tons in 2025/26.

3. Marketing, Value Addition & Research

The State Department facilitated mobilization of cooperative savings which increased from Ksh. 1,166 billion in FY 2023/24 to KSh.1,324.9 billion in FY 2025/26. This is attributed to improved member confidence and increased access to financial services through adoption of digital service delivery channels by SACCOs. Further, the enforcement of the Cooperatives Act led to the recovery of Ksh. 1,513.04 million outstanding remittances to SACCOS over the review period.

Feasibility, design and cost estimates for PAVI farmers cooperative society were completed during the period and construction of the ginnery comprising the gin house and receiving stores were completed. Addtitonally, the machinery has been installed and the ginnery is in operation.

Cooperative Management and Investment

Modernization of New KCC involved replacing old and obsolete equipment with new and modern technology for processing and packaging of long life, fermented and high value products such as butter, ghee and milk powder. The project aims at improving New KCC's processing capacity, efficiency, and competitiveness to increase its milk uptake. Modernization of plants stood at 85% completion rate by the end of the review period while the processing capacity remained at 875,000 liters per day since no new processing facilities were constructed during the review period.

New KCC has been mopping up excess milk in glut periods and converting the same to powder to ensure food and nutrition security during dry periods. New KCC mopped up surplus milk and converted the same into 2,221, 1,859 and 1,160 Metric tons of milk powder in FY 2023/24, FY 2024/25 and FY 2025/26 respectively.

4. Administration, planning and support services

During the period under review, the strategic plan for the State Department was developed and launched while statutory reporting requirements for monitoring and evaluation, budget implementation and financial reports were met. Additionally, 160 officers were trained against a target of 543 and all members of staff were appraised.

Table 2.1 Review of Sub-Sector Programmes Performance-Delivery of Outputs/KPI/Targets

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
SP 1.1: Governance and accountability	Cooperative Audit	Audited accounts registered	No. of Audited accounts	4,500	4,000	4,500	4,130	4,062	4,460	FY 2023/24 and FY 2025/26: target missed due to non-compliance by some counties FY 2024/25: Target surpassed due to improved compliance by cooperatives.
		Private audit firms' applications processed	Percentage of application processed	100	100	100	100	100	100	327, 309 and 329 private audit firms were registered in FY 2023/24, 2024/25 and 2025/26 respectively
		Technical updates on cooperatives operations issued	Number of Technical Updates	4	2	4	4	2	2	Targets achieved in FY 2024/25 and FY 2024/25. Financial constraints led to under-acheivement in FY 2025/26.
		Liquidators schemes of distribution inspected	Number of inspections reports	3	1	3	3	1	3	Target achieved
		County Cooperative audit Compliance conducted	Number of reports	47	47	47	47	47	47	Target achieved
	SASRA	Capital Adequacy in DTs maintained	Core capital to total assets ratio maintained above 10%	16.13	16.29	18.05	17.67	17.86	18.73	Targets surpassed due to increased income retention by SACCOs and regulatory restrictions on dividend payouts

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Capital Adequacy in NWDTs maintained	Core capital to total assets ratio maintained above 8%	8.08	8.16	13.24	10.88	18.52	12.46	The target was achieved due to increased income retention by SACCOs in FY 2023/24 and FY 2024/25. In FY 2025/26 two SACCOs transitontioned from NWDTS to DTS which led to a decline in the ratio.
		Onsite inspections on SASRA Regulated SACCOs conducted	No. of onsite inspections of SACCOs	50	60	70	56	43	45	Target surpassed in FY 2023/24 due to additional human resource. There was limited financial resources in FY 2024/25 and FY 2025/26 that led to under-achievement.
		Deposit Guarantee Fund regulation developed	% completion	-	-	100	-	-	0	Pending enactment of the Sacco Societies Amendment Bill 2025
		Suitability framework for board members developed	% completion	-	-	100	-	-	0	Pending enactment of the Sacco Societies Amendment Bill 2025
		Secondary Sacco regulations developed	% completion	-	-	100	-	-	0	Pending enactment of the Sacco Societies Amendment Bill 2025

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Criminal cases reported on fraudulent activities processed	% of reported criminal cases processed	100	100	100	100	100	100	The agency processed 23, 29 and 17 cases in FY 2023/24, 2024/25 and 2025/26, respectively
		SASRA Regulated SACCOs subscribed to the Kenya Central SACCO	Percentage of regulated SACCOs subscribed	17	20	20	20	20.2	21.4	Target achieved with 64, 72 and 76 SACCOS subscribing to Kenya Central SACCO in the period
		Assets of SASRA regulated SACCOs Mobilized	Amount in Kshs. Billions	846	1,038	1,121	863.95	1,091.10	1,234.52	Targets surpassed due improved financial stability and credit uptake by members.
		SACCO Branches Established	Number of branches	7	10	13	7	19	17	The target was surpassed due to authorization of NWDTs and opening of common bond for members of the public to join SACCOs of their choices
		SACCO Agencies and alternative digital financial services delivery channels established	Number of SACCO agencies and other digital financial delivery channels	18	24	15	6	18	18	In FY 2023/24 and FY 2024/25 underachievement attributed to slowed service uptake due to cyber-security concerns. Adoption of technologies has led to over-achievement in FY 2025/26.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Credit access to SASRA Regulated SACCO members enhanced	Amount in billions	734	793	857	785.25	872	962.7	Target surpassed due to improved SACCO lending practices and competitive interest rates on loans compared to other financial services providers
		SACCO members registered	Number in Millions	6.6	6.9	7.1	6.84	7.42	7.87	Target surpassed due to improved member confidence, branch expansion and adoption of alternative service delivery channels
		SASRA Regulated SACCOs deposits mobilized	Amount in Billions	669	723	781	716.05	787.65	877.42	Targets surpassed due to improved member confidence, branch expansion and adoption of alternative service delivery channels.
		Guidelines and circulars issues to SASRA regulated SACCOs	No. of guidelines and circulars	2	2	2	2	5	5	Target surpassed due to need to address increased emerging concerns around cyber security, financial reporting and corporate governance.
		Capacity building activities for SASRA regulated SACCOs undertaken	No. of persons trained	875	718	718	875	1,243	1,886	Targets surpassed due to use of digital platforms to train and goodwill from key stakeholders

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Annual SACCO Supervision report prepared	Number of reports	1	1	1	1	1	1	Target achieved
		Proposals for legal framework for SASRA regulated SACCOs prepared	Number of proposals	1	1	-	0	1	-	Target achieved in FY 2024/25. In FY 2023/24 target was not achieved due to delay in legislation process.
		Strategic partnerships and collaboration developed	Number of MoUs and Agreements	2	2	2	3	3	5	Target surpassed due to partnership with financial sector deepening (FSD); Kenya Development Corporation (KDC) and Rural Kenya Financial Inclusion Facility.
	Cooperative Registration	Inquiries of cooperative societies carried out	No of inquiry Reports	6	6	6	6	7	8	Target surpassed in FY 2024/25 and FY 2025/26 due to additional requests.
		Cooperative Liquidations completed.	No. of liquidations	2	3	2	3	0	2	Target surpassed in FY 2023/24 due to fast-tracking of liquidations initiated in the previous year. Under achievement in FY 2024/25 was due to lengthy processes and litigations.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Official searches carried out	No of official searches	100	120	100	228	187	100	In FY 2025/26 the target was changed to percentage and 312 official searches were requested and done.
		Charges and debentures registered	Percentage of the application processed	100	100	100	100	100	100	Target Achieved
		Surcharge orders prepared	No. of surcharge orders	6	30	10	4	2	10	Under achievement in FY 2023/24 and FY 2024/25 is due to fewer cases warranting surcharges.
		Cooperative Inspections produced	No. of inspection reports	2	2	2	2	2	4	Target surpassed in FY 2025/26 due to more request by the cooperative societies.
	Governance, Ethics and Inspectorate	Code of Conduct and Ethics for Cooperative Societies disseminated	No of dissemination fora for Code of Conduct and Ethics	2	2	4	5	4	5	The use of other partners platforms to disseminate the same led to the target being surpassed in all the years.
		Administrative procedure for DIALs reviewed and enforced.	No. of DIALs filed by officials of cooperative societies	6,500	6,500	100	6,511	689	100	The FY 2024/25 was not a declaring year explaining the underachievement. The target in FY 2025/26 was changed to percentage and 1,242 DIALs were administered

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Cooperatives sensitized on Adminstrative procedures on DIALs	No. of forums	2	2	2	2	2	0	Underachievement in FY 2025/26 was due to financial constraint
		All corruption related incidences on cooperative societies processed	% of cases processed	-	-	100	-	-	100	6 cases were processed
		Cooperative officials sentitized on governance and ethics	No. of forums	2	2	2	5	4	2	Target surpassed in FY 2023/24 and FY 2024/25 due to partnerships with stakeholders
		Governance and Anti-corruption policy reviewed and disseminated	No. of policies reviewed and disseminated.	-	1	1	-	0	0	Target not achieved due to limited resources.
		Memorandum of understanding with EACC reviewed and signed	No. of MoUs	1	1	1	0	0	0	Under achievement is due to the Memorandum being reviewed and awaiting signing.
SP 1.2: Cooperative advisory services	Cooperative Registration	Viable cooperative Societies registered	Viable cooperatives registered (%)	100	100	100	100	100	100	All application for registration were processed leading to registration of 3,995 cooperatives.
		Rice farmers aggregated	No of farmers	1500	400	100,000	1500	180	20	Target was not achieved due to over targeting

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Rice cooperatives registered	No. of cooperatives	4	2	2	3	3	2	Target was not achieved in FY 2023/24 as there was no new irrigated areas Target was surpassed in FY 2024/25 due to increased capacity building of rice farmers
		Artisanal fishermen aggregated	No of Fisherman	15,000	6,000	750	18,900	8,400	300	Target not achieved due to registration of most of the beach management units as cooperatives in the previous year
		Artisanal fishermen cooperatives registered	No. of cooperatives	100	20	75	104	28	30	Target surpassed in FY 2023/24 and FY 2024/25 because of increased sensitization. Underachievement in FY 2025/26 is because most Beach Management Units(BMUs) have been converted to Co-operatives.
		Artisanal Miners aggregated	No. of Miners	1,200	600	600	2,200	2,440	490	Target not achieved due directive requiring all artisanal miners to operate in cooperatives the previous year

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Miners' Cooperatives registered	No. of cooperatives	80	30	60	117	122	49	Target surpassed in FY 2023/24 and FY 2024/25 due to increased sensitization as a requirement by the government that all artisanal miners operate in cooperatives. Target not achieved in FY 2025/26 due directive requiring all artisanal miners to operate in cooperatives
		Cotton Farmers aggregated	No. of farmers	40,000	5,000	25,000	34,000	2,200	0	Target not achieved in 2025/26 due to focus on reviving existing cooperatives
		Cottton Farmer Cooperatives registered	No. of cooperatives	20	5	20	17	11	0	Target surpassed in FY 2024/25 because there were cotton cooperatives that were revived, but with few members. Target not achieved in 2025/26 due to focus on reviving existing cooperatives
		Farmers growing edible oil crops aggregated	No. of farmers	3,000	300	100	4,100	660	40	Under achive-ment in FY 2025/26 is due to removal of avocado from this classfication

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		edible oil crops grower cooperatives registered	No. of cooperatives	10	3	10	41	11	4	Target exceded in FY 2023/24 and FY 2024/25 as a result of avocados being included in the oil crop value chain. Good avocado price has also stimulated many farmers to join cooperatives for marketing. Under achivement in FY 2025/26 is due to removal of avocado from this classfication
		Dairy and Livestock farmers aggregated	No. of farmers	10000	1,500	335,765	31,000	3,500	540	Targets surpassed in FY 2023/24 and FY 2024/25 due to enhanced promotion of cooperatives among dairy farmers by the government. Underachievement in FY 2025/26 is due to over targeting
		Dairy and Livestock farmer cooperatives registered	No. of cooperatives	10	3	10	20	54	29	Targets surpassed due to enhanced promotion of cooperatives among dairy farmers by the government.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		SMEs in Leather and Leather products aggregated	No of SMEs	1,200	600	800	600	2,100	240	Target not met in FY 2023/24 due to inadequate sensitization especially in north eastern regions. Targets were surpassed in F2024/25 due to partnerships with partners. Target not achieved in FY 2025/26 due to over targeting
		SMEs in Leather cooperatives registered	No. of cooperatives	40	20	80	20	42	24	Targets were surpassed in 2024/25 due to partnerships with partners. Underachievement in FY 2023/24 and FY 2025/26 attributed to inadequate sensitization especially in north eastern regions.
		Tea Farmers aggregated	No.of Farmers	1,800	200	90	50	0	0	Target not achieved due to farmers preference for Kenya Tea Development Agency (KTDA) as an aggregator and marketer
		Tea farmer cooperatives registered	No. of cooperatives	9	1	9	1	0	0	Target not achieved due to farmers preference for KTDA as an aggregator and marketer

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		SMEs in Affordable Housing aggregated	No of SMEs	500	150	100	1100	1080	130	Target exceeded as a result of working with partners to register pre-existing groups
		SMES (Housing) cooperatives registered	No of cooperatives	10	3	10	22	24	13	Target exceeded as a result of working with partners to register pre-existing groups
		Coffee farmers/SMEs aggregated	No. of farmers	2000	500	20	1900	2,880	490	Target surpassed due to formation of cooperatives out of traditional coffee growing to the emerging coffee growing areas
		Coffee farmer cooperatives registered	No. of cooperatives	2	2	2	38	48	49	Target surpassed due to formation of cooperatives out of traditional coffee growing to the emerging coffee growing areas
		Farmers growing Maize and other cereals aggregated	No of farmers	10,000	300	1,000,000	1900	780	80	Target surpassed in FY 2024/25 because target was revised downwards. Underachievement in FY 2023/24 and FY 2025/26 due to over targeting

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Maize grower cooperatives registered	No cooperatives	10	3	10	19	13	3	Target surpassed in FY 2023/24 and FY 2024/25 due to increased farmer engagement in maize growing areas. Underachievement in FY 2025/26 is due to over targeting
		Sugarcane farmers aggregated	No. of farmers	3000	100	30	300	540	50	Target under-achieved in 2023/24 due to less farmers registering per cooperative. Target surpassed in FY 2024/25 and FY 2025/26 due to expansion of sugar growing areas.
		Sugarcane farmers cooperatives registered	No of cooperatives	3	1	3	3	9	5	Target surpassed in FY 2024/25 and FY 2025/26 due to expansion of sugar growing areas.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Horticulture farmers aggregated	No of farmers	5000	500	100	600	2,760	340	Overachievement is because of good rains in the year led to increased the number of farmers growing holticultural crops. Target under-achieved in FY 2023/24 due to fewer farmers per cooperative enlisting.
		Horticulture farmer cooperatives registered	No. of cooperatives	10	10	10	12	46	34	Overachievement is because of good rains in the year led to increased the number of farmers growing holticultural crops.
		Transport SMEs aggregated	No. of SMEs aggregated	10,000	2,000	1000	5150	3,160	790	Surpassed achievement in FY 2023/24 was because there was a requirement that all transport operators especially Boda Bodas operate in cooperatives. Underachievement in FY 2025/26 is due to saturation of the PSV market

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Transport SMEs cooperatives registered	No of cooperatives	100	100	100	103	86	79	Surpassed achievement in FY 2023/24 was bacuse there was a requirement that all transport operators especially Boda Bodas operate in cooperatives. Underachievement in FY 2025/26 is due to saturation of the PSV market
		SACCOS transformed into transport cooperatives	No of SACCOS	200	10	200	0	0	0	No achievement. No activity was initiated during the period.
		Kenyans in the diaspora aggregated into cooperatives	No. of members	100	50	10	150	0	10	Target surpassed in FY 2023/24 due to increased sensitization. In FY 2024/25 there was inadequate sensitization. Target achieved in 2025/26
		Diaspora cooperatives registered	No. of cooperatives	1	1	1	3	0	1	Target surpassed in FY 2023/24 due to increased sensitization. In FY 2024/25 there was inadequate sensitization. Target achieved in FY 2025/26

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Other SMEs/Members SACCOs registered	No. of SMEs/members	15,000	3,000	3000	13,640	19,700	700	Target surpassed in FY 2023/24 and FY 2024/25 due to increased sensitization activities and influence of NAVCD Project. Underachievement in FY 2025/26 was due to the freeze on the registration of SACCOs by the Cabinet Secretary
		SMEs/Members aggregated into SACCOs	No. of SACCOs	300	300	300	1,107	985	70	Target surpassed in FY 2023/24 and FY 2024/25 due to increased sensitization activities and influence of NAVCD Project. Underachievement in FY 2025/26 was due to the freeze on the registration of SACCos by the Cabinet Secretary
	Commissioner's office	National Cooperative Policy developed	No. of institutions sensitized	20	-		20	-		The target was achieved in FY 2023/24 and no targets were assigned in subsequent years.
			No. of regional forums to disseminate the Policy.	5	-	-	5	-	-	The target was achieved in FY 2023/24 and no targets were assigned in subsequent years.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Kenya Cooperative Transformation Strategy(KCTS) developed	Strategy developed	1	1	1	0	0	0	The draft strategy exists but it was never launched due to administrative challenges
		Reviewed Cooperative Legislations	% completion of development of cooperatives Regulations	-	-	100	-	-	50	The 50% achievement in FY 2025/26 is attributed to the appointment of a taskforce, which developed a roadmap and conducted a gap analysis of the existing Act and subsidiary rules pending enavtment of the cooperatives bill
		Cooperative Management Information System (CMIS) modules developed	No. of modules operationalised	-	-	10	-	-	35	Target exceded digitalization of all the public facing paid services
		Cooperative sub-sector statistics/data reports produced	No. of annual reports	1	-	-	1	-	-	Target achieved
		Policies and legal instruments developed (KSPC Act, New KPCU Act, Cooperatives Financing Policy	No. of policies and legal instruments developed	3	-	-	0	-	-	Target not achieved. These instruments are dependent on the Cooperatives Act that is in the Senate

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		MOU with KNBS Signed	No of MOUs signed	1	-	1	0	-	0	Target not achieved in FY 2023/24, as no activity was initiated. Underachievement in FY 2025/26 was because the activity awaits completion of CMIS and subsequent assessment of data soureces and needs
		National Cooperative database developed	% of completion	30	-	30	0	-	0	Target not achieved in FY 2023/24, as no activity was initiated. Underachievement in FY 2025/26 is because the activity awaits completion of CMIS
		County Cooperative officers capacity built on governance, compliance, financing and value chain development	No. of county officers trained	-	-	465	150	-	62	Achievement in FY 2023/24 was due to support from EACC. Underachievement in FY 2025/26 was due to financial constraints
		Intergovernmental collaboration framework operationalized	% level of operationalization	20	40	80	0	30	0	The activity is pending the enactment of Cooperatives Act

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Development of Cooperative standards, manuals, guidelines and model by laws (training, audit, registration, liquidation, inquiries, ward multipurpose coops operationalization manuals and model by laws)	No of standardized cooperative training manuals developed	4	4	4	0	4	4	Underachievement in FY 2023/24 is due to resource constraints
	NEW KPCU	Coffee Cherry Advance Revolving Fund	Amount advanced to farmers (Kshs. Million)	1,000	5,000	5,500	4,627.3	4,800	5,500	Target surpassed in FY 2023/24 due to increased awareness hence increased uptake . Target not met in FY 2024/25 and is attributed to variation in coffee seasons.
		Kenyan Coffee milled	Metric tons of coffee parchment milled	4,500	9,500	15,000	8,394	5,914.7	15,477	Increased sensitization led to over achievement in FY 2023/24 and FY 2025/26. Under achievement in FY 2024/25 attributed to increase in licensed millers.
		Kenyan Coffee marketd	Volume of clean coffee marketed (Metric tons)			8,000			7,283	Under achievement is attributed to variations in coffee seasons

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Coffee cupping laboratories refurbished	% completion	80	50	100	50	65	100	In FY 2024/25 and FY 2025/26 the achievement was due to utilization of internally generated resources. Target not achieved in FY 2023/24 due to inadequate resources.
		Modern coffee dry mills	% completion	50	-	-	10	-	-	Achievement in FY 2023/24 is attributed to intervention by the NARIG project . there has not been funding for mills in subsequent years.
		Coffee management information platform (CMIP)	% completion	100	-	-	100	-	-	Target was achieved in FY 2023/24 as a result of financial assistance from NARIG project.
		Coffee warehouses refurbished	No. of warehouses refurbished	-	5	8	-	2	5	Under-achievement due to budgetary constraints
		Coffee farmers trained	No. of farmers	-	8,000		-	8,000		Target achieved
		Coffee farm seedlings distributed	No. of Seedlings (Millions)	-		5	-		3.186	Under-achievement due to stock-out of certified seedlings at the Coffee Research Institute.
SP 1.3: Marketing, Value Addition & Research	Cooperative Finance and marketing	Savings/deposits by SACCOs deepened	Amount of savings mobilized (KShs. Billions)	986	1,146	1,166	1,126	1,224.95	1,324.9	Target surpassed due to improved member confidence and adoption of digital channels by SACCOs.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		Outstanding remittances to SACCOs recovered	Amount of outstanding remittances recovered (Kshs. Millions)	490	500	509	491.2	505.6	516.24	Target surpassed due to increased engagement with employers has improved
		Borrowing Powers processed	Facilitate approval of borrowing powers from Cooperatives (%)	100	100	100	100	100	100	Target achieved
		Cooperative Coffee Sector Revitalization Program implemented	No. of coffee factories modernized	-	-	5	-	-	0	Target not achieved due to austerity measurers by supplementary II
			No. of Coffee factories digitized.	-	-	9	-	-	9	Target achieved
		Modern Cotton cooperatives ginneries.	Feasibility Studies carried out	1	-	-	1	-	-	Target achieved
			No. of Modernized cooperatives ginneries	1	1	1	0	0	2	Target not achieved due to lack of allocation in FY 2023/24 and For FY 2024/25. In FY 2025/26, solar power installation was done at Luanda ginnery after additional allocation in supplementary II. Installation of machinery at PAVI FCS also done.

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
		MOU with AFC on administration of affordable credit to farmers developed	No of MOUs	1	-	-	0	-	-	Target under-achieved, as no activity was initiated during the period
		Credit Disbursement guidelines developed	No. of Guidelines	1	-	-	0	-	-	Target under-achieved, as no activity was initiated during the period
SP 1.4: Cooperative management and investment	NEW KCC	Modern NKCC plants	% Completion	85	85	100	85	85	85	No allocation for the period.
		Dried milk Powder at New KCC	Metric Tons	1,250	2,125	1,250	2,221	1,859	1,160	Surpassed achievement in FY 2023/24 was because of rainfall season. Underachievement in FY 2024/25 and FY 2025/26 was because of the dryweather condition.
		Production capacity at New KCC	Litres of milk processed per day ('000)	900	875	925	875	875	875	The project remained at 85% as no new processing facilities were contructed during the period.
SP1.5:General Administration, planning and	CPPMD	Strategic plan developed	No.	1	-	-	1	-	-	Target achieved
	Finance/ CPPMD	MTEF Budget	No. of MTEF reports prepared.	1	1	1	1	1	1	Target achieved

Programme	Delivery unit	Key Outputs	Key performance indicators	Planned Targets			Achieved Targets			Remarks
				2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	
support services		Budget Implementation reports prepared	No. of reports	4	4	4	4	4	4	Target achieved
	Accounts	Annual accounts and financial report prepared	No of reports	1	1	1	1	1	1	Target achieved
	Human Resource Management and Development	Human resource development	No. of officers/staff trained	181	181	181	103	50	70	Target not achieved due to limited resources
		Staff performance appraisal system	No. of staff under SPAS	183	183	208	183	183	208	Target achieved

Expenditure Trend Analysis: Approved budget vs Actual Expenditure for FY 2023/24-2025/26

Table 2.2: Analysis of Recurrent Expenditure (Ksh Million)

Sector: General Economic and Commercial Affairs.						
Vote: 1173						
Economic Classification	**Approved Budget Allocation**			**Actual Expenditure**		
	2023/24	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Gross	**1,883.05**	**5,329.73**	**5,944.11**	**1,730.98**	**5,339.36**	**5,883.41**
AIA	1,152.10	1,152.00	1,195.25	1,075.16	1,170.04	1,168.72
NET-Exchequer	**730.95**	**4,177.73**	**4,748.86**	**655.82**	**4,169.32**	**4,714.69**
Compensation of employees	259.55	278.53	344.15	255.35	270.77	326.51
Transfers	1,214.30	4,637.20	5,275.23	1,075.16	4,661.31	5,248.72
Other Recurrent	**409.20**	**414.00**	**324.73**	**400.47**	**407.28**	**308.18**
Of which						
Utilities	-	-	5.77	-	-	5.30
Rent	75.62	79.06	76.61	75.17	76.07	76.61
Insurance	-	-		-	-	
Subsidies	-	-		-	-	

Sector: General Economic and Commercial Affairs.						
Vote: 1173						
Economic Classification	**Approved Budget Allocation**			**Actual Expenditure**		
	2023/24	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Gratuity	0.00	6.00	0.00	-	6.00	0.00
Contracted Guards & Cleaners Services	2.88	11.40	11.64	2.87	11.41	11.40
Others Specify	**330.70**	**317.54**	**230.71**	**322.43**	**313.80**	**214.87**

The total approved recurrent budget for FY 2023/24, FY 2024/25 and FY 2025/26 was Kshs.1,883.05 million, Kshs.5,329.73. million and Kshs. 5,944.11 million respectively. The actual expenditure for the FY 2023/24, FY 2024/25 and FY 2025/26 was Kshs.1,730.98 million and Kshs.5,339.36 million and Kshs 5,883.41 million respectively. The difference in approved vs actual expenditure for FY 2024/25 is attributed to over-collection of AIA by the New KPCU.

Table 2.3: Analysis of Development Expenditure (Kshs. Million)

Sector: General Economic And Commercial Affairs							
Vote: 1173	**Description**	**Approved Budget**			**Actual Expenditure**		
Vote Details: State Department for Co-operatives		**2023/24**	**2024/25**	**2025/6**	**2023/24**	**2024/25**	**2025/26**
	Gross	**5,649.85**	**3,014.00**	**3,371.38**	**2,082.88**	**2,998.00**	**3,349.22**
	GoK	5,649.85	3,014.00	3,371.38	2,082.88	2,998.00	3,349.22
	Loans	-	-	-	-	-	-
	Grants	-	-	-	-	-	-
	Local AIA	-	-	-	-	-	-

The total approved development budget for the State Department was **Ksh. 5,649.85 million** for FY 2023/24, **Ksh. 3,014 million** for FY 2024/25 and **3,371.38** million for **FY 2025/26** .The actual expenditure for FY 2023/24 was **Ksh. 2,082.88** million , FY 2024/25 was **Ksh. 2,998 million** and **3,349.22** million for **FY 2025/26**. The difference in approved vs actual expenditure for FY 2023/24 was because of underspending on the Cherry Coffee Advance Revolving Fund by New KPCU. The approved budget was Ksh. 4,000 million but the Agency spent only Ksh. 500 million due to lack of exchequer.

Table 2.4: Analysis of Programme Expenditure (Kshs. Million)

Programme	Approved Budget			Actual Expenditure		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Programme: Cooperative Development and Management						
S.P. 1: Governance and Accountability	81.13	59.80	87.40	75.41	59.8	78.82
S.P. 2: Co-operative Advisory Services	1,413.36	5,063.74	3,934.78	1,262.52	5,061.28	3,889.43
S.P. 3: Marketing, Value Addition & Research	4,472.41	112.60	423.63	604.49	111.6	414.19
S.P. 4: Co-operative Development and Investments	1,200.00	2,700.00	2,500.00	1,500	2,700	2,500.00
S.P. 5: General Administration, Planning and Support Services	366.00	407.59	2,369.68	371.44	404.68	2,350.19
Total Vote for 1173	**7,532.90**	**8,343.73**	**9,315.49**	**3,813.86**	**8,337.36**	**9,232.63**

The Actual expenditure for the FY 2023/24 of Sub-Programme 5 in other recurrent is more than approved due to Expenditure incurred before Supplementary budget No.2

Table 2.5: Analysis of Programme Approved Budget Vs Actual Expenditure (KSh. Million)

Economic Classification	Approved Budget			Actual Expenditure		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Programme: Cooperative Development and Management						
Current Expenditure	**1,883.05**	**5,329.73**	**5,944.11**	**1,730.98**	**5,339.36**	**5,883.41**
Compensation of Employees	259.55	278.53	344.15	255.35	270.77	326.51
Use of Goods and Services	338.99	352.61	323.74	333.06	348.80	307.81
Grants and other Transfers	1,214.30	4,637.20	5,275.23	1,075.16	4,661.31	5,248.72
Other Recurrent	70.21	61.39	0.99	67.41	58.48	0.37
Capital Expenditure	**5,649.85**	**3,014.00**	**3,371.38**	**2,082.88**	**2,998.00**	**3,349.22**
Acquisition of Non-Financial Assets	44.00	85.00	147.00	26.37	69.00	145.41

Economic Classification	Approved Budget			Actual Expenditure		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Capital Grants to Government Agencies	5,550.00	2,929.00	3,105.88	2,000.00	2,929.00	3,105.88
Other Development	55.85	-	118.50	56.51	-	97.93
Total Vote For 1173	**7,532.90**	**8,343.73**	**9,315.49**	**3,813.86**	**8,337.36**	**9,232.63**

The total approved development budget for the State Department was **Ksh. 5,649.85 million** for FY 2023/24, **Ksh. 3,014 million** for FY 2024/25 and **3,371.38** million for **FY 2025/26** .The actual expenditure for FY 2023/24 was **Ksh. 2,082.88** million , FY 2024/25 was **Ksh. 2,998 million** and **3,349.22** million for **FY 2025/26**. The difference in approved vs actual expenditure for FY 2023/24 was because of underspending on the Cherry Coffee Advance Revolving Fund by New KPCU. The approved budget was Ksh. 4,000 million but the Agency spent only Ksh. 500 million due to lack of exchequer.

Table 2.6 Analysis of Recurrent Approved Budget Vs. Actual Expenditure for SAGAS (Ksh. Million)

GENERAL ECONOMIC AND COMMERCIAL AFFAIRS.						
Vote 1173: State Department for Cooperatives (SASRA)						
Economic Classification	**Approved Budget Allocation**			**Actual Expenditure**		
	2023/24	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Gross	**719.10**	**724.20**	**782.20**	**650.90**	**667.20**	**782.50**
AIA-Internally Generated Revenue	719.10	724.20	782.20	650.90	667.20	782.50
Net – Exchequer	**-**	**-**	**-**	**-**	**-**	
Compensation to Employees	274.80	293.90	303.80	266.06	293.90	378.10
Use of goods and services	-	-	-	-	-	
Other Recurrent	**444.30**	**430.30**	**478.40**	**384.84**	**373.30**	**403.70**
Of which						
Utilities	3.37	2.80	4.96	3.37	2.80	2.80
Rent	37.49	42.10	37.64	37.49	42.10	42.20
Insurance	2.90	5.30	3.10	2.48	3.69	2.60
Subsidies	-	-	-	-	-	-
Gratuity	-	-	8.10	-	-	4.90

GENERAL ECONOMIC AND COMMERCIAL AFFAIRS.						
Vote 1173: State Department for Cooperatives (SASRA)						
Economic Classification	**Approved Budget Allocation**			**Actual Expenditure**		
	2023/24	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Contracted Professional (Guard & Cleaners)	89.26	46.00	53.20	63.16	40.89	56.10
Others Specify	311.28	334.10	371.40	278.34	283.82	295.10
Vote 1173: State Department for Cooperatives (NKPCU)						
Economic Classification	**Approved Budget Allocation**			**Actual Expenditure**		
	2023/24	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Gross	**495.20**	**3,913.00**	**2,463.00**	**417.20**	**3,837.30**	**2,466.00**
AIA	413.00	413.00	413.00	335.50	343.90	416.00
Net – Exchequer	**82.20**	**3,500.00**	**2,050.00**	**81.70**	**3,493.40**	**2,050**
Compensation to Employees	160.10	167.50	161.30	92.40	93.00	152.00
Use of Goods and Services	-	-	-	-	-	-
Other Recurrent	**335.10**	**3,745.50**	**2,301.70**	**324.80**	**3,744.30**	**2,294.00**
Of which						
Utilities	18.00	18.00	18.25	18.00	18.00	18.57
Rent	17.20	12.50	6.00	17.20	12.50	6.00
Insurance	33.90	31.80	32.00	33.90	30.70	30.60
Subsidies	-	500.00	50.00	-	500.00	45.01
Gratuity	10.30	-	5.00	-	-	5.00
Contracted Professional (Guard & Cleaners)	41.00	36.50	18.00	41.00	36.40	17.11
Others Specify	214.70	3,146.70	2,172.45	214.70	3,146.70	2,171.65
Total Vote Transfers	**1,214.30**	**4,637.20**	**3,247.00**	**1,068.10**	**4,504.50**	**3,250.00**

NB: The actual Expenditure for the FY 2025/26 is more than the approved because there was overcollection of AIA by the New KPCU.

Table 2.7 Capital Project Performance Analysis – Status and outcome of Capital Projects

State Department for Cooperatives																			
	Estimated Cost of Project			Timeline		FY 2023/24				FY 2024/25				FY 2025/26					Remarks
Project Code and Project Title	Total Est. Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected Completion Date	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2024	Completion Status as at 30th June, 2024 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2025	Completion Status as at 30th June, 2025 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2026	Outstanding Balance as at 30th June, 2026	Completion Status as at 30th June, 2026 (%)	
	Ksh Million					**Ksh Million**													
1173100101 Acquisition of equipment and machinery New KCC.	3025.0	3025.0	-	2015/16		-	-	2,565.00	85	-	-	2,565.00	85.00	-	-	2565.00	460.00	84.79	
1173100401 Co-operative Manage-	360.00	360.00	-	2016/17	2024/25	10	-	242.51	65	-	-	242.51	67.00	127.00	-	354.15	5.85	98.38	

State Department for Cooperatives

Project Code and Project Title	Estimated Cost of Project			Timeline		FY 2023/24				FY 2024/25				FY 2025/26					Remarks
	Total Est. Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected Completion Date	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2024	Completion Status as at 30th June, 2024 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2025	Completion Status as at 30th June, 2025 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2026	Outstanding Balance as at 30th June, 2026	Completion Status as at 30th June, 2026 (%)	
	Ksh Million					**Ksh Million**													
ment Information System																			
1173100900 Revitalization of Coffee Industry through Coffee Co-operatives	7,766.50	7,766.50	-	2019/20	2024/25	39.85	-	3,612.37	46.00	-	-	3,609.57	46.00	274.38	-	3,878.73	3,887.77	49.94	
1173100500 Modernization of Co-operative Cotton Ginneries	1,239.10	1,239.10	-	2019/20	2024/25	-	-	80.30	6.00	-	-	80.30	6.00	-	-	80.30	1,158.80	6.48	
1173101200 Modernization of the KNTC Warehouses	320	320	-	2019/20	2024/25	-	-	210.00	66.00	-	-	210.00	-	-	-	210.00	110.00	65.63	
1173100700 Dairy Processing	5,000.00	5,000.00	-	2019/20	2027/28	1,200.00	-	2,650.00	49.00	2,200.00	-	4,850.00	91.00	2,400.00	-	7,250.00	(2,250.00)	145.00	

State Department for Cooperatives

Project Code and Project Title	Estimated Cost of Project			Timeline		FY 2023/24				FY 2024/25				FY 2025/26					Remarks
	Total Est. Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected Completion Date	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2024	Completion Status as at 30th June, 2024 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2025	Completion Status as at 30th June, 2025 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2026	Outstanding Balance as at 30th June, 2026	Completion Status as at 30th June, 2026 (%)	
	Ksh Million					**Ksh Million**													
(Powdered Milk)																			
1173100600 Co-operative Share Trading Platform	260	260	-	2015/16	2019/20	-	-	-	-	-	-	-	-	-	-	-	260.00	-	
1173101401 Financial Inclusion Fund)	20,000.00	20,000.00	-	2022/23	2022/23	-	-	12,000.00	60.00	-	-	12,0000.00	-	-	-	12,0000.00	8,000.00	60.00	
1173101101: Coffee Cherry Advance Revolving Fund	7000.00	7000.00		2020/21	2026/27	4,000.00	-	500.00	50.00	-	-	500.00	7.00	-	-	500.00	6,500.00	7.14	
1173101601: Modernizaton of NKPCU warehouses	2042.00	2042.00	-	2023/24	2028/29	350.00	-	-	-	229.00	-	229.000	11.00	350.00	-	579.00	1,463.00	28.35	

State Department for Cooperatives

Project Code and Project Title	Estimated Cost of Project			Timeline		FY 2023/24				FY 2024/25				FY 2025/26					Remarks
	Total Est. Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected Completion Date	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2024	Completion Status as at 30th June, 2024 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2025	Completion Status as at 30th June, 2025 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2026	Outstanding Balance as at 30th June, 2026	Completion Status as at 30th June, 2026 (%)	
	Ksh Million					**Ksh Million**													
1173100802 PAVI Cotton Farmers Cooperative Society	320	320	-	2023/24	2027/28	50.00	-	30.30	9.00	65.00	-	82.10	25.00	100.00	-	181.89	138.11	56.84	
1173100805 Luanda Cotton Cooperative Society	170	170		2019/20	2026/27	-	-	80.00	47.00	20.00	-	100.00	59.00	20.00	-	118.63	51.37	69.78	
1173101701 Modernization of New KCC Milk Factories	2,200.00	2,200.00	-	2024/25	2027/28	-	-	-	-	500.00	-	500.00	23.00	-	-	500.00	1,700.00	22.73	
1173101901 upgrading of Runyenjes Milk Factory	700.00	700.00	-	2025/26	2025/26	-	-	-	-	-	-	-	-	100.00	-	100.00	600.00	14.29	

State Department for Cooperatives																			
Project Code and Project Title	Estimated Cost of Project			Timeline		FY 2023/24				FY 2024/25				FY 2025/26					Remarks
	Total Est. Cost of Project (a)	GOK	Foreign Financed	Start Date	Expected Completion Date	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2024	Completion Status as at 30th June, 2024 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2025	Completion Status as at 30th June, 2025 (%)	Approved GOK Budget	Approved Foreign Financed Budget	Cumulative Expenditure as at 30th June, 2026	Outstanding Balance as at 30th June, 2026	Completion Status as at 30th June, 2026 (%)	
	Ksh Million					Ksh Million													
TOTAL	49,702.60	49,702.60	-	-	-	5,649.85	-	21,970.48	44.00	3,014.00	-	24,968.48	50.00	3,371.38	-	28,3177 0	22,084.90	57.00	-

Table 2.8: Pending Bills Analysis-Outstanding liabilities over FY 2023/24 to 2025/26

	Due to lack of Exchequer			Due to Lack of Provision		
Type/Nature:	**2023/24**	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
1. Recurrent	**2.87**	**15.22**	**55.40**	**-**	**-**	**-**
Compensation to employees						
Use of Goods and Services e.g. Utilities, domestic or foreign travel, etc.	-	-	55.40	-	-	
Social Benefits e.g. NHIF, NSSF	-	15.22		-	-	
Other Expenses	2.87	-		-	-	
2. Development	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition of non-financial assets	-	-		-	-	
Use of Goods and Services e.g. Utilities, domestic or foreign travel, etc.	-	-		-	-	
Others-Specify						

	Due to lack of Exchequer			Due to Lack of Provision		
Type/Nature:	**2023/24**	**2024/25**	**2025/26**	**2023/24**	**2024/25**	**2025/26**
Total Pending Bills	**2.87**	**15.22**	**55.40**	**-**	**-**	**-**

Table 2.9: Court Awards Analysis-Financial Impact of Court Awards

Details of the Award	Date of Award	Amount	Payment to date
N/A	N/A	N/A	N/A
Total			
There were no court awards against the State Department in the period under review			

CHAPTER THREE: MEDIUM TERM PRIORITIES AND FINANCIAL PLAN (MTEF PERIOD 2027/28 – 2029/30)

3.1 Prioritization of Programmes and Sub-Programmes

The State Department is implementing the Cooperative Development and Management Programme, with the objective of fostering growth and development of cooperatives. Specifically, the focus in FY 2027/28 and the medium-term will be development of appropriate policy, legal, and institutional framework; enforcement of the sub-sector standards and instruments; capacity building and promotion of aggregated value addition and marketing in priority value chains through cooperatives. These interventions are intended to support implementation of the MTP IV and the BETA plan, specifically within the finance and production sector of the medium term term plan.The aspirations of the sub-sector are also anchored in the sub-sector strategic plans (2023-2027) for the State Department and its agencies.

Table 3.1 Programmes and their objectives

Programmes	Strategic Objectives
Cooperative Development and Management	Promote growth and development of cooperatives through setting of standards, capacity building, provision of appropriate policy, legal and institutional framework

The State Department for Cooperatives (SDC) implements one Programme, namely Cooperative Development and Management whose objective is to promote growth and development of cooperatives through capacity building and provision of appropriate policy, legal and institutional framework. Under this programme, there are five Sub-Programmes namely: i) Governance and Accountability; ii) Cooperative Advisory Services; iii) Marketing Value Addition & Research; iv) Cooperative Management and Investment and v) General Administration and Support Services.

Under the cooperative development and management sub-programme, the sub-sector prioritizes implementation of cooperative governance tools to ensure stability and development of cooperatives. This includes enforcing audit of cooperative accounts through validation of private audit firms that can be enlisted by cooperatives; registration of audited cooperative accounts and conducting county cooperative audit compliance checks. Further the sub-sector will audit liquidators'schemes of distribution; conduct onsite inspection of cooperatives; train cooperative officials;issue agency notices for recovery of outstanding SACCO remittances; issue applicable surcharge orders to societies/officials as well as conducting cooperative inquiries.

To provide conducive environment for cooperative development the sub-sector will develop cooperative governance tools under the sub-programme of Cooperative advisory services. The priorities include development of Cooperatives regulations upon enactment of the Cooperatives Act; a draft bill for the Kenya Society for Professional Cooperators; Cooperative Financing Policy; regulations for the Deposit Gurantee Fund; Asset Recovery Framework for SACCOs; Cooperative Financing Policy; model by-laws; regulations for Secondary SACCOs; Cooperative Marketing Strategy in addition to developing operational manuals and guidelines for cooperatives. Additonally the sub-sector will process all the applications for registration of cooperatives.

Under the third sub-programme, the sub-sector seeks to increase value addition by cooperatives through developing coffee warehousing, milling and marketing facilities; installation of coffee eco-pulping stations and digital weighscales; providing coffee agronomy services and distribution of coffee seedlings. Under the cooperative management and investment sub-programme the sub-sector will continue pursuing market stability by advancing affordable loans to farmers from the Coffee Cherry Advance Revolving Fund. The latter initiative is linked to the National Value Chain Development Project's (NAVCDP) agenda of providing affordable credit through agricultural -based SACCOs. Further, dairy glut mop-up facilities through the New KCC milk-powder initiative will be provided to support the dairy value chain objectives of increasing dairy production.

To support improved service delivery by the State Department, the sub-sector will develop the Cooperative Management Information System (CMIS) and the national cooperative database to improve knowledge management and service delivery to the public. Finally, the sub-sector will conduct routine monitoring and evaluation of the programmes and projects to assess progress and impacts of above interventions.

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Table 3.2: Programmes, Sub-Programmes, Expected Outcomes, Outputs and Key Performance Indicators

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
VOTE 1173: STATE DEPARTMENT FOR COOPERATIVES									
PROGRAMME 1: COOPERATIVE DEVELOPMENT AND MANAGEMENT									
OUTCOME: Increase Contribution of Cooperatives to the Economy									
COOPERATIVE DEVELOPMENT AND MANAGEMENT	Cooperative Audit	Cooperative supervision services	Number of cooperatives audited accounts registered	4,500	4,460	4,500	4,500	4,500	5,000
			Percentage of private audit firms' applications processed	100	100	100	100	100	100
			Number of auditing technical updates issued	4	2	2	2	2	2
			Number of Liquidators' schemes of distribution audit conducted	3	3	2	2	2	2
			Number county cooperative audit compliance conducted	47	47	47	47	47	47
	SASRA		Number of onsite inspections conducted	70	56	60	80	80	90
			Number of Guidelines & circulars issued	2	5	2	2	3	3
			Number of SACCOs officials trained	718	1886	1,350	1,350	1200	1200

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achieve-ment 2025/26	Target (Base-line) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			Number of SACCO Supervision reports produced	1	1	1	1	1	1
			% of reported criminal cases processed	100	100	100	100	100	100
			Percentage of regulated SACCOs subscribed to SACCO Central platform	20	21.4	20	20	20	20
			Number of legal proposals produced	-	-	1	1	1	1
			% of Agency notices for recovery of outstanding SACCO remittances requests processed	100	100	100	100	100	100
			% of cooperatives inquiry cases processed	100	100	100	100	100	100
			Number of Cooperative Liquidations Completed	2	2	1	2	2	2
			% of charges and debentures applications processed	100	100	100	100	100	100
			% of applicable recommended/applicable surcharge orders issued	100	100	100	100	100	100

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			Number of Governance and Anti-corruption policy for cooperative societies reviewed	1	0	2			
	Cooperative Registration	Cooperative registration services	% of viable cooperative societies applications processed	100	100	100	100	100	100
			Number of Rice cooperatives registered	2	2	2	1	1	1
			Number of Artisanal fishermen cooperatives registered	75	30	25	10	5	5
			Number of artisanal miners' cooperatives registered	60	49	20	15	10	10
			Number of Cotton Farmer cooperatives registered	20	0	1	-	-	-
			Number of Cotton Farmer cooperatives revived	-	-	-	1	1	1
			Number of edible oil crops grower cooperatives registered	10	4	2	2	2	2
			Number of Dairy cooperatives registered	10	29	10	10	10	10
			Number of livestock farmer cooperatives registered	80	24	5	5	5	5

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			Number of Tea farmer cooperatives registered	9	0	1	-	-	-
			Number of construction and building worker cooperatives registered	10	13	5	5	5	5
			Number of Coffee farmer cooperatives registered	2	49	30	20	10	10
	Commissioner for Cooperative Development	Cooperative policy and regulatory services	Kenya Society for Professional Cooperators (KSPC) draft bill developed	-	-	1	-	-	-
			% completion of development of the Deposit Guarantee Fund regulation	100	0	50	100	-	-
			% completion of development of the asset recocery framework	-	-	30	80	100	-
			No of Asset Recovery proceedings initiated	-	-	-	2	5	5
			% completion of development of the Secondary SACCO regulations	-	-	40	-	100	-

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			% completion of development of the Cooperatives Regulations	20	0	50	100	-	-
			% completion of development of the Cooperative Financing Policy	-	-	50	100	-	-
			% completion of development of the Cooperative Financing Policy	-	-	-	30	60	100
			Cooperative Model By-laws developed	5	2	1	3	2	1
			Number of Cooperative operational manuals developed	5	2	4	-	-	-
			Number of Cooperative operational manuals disseminated	-	-	4	2	-	-
			Number of Cooperative marketing strategy developed	-	-	-	1	-	-
			Number of County cooperative officers trained	250	62	300	400	400	400
	Cooperative Finance and Marketing	Cooperative marketing and financing services	Number of Coffee cooperative societies factories modernized	5	0	9	25	50	75

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			Number of Coffee cooperative societies factories digitized	9	9	50	50	50	50
			Number of Coffee cooperative societies factories revitalized	-	-	-	1	-	-
			Number of Cotton cooperative ginneries modernized	2	2	2	2	2	1
			Number of International and Local coffee trade fairs/forums organized	6	6	8	5	5	5
	NKPCU	Coffee milling and warehousing services	Square ft. of coffee warehousing space (thousands)	290	676	849.0	925.0	-	-
			Metric tons of clean coffee milled	15,000	15,477	18,000	20,000	25,000	30,000
		Coffee agronomy services	Numbers of coffee farmers served	40,000	50,192	55,000	60,000	65,000	70,000
			No. of coffee seedlings distributed (millions)	5	3.186	10	14	16	18
		Coffee financing services	Number of Beneficiaries of Coffee Cherry Advance Revolving Fund advance (thousands)	600	668	700	850	1000	1200
			Amount of CCARF (in Ksh. Billions) advanced	5.5	5.5	6	6.5	7.0	7.5

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
		Coffee marketing services	Number of coffee vending units established	1	1	4	6	8	10
			Metric tons of clean coffee marketed	8,000	7,283	10,000	15,000	18,000	20,000
			No of international wharehousing space established	-	-	1	1	1	1
	NKCC	Dairy processing services	Litres of milk processed per day ('000)	925	875	875	875	975	975
			Average quantity of milk processed per day('000 litres)	301	168	288	302	317	333
			Metric tons of Milk powder produced	1,250	1,160	1,250	1,250	1,250	1,250
	Administration and Support Services	Cooperative administration support services	Number of M&E Reports prepared.	4	4	6	6	6	6
			Number of Cooperative sectors studies completed	-	-	1	-	-	-
			Number of annual cooperative sector performance reports issued	1	-	1	1	1	1
			Number of the Cooperatives Management Information System (CMIS) modules developed	10	35	-	-	-	-
			Cooperatives Management Information	-	-	-	1	1	1

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2025/26	Actual Achievement 2025/26	Target (Baseline) 2026/27	Target 2027/28	Target 2028/29	Target 2029/30
			System (CMIS) service level agreements executed						
			Single, unified database established	-	-	-	1	-	-
			% of total records successfully migrated to CMIS	-	-	-	100	-	-
			Revitalization of the coffee subsector through cooperatives report developed	-	-	-	1	-	-
			National coffee revival strategy approved	-	-	-	1	-	-
			Amount of coffee debts waived (Kshs billion)	2	2	2	2.8	-	-

3.3 Sub-Sector Resource Allocation

Resource Allocation Criteria

The State Department for Cooperatives has one programme, namely, Cooperative Development and Management.

Resources have been allocated based on the following criteria;

i. Programmes that enhance vale chain and linakage to BETA prioritoes
ii. Linkage of the programme with the priorities of MTP IV of Kenya Vision 2030
iii. Presidential directives and cabinet decisions
iv. Completion of ongoing projects, stalled projects and payment of verified pending bills
v. Degree to which the programme addresses job and creation and poverty reduction
vi. Degree to which a programme addresses the core mandate of the MDA
vii. Programmes that support mitigation and adaptation of climate change
viii. Cost effectiveness, efficiency and sustainability of the programme
ix. Requirements for furtherance and implementation of the Constitution

Analysis of Sub-sector resource requirements vs allocation

To achieve the above deliverables, the sub-sector has financial requirements totaling to Ksh. 15,150.98 million, Ksh.6,462.01 million and KSh.6,302.80 million for FY 2027/28, FY 2028/29 and FY 2029/30 respectively. This comprises of recurrent expenditure requirements of Ksh. 9,353.98 million; Ksh. 5,782.01 million and Ksh. 5,797.80 million for the FY 2027/28, FY 2028/29 and FY 2029/30 respectively and development expenditure of Ksh. 5,797.00 million; Ksh. 680.00 million and Ksh. 505.00 million for the FY 2027/28, FY 2028/29 and FY 2029/30 respectively.

In FY 2027/28, the Cooperatives sub-sector has a total gross resource requirement of Kshs. 15,150.98 million against a total allocation of Ksh. 6,283.04 million for FY 2026/27. This represents a total increase of Kshs. 8,867.94 million in total resources required in Recurrent and Development Budget for the FY 2027/28. This increase comprises of Kshs. 5,797.00 million in Development budget and Kshs.9,353.98 million in Gross expenditure for Recurrent Budget. In terms of Net Exchequer, the State Department is requesting for total of Ksh.13,745.42 million in FY 2027/28 comprising of Kshs. 7,948.42 million and Kshs.5,797.00 million in Recurrent and Development expenditure, respectively.

The total allocation for the Sub-Sector for the FY 2027/28 is Ksh. ****comprising of Ksh. ****mil-ion in Recurrent and Ksh. ****in Development. This presents a funding gap of Ksh. **** (Ksh. **** in Recurrent and Ksh. **** in Development accounts).

Table 3.3: Sub-Sector Recurrent Requirements/Allocations (Amount KSh. Milion)

Vote Details	Economic Classification	Approved Estimates	Requirement			Allocation			Remarks
		2026/27	2027/28	2028/29	2029/30	2026/27	2027/28	2028/29	
State Department for Cooperatives	**Gross**	**5,731.28**	**9,353.98**	**5,782.01**	**5,797.80**	**-**	**-**	**-**	
	AIA	1,267.73	1,405.56	1,456.73	1,507.59				
	NET	4,463.55	7,948.42	4,325.28	4,290.21	-	-	-	
	Compensation to Employees	390.63	405.66	413.78	422.06	-	-	-	
	Transfers, Grants & Subscriptions	4,749.70	7,943.59	4,474.76	4,525.92	-	-	-	
	Other Recurrent	**590.95**	**1,004.73**	**893.47**	**849.82**	**-**	**-**	**-**	

Table 3.4: Sub-Sector Development Requirement/Allocation (Amount in KSh. Millions)

Sector: General Economic and Commercial Affairs
Vote 1173: State Department For Cooperatives

General Economic and Commercial Affairs		Estimates	Requirement			Allocation		
	Description	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2027/28**	**2028/29**	**2029/30**
Vote 1173: State Department For Cooperatives	**Gross**	**551.76**	**5,797.00**	**680.00**	**505.00**	**-**	**-**	**-**
	GOK	551.76	5,797.00	680.00	505.00	-	-	-
	Loans	-	-	-	-	-	-	-
	Grants	-						
	Local AIA	-	-	-	-	-	-	-

Table 3.5: Analysis of Programmes and Sub-Programmes (Current and Capital) Resource Requirements (KSh. Million)

Sector: General Economic And Commercial Affairs.
Vote 1173: State Department For Cooperatives

Programmes Details	Approved Estimates 2026/27			2027/28			2028/29			2029/30		
	Current	**Capital**	**Total**	**Current**	**Capital**	**Total**	**Current**	**Capital**	**Total**	**Current**	**Capital**	**Total**
Programme No. 1: Cooperative Development and Management												
Sub- programme 1: Governance and Accountability	94.14	-	94.14	139.91	-	139.91	143.78	-	143.78	140.84	-	140.84
Sub- programme 2: Cooperative Advisory Services	2,980.67	253.76	3,234.43	4,819.55	2,009.00	6,828.55	4,891.10	30.00	4,921.10	4,960.75	5.00	4,965.75
Sub- programme 3: Marketing, Value addition and Research	41.44	298.00	339.44	772.66	788.00	1,560.66	57.98	650.00	707.98	60.19	500.00	560.19
Sub- programme 4: Cooperative Development and Investments	-	-	-	-	3,000.00	3,000.00	-	-	-	-	-	-
Sub- programme 5: General Administration and Support Services	2,615.03	-	2,615.03	3,621.86	-	3,621.86	689.15	-	689.15	636.02	-	636.02
Total Programme	**5,731.28**	**551.76**	**6,283.04**	**9,353.98**	**5,797.00**	**15,150.98**	**5,782.01**	**680.00**	**6,462.01**	**5,797.80**	**505.00**	**6,302.80**
Total Vote	**5,731.28**	**551.76**	**6,283.04**	**9,353.98**	**5,797.00**	**15,150.98**	**5,782.01**	**680.00**	**6,462.01**	**5,797.80**	**505.00**	**6,302.80**

Table 3.6: Analysis of Programmes and Sub-Programmes (Current And Capital) Resource Allocation (Kshs. Million)

Sector: General Economic And Commercial Affairs.
Vote 1173: State Department For Cooperatives

Programme Details	Approved Estimates			Allocation								
	2026/27			2027/28			2028/29			2029/30		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Programmes No. 1: Cooperative development and Management												
Sub- programme 1: Governance and Accountability	94.14	-	94.14	-	-	-	-	-	-	-	-	-
Sub- programme 2: Cooperative Advisory Services	2,980.67	253.76	3,234.43	-	-	-	-	-	-	-	-	-
Sub- programme 3: Marketing, Value addition and Research	41.44	298.00	339.44	-	-	-	-	-	-	-	-	-
Sub- programme 4: Cooperative Development and Investments	-	-	-	-	-	-	-	-	-	-	-	-
Sub- programme 5: General Administration and Support Services	2,615.03	-	2,615.03	-	-	-	-	-	-	-	-	-
Total Programme	**5,731.28**	**551.76**	**6,283.04**	-	-	-	-	-	-	-	-	-
Total Vote	**5,731.28**	**551.76**	**6,283.04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Table 3.7: Programmes and Sub-Programmes by Economic Classification (Amount in KSh Million)

Sector: General Economic And Commercial Affairs.
Vote 1173: State Department For Cooperatives

Economic Classifcation	Resource Requirement			Resource Allocation		
	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
Programme 1: Cooperative Development and Management						
Current Expenditure	**9,353.98**	**5,782.01**	**5,797.80**	**-**	**-**	**-**
Compensation of Employees	405.66	413.78	422.06	-	-	-
Use of Goods and Services	957.96	836.44	789.20	-	-	-
Grants and other Transfers	7,943.59	4,474.76	4,525.92	-	-	-
Other Recurrent	46.77	57.03	60.62	-	-	-
Capital Expenditure	**5,797.00**	**680.00**	**505.00**	**-**	**-**	**-**

Economic Classifcation	Resource Requirement			Resource Allocation		
	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30
Acquisition of Non-Financial Assets	753.00	410.00	255.00	-	-	-
Capital Grants to Government Agencies	4,964.00	-	-	-	-	-
Other Development	80.00	270.00	250.00	-	-	-
Total Program	**15,150.98**	**6,462.01**	**6,302.80**	**-**	**-**	**-**
Total Vote	**15,150.98**	**6,462.01**	**6,302.80**	**-**	**-**	**-**

Table 3.8: Analysis of Recurrent Resource Requirement vs Allocation for SAGAs (Amount in KSh Million)

Sector: General Economic And Commercial Affairs.
Vote 1173: State Department For Cooperatives

Economic Classification	Approved Estimates	Requirement			ALLOCATION			REMARKS
	2026/27	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30	
SACCO SOCIETIES REGULATORY AUTHORITY (SASRA)								
GROSS	**836.40**	**855.56**	**906.73**	**957.59**	**-**	**-**	**-**	
AIA	836.40	855.56	906.73	957.59				Internally generated funds as per the Sacco Societies Act.
NET	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Compensation to Employees	369.61	378.50	386.07	393.79				As per the running employment contracts
Other Recurrent	**466.79**	**477.06**	**520.66**	**563.79**	**-**	**-**	**-**	
Of which								
Insurance	4.30	4.43	4.65	4.88				Property insurance
Utilities	4.96	4.96	4.96	4.96				office militance and running expenses
Rent	37.64	42.20	57.64	57.64				As per the lease agreement

Economic Classification	Approved Estimates	Requirement			ALLOCATION			REMARKS
	2026/27	2027/28	2028/29	2029/30	2027/28	2028/29	2029/30	
Subscriptions to International Organization	-	-	-	-	-	-	-	
Subscriptions to Professional Bodies	-	-	-	-	-	-	-	
Contracted Professional (Guards and Cleaners)	40.70	41.92	43.18	44.47				contracted cleaning services, administrative expenses and office supplies.
Gratuity	11.60	6.60	6.73	6.87				As per existing employment contracts
Others	367.59	376.95	403.50	444.97				To cater for supervision, regulation of Saccos as per the Act.
Total SASRA	**836.40**	**855.56**	**906.73**	**957.59**	**-**	**-**	**-**	
NEW KENYA PLANTERS' COOPERATIVE UNION (NKPCU)								
GROSS	**1,913.00**	**3,550.00**	**3,550.00**	**3,550.00**	**-**	**-**	**-**	
AIA	413.00	550.00	550.00	550.00				Milling, Handling and marketing of coffee
NET	**1,500.00**	**3,000.00**	**3,000.00**	**3,000.00**				coffee revival programme and cherry fund
Compensation to Employees	189.00	204.25	210.38	216.69				Salaries and wages to NKPCU staff
Other Recurrent	**1,724.00**	**3,345.75**	**3,339.62**	**3,333.31**	**-**	**-**	**-**	
Of which								
Insurance	32.00	41.00	42.00	44.00				Medical cover, Insurances for buildings and warehouses,
Utilities	18.25	22.50	23.00	24.00				Electricity and water bills

Economic Classification	Approved Estimates	Requirement			ALLOCATION			REMARKS
	2026/27	**2027/28**	**2028/29**	**2029/30**	**2027/28**	**2028/29**	**2029/30**	
Rent	6.00	23.00	24.91	26.15				Land rates Nairobi, Dandora, Meru &Sagana Rent for Kisii
Subscriptions to International Organization	-	-	-	-	-	-	-	
Subscriptions to Professional Bodies	-	2.00	2.00	2.00	-	-	-	
Contracted Professional (Guards and Cleaners)	18.00	22.00	23.50	25.00				Service providers on Security and cleaning for offices and warehouses
Gratuity	5.00	15.00	18.00	20.00				Service gratuity to employees on contract
Others	1,644.75	3,220.25	3,206.21	3,192.16				Cherry Fund to Farmers, coffee revival programme, repairs & maintenance, research, training, motor vehicle operations, computers, and gen supplies
Total NKPCU	**1,913.00**	**3,550.00**	**3,550.00**	**3,550.00**	**-**	**-**	**-**	
Total Vote	**2,749.40**	**4,405.56**	**4,456.73**	**4,507.59**	**-**	**-**	**-**	

CHAPTER FOUR: CROSS-SECTOR LINKAGES AND EMERGING ISSUES/CHALLENGES

4.1 Cross-Sector Linkages and Emerging Issues/Challenges

The sub-sector has linkages with other sectors in the following ways:

i. Agriculture, Rural and Urban Development.

The sub-sector has prioritized the promotion of key BETA priority value chains, including leather, dairy, cotton, fish & blue economy, edible oil, rice, tea and coffee which require strong linkages with the Agriculture and Rural Development sector in terms of production, value adition, quality assuarance, research and development. The sub-sector plays an important role in the aggregation and bulking of the agricultural products which is key to generate economies of large scale production and marketing. The sub-sector is also engaged in provision of infrastructure and equipment to facilitate processing and value addition to agricultural products and improve marketing.

ii. Energy, Infrastructure, and ICT

The subsector plays a key role in the promotion of affordable housing to citizens through formation of housing cooperatives to facilitate resource mobilization necessary for land acquisition, construction of houses for sale, loans and mortgages. To organise the transport sector, the subsector promotes the formation of transport cooperatives to improve service delivery, create order in the sector, enhance incomes and employement creation.

The subsector relies on the State Department for Public Works to ensure deliverly of high quality infrastructure projects. The sub-sector aggregates producers of building materials to improve marketing and returns.

The sub-sector encourages the uptake of emerging technology in the improvement and execution of its mandate. Digitalization of services by government and key stakeholders has enhanced service delivery, governance and productivity.

iii. Health

The subsector works closely with the Ministry of Health on ensuring that products and services meet the required health standards, food certification and safety standards. The sub-sector stakeholders supports the government's agenda on universal health coverage through provision of affordable credit.

iv. Education

The subsector will continue collaborating with the education sector in curriculum development to promote cooperative education, on job training, research and production of training materials.

v. Governance, Justice, Law and Order (GJLO)

The sub-sector will continue to collaborate with the GJLO sector in the planned review of policy, legal and institutional framework to align the same with the Constitution of Kenya, 2010 and other legislation. The GJLO sector through the Cooperative Tribunal provides administration of justice in resolution of disputes in the cooperative movement to ensure secure and predictable investment environment. The sub-sector will also collaborate with the Judiciary in enhancing access to justice to the cooperative movement by deploying such approaches as Alternative Dispute Resolution (ADR) mechanisms.

The subsector will continue to collaborate with the GJLOs in prevention, detection, investigation, and prosecution of corruption cases.

The GJLO sector provides security for cooperatives' assets and members produce which is paramount for growth and development for cooperatives enterprises.

vi. Public Administration and International Relations

The sub-sector will collaborate with foreign and diaspora affairs sub-sectors in developing and negotiating MoU/economic agreements and in promotion of export markets, trainings, securities exchange markets and regulation of diaspora cooperatives.

The sub-sector will rely on the National Treasury for timely financing and to oversight implementation of programmes and projects. The Executive Office of the President will partner with the sub-sector in coordination and oversight of delivery of the BETA programmes and projects. Parliament will provide legislation, oversight and approval of budgets for programmes and projects.

vii. National Security

The sub-sector will continue collaborating with the National Security in maintaining law and order for cooperative business, and protection of members produce and assets against theft and damage. The National Security will continue enforcement of the Proceeds of Crime and Anti-money Laundering Act no. 7 of 2009 and any other enabling legislations.

viii. Social Protection, culture and recreation

The sub-sector will work closely with the sector in mainstreaming labour and social protection issues in the cooperative movement.

ix. Environmental protection, water and natural resources.

The sub-sector will work closely with the sector in issues of environmental protection and conservation such as tree planting; aggregating workers in waste management; training on climate change adaptation and mitigation measures. The sub-sector will continue to mobilise support and resources from key stakeholders towards environment conservation.

x. Macro Working Group

The sub-sector will rely on the Macro Working Group in aligning revenue and expenditure projections.

4.2. Emerging Issues and Challenges

The sub-sector is faced with numerous challenges and emerging issues which need to be addressed to enable the Sub sector to realize its targets as highlighted below.

4.2.1. Emerging Issues

1. The current United States of America (USA) invoking of the International Emergency Economic Powers Act of 1977 (IEEPA) has led to increased trade tariffs for goods destined for USA. This will negatively affect competitiveness of cooperative produce along relevant value chains.
2. The US foreign aid freeze and dissolution of the United States Agency for International Development (USAID) has led to a decline in development partners support among various initiatives in the economy.
3. Climate change: unpredictable and extreme weather patterns have negatively impacted on agricultural, dairy and livestock production and marketing which is the mainstay of cooperatives. This has not only affected efforts to ensure food security but also dealt a blow to incomes and employment opportunities.
4. Emerging requirements from international markets for export produce such as coffee, tea and holticulture like the European Union Deforestation Regulation (EUDR) will negatively affect cooperative production and costs of operation (traceability issues).

4.2.2. Challenges

1. Inadequate funding for programmes: the sub-sector funding has been inadequate, thereby compromising delivery of its mandate and implementation of BETA priorities and other long-term commitments.
2. There has been a delay in aligning the legal and regulatory framework to the Constitution of Kenya to support the delivery of sub-sector mandate. This includes the Cooperatives Bill, 2024; the Coffee Bill and amendment of the SACCO Society Act of 2008.
3. Technology Adoption: The low levels of digitalization in the sub-sector and high cost of ICT infrastructure,equipment and cyber security threats has hindered access and usage of ICT solutions. This is responsible for increased costs of operation and inadequate service delivery. To address the issue, the subsector is focusing on business process re-engineering and digitalization of services to improve its service delivery. In addition, the subsector has embarked on modernization of coffee, dairy and cotton subsectors infrastructure.
4. Weak corporate governance in cooperative enterprises: Incidences of weak governance are still

experienced in some cooperative organizations, which has led to misapplication and mismanagement of resources, and cases of collapse of cooperatives.

5. Delay in enactment of bills leading to weak regulatory environment

4.2.3. Risks and mitigation measures

i. Implementation of European Union Deforestation Regulations in the coffee sub-sector

   Most of coffee production in Kenya is done under cooperatives, and there are attendant costs to implementation of EUDR compliance tools that may spill over to cooperative governance issues. To forestall any such occurrence, the State Department is working with both the Agriculture, rural and urban development and environmental protection, water and natural resources sectors to ensure standardized implementation of EUDR-related activities by cooperatives.

ii. Delay in aligning the legal and regulatory framework to the Constitution of Kenya to support the delivery of sub-sector mandate.
   The continued delay in enactment of the Cooperative Bill continues to expose the State Department fo uncertainties regarding its operations as there are functions that are contested with devolved governments. This will be mitigated by intensified partnerships with devolved units and partners.

iii. Weak corporate governance in cooperative enterprises
   The Cooperative sub-sector is increasingly manifesting governance challenges that result to loss of property and welfare of concerned members. The interdependency between with the GJLOS will be strengthened to facilitated formulation and enforcement of legal instruments for instilling governance and order in cooperatives.

xi. Inadequate funding for programmes
   The State Department substantially relied on USAID-affiliated development partners and there is a looming risk of under-funding of activities that heavily depended on this partnership. The mitigation measures will include consultation and engagement of other development and private partners.

CHAPTER 5: CONCLUSION

During the review period, the State Department made notable progress in advancing cooperative initiatives, exceeding targets and implementing key policies to foster financial inclusion and sustainability. A total of 12,652 audited accounts were registered, against a target of 13,000. Membership in SACCOs regulated by SASRA grew to 7.8 million, reflecting expanded financial inclusion, while core capital to total asset ratios were maintained at healthy levels for both deposit-taking and non-deposit-taking SACCOs. In terms of financial deepening, savings within cooperatives rose significantly from from Ksh. 1,166 billion in FY 2023/24 to KSh.1,324.9 billion in FY 2025/26.

The Cooperatives Bill 2024 was also finalized and approved by the Cabinet during the review period and was forwarded to Parliament. Additionally, Strategic Plans to guide future development in the sub-sector were developed during the period.

The New KPCU disbursed Ksh. 14,927.3 billion to farmers across 30 coffee growing counties in Kenya under CCARF. The NKPCU also increased its milling out-turn from 8,394 metric tons in 2023/24 to 15,477 metric tons in 2025/26.

The PAVI Cotton Farmers' Cooperative Society achieved substantial progress, with phase one having been completed within the review period. The dairy processing capacity at the New KCC remained at 875,000 litres per day. The facility processed glut milk produced in excessive rainfall periods, converting it into 2,221, 1,859 and 1,160 Metric tons of milk powder in FY 2023/24, FY 2024/25 and FY 2025/26 respectively.

The total approved recurrent budget for FY 2023/24, FY 2024/25 and FY 2025/26 was Kshs.1,883.05 million, Kshs.5,329.73. million and Kshs. 5,944.11 million respectively. The actual expenditure for the FY 2023/24, FY 2024/25 and FY 2025/26 was Kshs.1,730.98 million, Kshs.5,339.36 million and Kshs 5,883.41 million respectively. The difference in approved vs actual expenditure for FY 2024/25 is attributed to over-collection of AIA by the New KPCU.

The Sub-sector will focus on promotion and registration of cooperatives across the identified national value chains; development and governance of cooepratives through capacity building, enforcement of the sub-sector standards, and provision of appropriate policy, legal, and institutional framework. The sub-sector will fast track enactment of the Cooperative Societies Act and subsequent regulations and guidelines; support to the dairy value chain through glut milk uptake; support to coffee farmers through the coffee debt waiver and disbursement of the Cherry Advance. Infrastructure projects prioritized include development tof the CMIS; construction and/or refurbishment of dairy processing plants; cotton ginneries and coffee handling infrastructure.

The total financial requirements for the Sub-sector is Ksh. 15,150.98 million; Ksh. 6,462.01 million and Ksh. 6,302.80 million for FY 2027/28, FY 2028/29 and FY 2029/30, respectively. This comprises of recurrent expenditure requirements of Ksh. 9,353.98 million; Ksh. 5,782.01 million and Ksh. 5,797.80 million for the FY 2027/28, FY 2028/29 and FY 2029/30, respectively and development expenditure requirements of Ksh. 5797.00 million, Ksh.680.00 million and Ksh. 5,05.00 million for the FY 2027/28, FY 2028/29 and FY 2029/30, respectively.

The sub-sector was allocated a total of Ksh. **** million, comprising of Ksh. ****million in recurrent and Ksh. **** million in development accounts. The financing gap for the sub-sector for the FY 2027/28 is Ksh. ****consisting of Ksh. ****million in recurrent and Ksh. ****million in development.

The main challenges facing the subsector are ;

1. Inadequate funding for programmes in the sub-sector in relation to the mandate
2. Weak governance in cooperatives
3. Un-aligned policy, legislative and regulatory framework which is affecting service delivery and order in the sector
4. Inadequate human resource capacity;
5. Lack of data and research;
6. Low technology adoption.

CHAPTER 6 RECOMMENDATIONS

In order to improve the sub-sector's contribution to the economy and to ensure successful implementation of programmes and projects planned for the FY 2027/28 and the medium-term, it is recommended that:

i. The State Department budgetary allocation be significantly increased to facilitate the department to implement its programmes and projects that will enable cooperatives to participate in a competitive global economy as well as discharge its mandate (technology adoption; research and data)
ii. To focus on revitalizing of existing and new cooperative institutions to enhance their value addition and production capacity
iii. The State Department should aggressively seek alternative funding through deeper engagement with development partners for support as well the private sector (public private partnerhsips) in order to seal the funding gap.
iv. Work closely with the county governments in enforcement of cooperative governance, and capacity building.
v. Fast-tracking the enactment of the Cooperative Societies Bill 2024 and the amendment of the SACCO Societies Act 2025.

Appendix A:

Appendix B: Risk Register and mitigation plans

Appendix C: Stakeholder engagement records