



# Working with Co-operatives: a view from Kenya

By Beatrice Okeyo

Beatrice Okeyo works for the Swedish Cooperative Centre (SCC) in Kenya and managed the Community Empowerment and Enterprise Development through Co-operatives (CEEDCo) project that ended in December 2009. The project focused on improving the incomes of men, women and youth belonging to co-operatives and other farmers' organizations.

CEEDCo made tremendous progress in increasing household incomes. However, partly because it worked specifically with small, weak producer co-operatives, it came up against a number of challenges. In this paper, Beatrice reflects on some of these and puts forward some suggestions as to how development partners can do more to support co-operatives. These comments relate to the co-operatives that SCC worked with and are not reflective of the larger, more successful co-operatives in Kenya.

## *Leadership and governance issues*

The performance of many co-operatives in Kenya has been below their potential. The market liberalization of the 1990s had a huge negative impact on most co-operatives as many had been heavily subsidized and the abrupt withdrawal of government support led many of them to collapse. Even those that survived still struggled to adjust. Most of the co-operatives that CEEDCo worked with had various leadership and governance issues that hindered their performance and prevented them from exploiting their full potential.

In terms of educational qualifications, statistics from the CEEDCo project database reveal that the majority of the board members had O' level and

primary school level qualifications and only 4% had above A' level qualifications for the top positions of chairperson, vice chair, treasurer and secretary. This could affect the decision making capacity and ability to adapt swiftly to changing business operating environments compared with private companies in terms of management styles and uptake of new technology. Indirectly, this could also affect the kind of systems put in place to ensure smooth, transparent and efficient running of the co-operatives. The qualifications of the staff managing these co-operatives was also a concern with 89% of the secretary managers, secretaries, bookkeepers and assistant managers having only O' level qualifications, 7% having diploma and

degree qualifications and the rest having less than O' level. Most were also learning on the job with no professional qualifications in their areas of responsibility. The fact that these co-operatives are unable to attract a qualified work force due to their inability to pay competitive rates for qualified personnel (as they have limited income streams other than the members' produce that they market on a commission basis) further helps to maintain the status quo.

**There is a need to train members, staff and board members on values-based management practices. Support is needed from development partners to change the management of the co-operatives to ensure that they are able to operate in a similar way to other business enterprises whilst still upholding co-operative values and principles in order to make them successful in competitive markets. The SCC's main approach is to support and facilitate organisational development and capacity building through training and advisory services.**

### *Gender disparities*

Gender balance in leadership in CEEDCO co-operatives was wanting. Membership criteria often hinder women and youth as most enterprises require members to own production assets such as land for tea, coffee or horticultural production or livestock, which are predominantly owned by men.

For the few women who join the co-operatives, they are faced with cultural constraints deterring many women from taking up leadership positions in their organizations. In terms of leadership, there are women with potential to vie for leadership of these organizations and sometimes what they lack is the confidence that they can do it (despite being leaders in other local community-based organisations).

Gender disparities are also evident when it comes to the staffing of these co-operatives. The SCC's data on the co-operatives it works with shows that only 15% of senior staff (secretary managers, Secretaries, accountant/bookkeepers and assistant managers) are women, compared to 85% who are men. This denies equal employment opportunities for both men and women in the communities where these co-operatives are found.

**The SCC promotes and supports gender focused initiatives aimed at bridging identified**

**gender disparities and gaps. It trains co-operative members in gender equality, so that they can become model families for the other members of the co-operative to learn from. The SCC also works towards creating linkages and networks with other organisations working with gender equality issues.**

### *Climate Change*

Most of the marketing co-operatives in Kenya are agricultural based, relying heavily on rain fed agricultural production. Over the past three years, changing rainfall patterns, and sometimes failure of rains has greatly affected production and often threatened food security. Farmers have had complete crop failure and have turned to government relief food as a way of coping with this change. In addition, people have had to walk long distances in search of water and pasture for their animals. This has translated into low production at the household level, less intake at the co-operative society and consequently a reduction of turnover.

**The SCC has promoted sustainable agriculture techniques, such as diversified production, agro forestry and water conservation, in order to support the co-operatives to adjust to environmental changes. For example, some of the co-operatives are growing tree seedlings that will contribute towards a more sustainable environment, and others are harvesting rainwater through building dams.**

To help tackle climate change, co-operatives could benefit from linkages with certified seed suppliers and research and extension service providers so that farmers can engage in seed bulking initiatives through the use of certified seeds/planting material.



*Rainwater harvesting dam built by members of one of the CEEDCO co-operatives*

## Weak marketing structures

Over time, farmers, who have lost confidence in the performance of their organisations, have resorted to selling at the farm gate. This has opened opportunities for exploitation from unscrupulous traders who offer minimal prices in order to make maximum profits for themselves. Farm gate selling has in turn weakened the co-operatives because of the reduction of produce intake and inability to bargain for better prices (lacking quantities that can give favourable differential price for bulk quantities), thereby affecting turnover and the amount of income available to the co-operatives for investments and expansion.

Access to lucrative markets by co-operatives is also limited by lack of innovation and inability to get information on market demands and specifications. Many of them produce *to* market rather than producing *for* the market, meaning that they do not always consider what will sell well before deciding what to produce.

Farmers and their co-operative leaders would benefit from training in how to assess market-demand, so that they can ensure their produce meets this demand. **The SCC has assisted many of the CEEDCo co-operatives to seek markets for value addition products, such as yoghurt.**

Another aspect that has weakened their marketing is a lack of innovation and use of technology, especially information and communication technology. A majority of the co-operatives that CEEDCo works with still use a manual record keeping system that is time consuming and prone to many errors. Where there are computers available, they are not used to record members' transactions and are just for correspondence purposes.

The co-operatives could also benefit from market linkages with external/export markets. There is a need for capacity building with both co-operative leaders and members to enable them to engage in the requirements of foreign markets. Assisting farmers to access information through radio stations and local TV channels would help them to explore these potential markets.

Co-operatives often do not know who to contact when they want to venture into a new business activity. NGOs and development partners can help

by initiating those linkages so they can address members' needs themselves, for example there should be linkages and partnerships made with financial service providers to support growth and development of co-operatives and to finance members' enterprises. Affordable finance and credit opportunities are required to enable co-operatives to build capacity and to adequately embrace new technologies.

Where available, Fair Trade markets could also be explored. This would require training in certification standards and processes for the leaders and managers of the co-operatives. Linkages with Fair Trade organizations could be instrumental in revitalising the co-operatives and ensuring that they bring about development and poverty alleviation amongst the members and the community in general.



*Members of Sotik Farmers Co-operative Society have diversified into value addition by making yoghurt from their milk*

## High levels of poverty and HIV-AIDS prevalence

Kenya is one of the poorest countries in the world; more than 54% of Kenyans live below US\$1 per day, with the majority unable to meet their basic needs. All key sectors of the economy have experienced a slowdown, including agriculture, which has effected the majority of marketing co-operatives. The presence of HIV/AIDS has risen in rural households from 5.6% in 2003 to 6.7% in 2007. This has contributed to increasing poverty levels, especially when incomes are diverted to cater for the health needs arising from

opportunistic infections caused by the AIDS virus. In addition, there is loss of manpower when sick family members are unable to work and need constant care. This affects the household and has spill-over effects on the already “too challenged” co-operatives when the quality and quantity of produce delivered decreases or the workforce is reduced when staff are ill or unable to attend to their duties as they care for their sick relatives.

**The SCC has developed a number of innovations to ensure that effected households can cope with the impact of HIV and AIDS. These include encouraging the formation of support groups, and livelihood support projects such as kitchen gardens. The SCC also mainstreams HIV prevention and AIDS mitigation into the work it does with co-operative members, encouraging open dialogue. Some of the CEEDCo co-**

**operatives now discuss HIV in meetings, and many have installed condom machines.**



*Condom dispensing machine at one of the CEEDCo co-operatives*

## Conclusions and Key Recommendations

In order for struggling Kenyan co-operatives to overcome the challenges above, there is need for support to be offered to them and their partners in development. The support should be sustainable, building on some of the already existing initiatives.

1. Co-operative organisations need to be strengthened in terms of their governance and leadership so that they are better able to operate competitively in a business environment.
2. There is need for capacity building to be done from the grassroots so that the voices of co-operative members and leaders can be heard through lobbying and advocacy channels.
3. If linkages with the Fair Trade movement and other profitable marketing channels can be formalized, the impact on poverty alleviation will be felt in the rural areas.
4. NGOs and development partners can help co-operatives by initiating linkages and partnerships with relevant organisations, for example with financial service providers.
5. Co-operative organizations need training from NGOs and development partners about the importance of addressing gender disparities and for encouraging open dialogue around the issue of HIV/AIDS

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