

CHALLENGES AND OPPORTUNITIES FACING SACCOS IN THE CURRENT DEVOLVED SYSTEM OF GOVERNMENT OF KENYA: A CASE STUDY OF MOMBASA COUNTY

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ABSTRACT

SACCOS (Savings and Credit Co-operative Societies) are predominant form of external financing for small and micro enterprises in most of the developing countries. Contemporary studies show that SACCOS' role towards developing these enterprises is increasing rapidly. Statistics show that there are 10,800 registered Co-operative Societies in Kenya with a membership of about 6 million. Out of this, 46% are Agricultural, 38% Financial-based (SACCOS) and, 16% are others. 63% of the Kenyan population depends on Co-operative related activities for their livelihood with over 250,000 benefiting through direct employment. SACCOS have been noted to contribute over 45% GDP and it is estimated that at least one out of every two Kenyans directly or indirectly derives his /her livelihood from these kinds of Cooperatives. From this insight, the study sought to identify the challenges facing SACCOS in Mombasa such as lack of finance, discrimination, problems with the city council, multiple duties, poor access to justice, lack of education, among others and initiatives put in place to counter the challenges. The study realized that despite the challenges, opportunities were available for SACCOS and their impact to the economic development, including capital accumulation and agency business largely arising from access to Government funds for on-ward transmission to youth and women groups. The study employed desktop research. The data in this study was analyzed using statistical package for social sciences. The findings of this study are important

for the particular organizations under study to address the challenges so as to improve their service delivery, the industry to anticipate and endeavour to overcome the challenges. This paper recommends policy makers and governments to come-up with policies and strategies that will support the growth of SACCOS which is a pertinent alternative solution for financing micro and small businesses. Further research is however recommended in this area.

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