

The Institute for Development Studies (IDS) hosted stakeholders' workshop on a research project entitled "Savings and Credit Cooperative Organisations as Operational Arrangements for Paratransit Management: Case Studies of Inter-city Transport SACCOs in Kenya."

The study collected data from ten transport SACCOs operating between Nairobi and other urban centres as well as from Ministry of Transport officials and other knowledgeable individuals.

According to some of the findings presented by Prof Dorothy McCormick and Dr Risper Orero of the Kenya Methodist University, SACCO origins were as welfare groups, mergers, splinter groups and new organisations formed as a result of regulatory requirements. Each SACCO tends to be rooted in a geographic area, but some have extended their coverage into new areas.

The Ministry of Transport sets minimum SACCO size based on number of vehicles (30). Organisational structures tend to be similar, based on the provisions of the Co-operative Societies Act.

The main types of employees are managers, office staff, stage staff, and drivers. Some vehicle operations management functions are done by SACCOs while owners retain others.

The study found out that lack of appropriate stages and termini is a problem for some SACCOs. Some SACCOs use Information Technology (IT) in fleet management systems, management information systems, and cashless payment systems.

Services specific to the members as vehicle operators are loans, vehicle management, insurance, legal services, petrol, banking, and tyre sales and maintenance. The Services are not confined to business use, but include loans for private use, welfare benefits, dividends, and Mpesa money transfer services.

All the SACCOs operate in shared routes and are therefore potential competitors with others on the same route. Fare setting is in some cases explicitly collaborative; in other cases, drivers and/or owners simply observe the fares of others and set their fares accordingly. "There is little networking among the

common route users outside of fare setting. Some SACCOs try to position themselves in the market by requiring that vehicles being brought into the organisation be brand new," the researchers noted.

On government regulations, the study found that SACCO officials consider mobile court fines to be too hefty and translate into increased bribes to the law enforcers. The officials said digital speed governors are expensive, and operators claimed that they were not given enough time to install them.

The study came up with seven conclusions:

1. SACCOs are important factors in enabling the inter-city passenger transport businesses to operate in a financially sustainable manner.

2. There is considerable variability among SACCOs. Some are very basic with few vehicles, small staff and straightforward management while others are large, diversified and complex.
3. The SACCO model seems to fit long-distance travel well, but there may be need for adaptation to different circumstances such as urban transport, and short- to medium-distance rural transport.
4. IT is becoming increasingly important in all aspects of SACCO operations. Nevertheless, the equipment is expensive to install and requires some training to operate. Government needs to be more conscious of SACCOs' financial realities when mandating new devices within short time spans.
5. The smallest SACCOs may be unable to benefit from some of the more sophisticated devices, such as fleet management systems.
6. The inherent contradiction between the voluntary nature of the SACCO organisation and its mandatory status in the regulations has yet to be fully appreciated or understood.
7. Corruption is a major factor that weakens the implementation of transport policy changes.

## **Issues Raised**

During the workshop, the participants raised several issues on SACCOs. It was observed that the public needs sensitisation to the cashless system, which was supposed to kick off on 1<sup>st</sup> July but has been shelved. "What we experience is questions from the public. I am yet to see training and education on the public, especially in the rural areas," observed a SACCO manager.

There was also plea for harmonization and standardisation of the fleet management gadgets. Some SACCOs have implemented the vehicle tracking and speed monitoring devices but they are not in harmony with those used by police.

The issue of mobile courts featured prominently during the workshop. The participants observed that that police become only active when the courts are convened and wondered whether they were meant to generate revenue or ensure road safety. They said the fines imposed are too punitive while similar offences attract quite diverse sentences.

The participants also cited lack of efficient operation between the different arms of government dealing with transport issues. "The judiciary does not know what the police is doing and the Ministry of Transport does not know what the police is doing," observed a participant.

The government was urged to create a conducive operation environment in the transport sector instead of relying on police and the Judiciary. "We have talked about the judiciary system, mobile courts and corruption. Even if I want to be compliant, in which environment will that motor vehicle move? There are potholes all over that contribute to vehicle damage. This leads to our drivers being arrested for driving defective vehicles," a SACCO official observed.

There was overwhelming agreement with the researchers that SACCO system is an efficient way in streamlining the transport sector. Mr Martin Eshiwani, the Deputy Secretary in the

Ministry of Transport, observed: “At the ministry we believe that the SACCO or franchise is the best way to organize transport. This is based on the evidence we have seen in the industry. Our vision is to have an organization that manages vehicles on behalf of their owners.”

Mr Eshiwani said the Government was interested in the IDS research on SACCOs and urged the researchers to share their final findings with the Transport Cabinet Secretary.