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COOPERATIVES AND DEVELOPMENT: THE

CASE OF SMALL FARMER MARKETING IN

MURANGA DISTRICT, KENYA

UNIVERSITY/UNIVERSITÉ

CARLETON UNIVERSITY

DEGREE FOR WHICH THESIS WAS PRESENTED/

GRADE POUR LEQUEL CETTE THÈSE FUT PRÉSENTÉE

M.A.

YEAR THIS DEGREE CONFERRED/ANNÉE D'OBTENTION DE CE DEGRÉ

1981

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COOPERATIVES AND DEVELOPMENT:
THE CASE OF SMALL FARMER MARKETING
IN MURANGA DISTRICT, KENYA

by

Colin P. Jacobs

A thesis submitted to the Faculty of Graduate
Studies and Research in partial fulfilment
of the requirements for the degree of Master
of Arts
in Geography

Department of Geography

Carleton University

Ottawa, Ontario

1981

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SMALL FARMER MARKETING IN MURANGA DISTRICT,
KENYA"

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ABSTRACT

COOPERATIVES AND DEVELOPMENT: THE CASE OF SMALL FARMER MARKETING IN MURANGA DISTRICT, KENYA

By Colin P. Jacobs

This study analyses the effect of marketing cooperatives on the development of small farmers. An assessment is made from an historical account of the national cooperative movement. The impact of cooperatives on the study area is gauged through a survey of small farmers (Kimani and Taylor, 1973) and a more recent survey of coffee cooperatives by the author (1980). Theoretically, cooperatives should alleviate socio-economic inequalities. Results show that cooperatives do not provide a service of wide significance to the agricultural community. They market cash crops and make no attempt to improve the marketing of food crops. In practice, they serve to reinforce intra-personal and intra-regional inequalities. These conclusions are in line with many other studies of cooperatives (see UNRISD, 1975). If we are to clarify the role of cooperatives in small farmer development, a general theory of organisations and development is required. Tentative remarks on the nature of such a theory are made.

ACKNOWLEDGEMENTS

A long chain of people stretching from Canada to Kenya, via England, have helped me in making this thesis a rewarding experience. My thanks go to Professors D. R. F. Taylor, D. B. Knight and I. Wallace of the geography department at Carleton. In Kenya, Phil Amis deserves particular mention for his warm hospitality to a fellow "Brit." I am also grateful to Dr. J. K. Ng'ethe and Dr. P. Alila at the Institute of Development Studies, Nairobi University. In the analysis and final "write-up," Anli and Johan Jooste, Mireille Albert and Glen Shirtcliffe were all helpful. Lastly, a big thank you to my mother, father and late grandmother for their encouragement.

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LIST OF ABBREVIATIONS

IADP	Integrated Agricultural Development Project
ICA	International Cooperative Alliance
IRS	Integrated Rural Survey
KCC	Kenya Cooperative Creameries
KNDP	Kenya National Development Plan
KPCU	Kenya Planters Cooperative Union
KTDA	Kenya Tea Development Authority
MFCU	Muranga Farmers Cooperative Union
UNRISD	United Nations Research Institute for Social Development

LIST OF EQUIVALENTS

Currency

1 Canadian Dollar (\$) = 5.6 (kshs)
1 Pound Sterling (£) = 17.8 (kshs)
1 Pound Kenyan (Kₓ) = 20 kshs

Area

1 Ha = 2.4711 Acres

Weight

1 tonne (metric ton) = 2.205 lbs. = 1,000 kg.

Quote from Petals of Blood

Progress! Yes, development did come to Ilmorog. Plots were carved out of the various farms to make a shopping centre. Shops were planned and people were asked to send in applications for building plots to the County Council. A mobile van-- African Economic Bank--came to Ilmorog and explained to the peasant farmers and the herdsmen how they could get loans. They crowded around the man fascinated as much by the up-and-down motion of his adam's apple as by the rounded voice coming out of the loudspeaker. Demarcation. Title deeds. Loans. Fencing the land. Barbed wire. One or two grade cows, kill or sell or cross-breed the others. A Farmers' Marketing Cooperative. Ever for instance heard of the Successful Dairy Farmers' Cooperatives in Other Districts? African Economic Bank would do similar things here. Milk. KCC. Wealth. From this one would pay back the loans at a small interest. Not in one lump sum. Oh no. Paying back would be spread over a number of years. No steady farmer need ever feel the pinch. Only one condition: payment had to be regular. Easy. It was a year of hope. (Ngugi wa Thiong'o, London, Heinemann, 1977, 268).

CHAPTER 1

DEVELOPMENT AND ORGANISATIONS

1.1 Introduction

Contemporary society has seen a proliferation of organisations designed to serve a variety of needs. Each organisation is composed of a complex of institutions that take care of transactions of income, goods, services and knowledge. In the past these same transactions were often taken care of by individuals or informal groups. The trend is probably an inevitable reaction to the complexities faced by a highly developed society. Organisations give order to the system by providing channels for services and openings for investment.

The role of organisations in less developed countries (ldc's) is less certain. At the international level, the Brandt Commission (1980: 256-267) has called for a new economic order which would make greater provision for the needs of ldc's. Changes in major institutions like the International Monetary Fund and the World Bank are envisaged. However, within an ldc, it is the local organisation which has the immediate task of improving conditions for the 850 million destitute of this world (World Bank estimate, 1980).

This study takes cooperative organisations as an example of a local organisation. They have been broadly defined as associations of people for the production or distribution of goods, the profits being shared by members (Concise Oxford Dictionary). Cooperatives in marketing, credit extension, housing, retailing and savings have been assigned important roles in the Third World. They are viewed by national governments and aid agencies as major institutions in rural development. Yet many questions remain unanswered: what, for example, is the exact type of change cooperatives are pushing for? Is the cooperative organisation most appropriately designed to handle the scarce resources concentrated upon it? Who can expect to benefit from its growth? The following pages attempt to answer these questions through a case study of a rural

district of Kenya.

Kenyan cooperatives, in common with their counterparts in other ldc's, are faced with a multiplicity of problems. They have been criticised as a major source of economic weakness in the marketing system (Heyer et al, eds. 1976:349). Economic inefficiency, however, is but one symptom of a complex of problems relating to management, education, administration and commodity characteristics. Given the considerable investments of capital, technology and labour into cooperatives, and the key role that they are expected to play in the national economy: as (1) a means of improving socio-economic standards among the rural population, (2) increasing national self-reliance, and (3) co-ordinating national policy with regional needs, this suggests further research is imperative. This is required if we are to attain a greater understanding of the difficulties faced by co-operatives and, to resolve problems in the future.

To investigate each and every variable affecting a cooperative organisation, would require exhaustive work beyond the scope of this study. Herein the inquiry focuses on two variables: government and small farmers, who are considered central to an understanding of the role of cooperatives in ldc's. They (cooperatives) serve as an organisation to mediate the interests of the two parties.

In many ldc's, government supports and frequently introduces institutions to market small farmers' produce. Concurrently, it is assumed that cooperatives will improve and equalise farmers' social and economic welfare. (Marketing boards operate alongside cooperatives but are distinguished by their emphasis on economic performance; the inter-relationship is discussed in Chapter 3). Government perception of cooperatives is gauged from statements in national plans which apply theoretical values to the national context. The actual performance of cooperatives is explained in the light of government policy directed to related fields, such as agricultural extension and land reform.

Small farmers compose the majority of cooperative members and are the principal actors within the organisation: National statistics show their socio-economic standards have fallen in recent years. It is argued that because cooperatives concentrate on marketing export crops in preference to food crops their cash income may have increased without nutritional standards improving. Quantitative assessment of the impact of coopera-

tives in the study area is made by testing a number of hypotheses.

The context and rationale behind the study must be considered before focusing on specific issues. At the outset a definition of rural development sets the parameters of the study. The question of scale is identified as central to development planning. Its importance is shown by concentrating the inquiry on cooperative organisations. To devise a general theory of organisations and development, the question of scale must then be related to its socio-political environment. Introductory comments on the nature of the association are made.

1.2 Definition of Rural Development

The concept of "rural development" evolved through dissatisfaction with alternative definitions. Throughout the 1960's, "agricultural development" had sought to increase the productivity of land, labour and capital through applying new crop strains, insecticides, fertilisers and other inputs. By the end of the decade, it was becoming increasingly obvious that innovations designed in the West and applied to foreign environments were widening socio-economic inequalities in ldc's. A small proportion of the rural population was growing in increasing wealth while the majority remained in poverty (Waterson 1974:22).

Rural development is an alternative definition that attempts to avoid past mistakes by setting objectives that include economic and social indicators of change. The stress is upon: (1) increasing economic productivity per acre and per worker, (2) increasing disposable income per family and, (3) expanding public services which enhance the welfare and security of rural people (Uphoff and Esman 1974:2). It is the task of the planner to ensure that these objectives are achieved.

1.3 The Question of Scale

In recent years problems of scale have become increasingly apparent in the planning of ldc's.

- The basic 'contextual' difficulties in systematically planning the development of the rural sector and indeed of achieving any advance in agricultural production are problems of scale. At one level, the peasant family farm as a production unit is usually so tiny that it offers but little opportunity for technological improvements in productivity. At the aggregate

planning level it is difficult to formulate plans and to ensure their implementation when this depends on the response of a very large number of these separate peasant families (Cliffe 1972:77).

In developing appropriate rural centres and in establishing the size of their respective hinterlands, the importance of scale has been recognised (see, for example, Johnston 1970; Siddle 1970; and Kimani and Taylor 1973). The centre, at whatever scale, will not exist in a vacuum and interaction between variables at different scales must be considered; for example, flows of people, goods and services between rural centres and cities. Interactions of this kind take place across space and are especially, but not exclusively, of interest to geographers.

Space only gains significance from the manner in which it is used by commodities, people, capital and innovations. It follows that if planners are to make a worthwhile contribution to economic development, they must first understand the processes which they seek to manipulate (Dattoo and Gray 1979:264). They must consider the dialectical relationship that exists between rural and urban areas, i.e. the active process by which the centre "underdevelops" the periphery.

On an international scale the structural dependency argument has been made by many authors (see, for example, Frank 1969; and Rodney 1974). Taylor (1980) has conceptualised the argument in spatial terms and his model highlights the nature of the rural poor's dependency. Three relationships are identified between: (1) the countries of the North and the South, (2) urban and rural areas, (3) the "Haves" (the Rich) and the "Have-Nots" (the Poor). Each relationship is inter-dependent so that a change at the international scale may have repercussions on relationships between urban and rural areas and between the rich and the poor.

Proponents of the structural dependency theory have suggested that greater internal integration of the economy and the reorientation of industry towards the production of capital and mass consumption goods might partially extricate ldc's from the unequal relationship (Amin and Thomas 1974). The planner is then left with the difficult task of

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translating essentially national strategies of development to a rural environment that is likely to have a poor infrastructure and a scattered population.

In this task, most development plans can be grouped under the heading of "centre-down" approaches. The planner attempts to design a hierarchy of growth centres to link centres to interstitial areas. It is hypothesised that investment at the centre will be followed by a "trickle down" of growth impulses to smaller places that are capable of infusing dynamism into the most traditional boundaries (Berry 1972). In the 1960's a Theory of Modernisation was elaborated in which "core-periphery" models were devised to tie peripheral areas to the national economy and its objectives. Failure to integrate the periphery with the core would "...retard the rate of progress of which the country as a whole is capable" (Friedman 1966:55). Institutional reform was viewed as one way to accelerate the process.

1.4 Planning and Organisations

Under the Modernisation paradigm, it was envisaged that institutions and their practises would be used to integrate traditional peasant societies with the national economy (Rondinelli and Ruddle 1978). Research into the diffusion of innovations through organisations such as schools, health centres and cooperatives worked towards a situation in which "...urban and rural areas are enmeshed in a system of mutually relevant behaviour, functional independence and cooperative activity" (Soja 1969:287). At a national level Soja (1968) applies the theory to Kenya, and Riddell (1976) to Sierra Leone.

Development planners embraced the concept in a new approach known as "institutional planning." Emphasis in the late 1960's and early 1970's was on the design and introduction of standardised "equity institutions"--for example, small farm credit schemes, marketing cooperatives and collectively owned farms (Barraclough 1973:365-390). The aim is to combine economic advantages with a redistribution of income to the poorer sections of the rural population. Institutions can be manipulated by the planner in five ways:

- (1) Provision of a vehicle through which farmers can share in

- decision making;
- (2) Assistance in developing a two-way communication system between project staff and farmers;
 - (3) Promotion and reinforcement of behavioural changes such as the adoption of new agricultural production practises;
 - (4) Facilitating the provision, integration and administration of farmer services;
 - (5) Mobilising local resources for local infrastructure creation and maintenance (Morss et al 1976:100-101).

However, there are strong doubts about the value of an integrative process of this kind. Freeman (1979:27), for example, notes that there are no provisions made to alleviate disparities between regions. In fact through Myrdal's (1956) law of circular and cumulative causation, socio-economic differences between regions will be accentuated. Lipton suggests it is the root causes not the symptoms of inequities that must be tackled.

Even complete rural equalisation would leave the rural poor very poor indeed, whereas removal of urban bias would not; and the best path to intra-rural equalisation may well be first to weaken the urban forces that rely on rural inequality to obtain surplus food, savings and educands from the village elite (Lipton 1977:9).

In addition to theoretical misgivings about institutional planning, there have been serious practical obstacles. It has proved difficult to gain the support and cooperation of a traditional farming population widely scattered across the country. It was suggested that initially focus should be at the local level where face-to-face interaction prevails and where there is a potential for joint action. The first action should be to form small groups, informally organised and supported by government investment. To gain economies of scale, these groups could expand into larger groups such as farmers' associations or service societies. In the final stage, these larger groups could become a part of a complete organisation--a system in which the interests of group solidarity and representation are subordinated by management functions that concentrate on efficiency and good service to all members (Hunter 1978: 44).

However, there were problems in implementing the strategy when the initiative for setting up local organisations came from central government and not from spontaneous voluntary action. In Kenya, for example,

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...the state has tended to accept a fairly comprehensive set of responsibilities for farmers. At virtually every point at which the farm enterprise touches the larger economy, the governments of developing countries provide services to the cultivator.... The present Kenyan government has assumed responsibility for a much wider range of agricultural services than is usually the case in Western industrialised states. In such a situation, the impact of government activities upon agricultural production can be very great (Leonard 1977:4-5).

Gyllström (1977:39-43) has identified ways in which government influence in ldc's has affected organisations. In an optimum situation, a central directive will be matched by a complementary set of organisational norms that will induce behaviour in accord with central goals. However, when these goals are perceived as contrary to ambitions at the local level, local organisations may endeavour to subvert central control rather than adapt to it. The success of counter strategies of this kind will depend upon the power of organisations to influence central directives in areas of common interest (Gyllström:41-42).

1.5 A General Theory of Organisations and Development

Local studies have too often fallen into the category of "community studies" that are idiographic and rooted in unique characteristics of the study area. This is true for example in the discipline of public administration, where there is a recognised need for more work on relationships between organisations and their environment (Clark and Ford 1970:42). To date, the majority of empirical studies have related to the internal characteristics of organisations, i.e. their degree of specialisation, management-worker relationships and structural ordering.

Kasfir (1970) rejects the traditional approaches to organisations as embraced by the scientific management school, human relations and decision-making approaches. Recent "power approaches" are preferred as they give a "transactional" perspective to relationships between members of organisations. (An introduction to the concept of power and organisations can be found in Hicks and Gullet 1975:229-274. Also see Blau 1974, Chap. 14 and 18, and Clegg 1979.) The power approach identifies groups and individuals in an organisation by their interests and differential power to achieve them. The boundaries of any formal

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organisation cannot be taken as fixed, as not all members have access to the kind of knowledge that can be acted upon in any power struggle (Kasfir:183-184).

Arguments of the above nature have important spatial implications for cooperatives and are discussed in later sections. As a precursor to the review of cooperative theory in the next chapter, it is worth noting the spatial dimensions of a cooperative. It acts as a "...space-packing innovation that convolutes both competitive and contagious principles" (Gould 1969:283). In other words, the usual principle whereby close spatial proximity both increases competition and the likelihood of ideas spreading, cannot be applied to cooperatives. The exact dimensions of cooperatives become apparent in later sections.

It is anticipated that an emphasis on linkage between scales in the cooperative organisation will be rewarding. The concept of linkage applies to associations based upon legal, economic and social ties (Gyllström 1977:44-45). Within a cooperative movement, links will be formed between the various component institutions--the government departments, the provincial unions and the local societies. Further, ties are likely to develop between these institutions and the socio-economic environments to which they are introduced.

Recent contributions by political scientists are key to an understanding of the role of organisations in rural development. The few studies that attempt to understand the articulation of central influences at the periphery can be collectively referred to as studies of the "local politics of underdevelopment." Samoff (1980:9) notes the value of these approaches: "a conjunction of local and underdevelopment, by focusing on experiences at the small scale, will permit us to clarify and elaborate the theory and methodology employed in the study of underdevelopment." Often the rural periphery is portrayed as an arena capable of resisting central controls (see Cliffe et al, eds. 1975, for several examples from East Africa).

Resistance manifests itself in a number of ways. For example, within tea producer societies in Kenya, wide gaps in income between members resulted in the poorest members petitioning the central authority

to represent their needs (Steeves 1980). In other cases, peasants have simply adopted a policy of non-cooperation with government plans (Hyden in his 1980 book gives an excellent account of passive opposition by peasants to the Government of Tanzania's "Ujaama" and "Villigisation" policies).

There is a need to systematically group these studies. Coleman (1977) suggests bracketing them under the concept of "political penetration." This is an aggregative term that embraces several common features:

- (1) centre-formation, consolidation and coordination.
- (2) structural integration of the centre and its peripheries.
- (3) co-ordination of outreach structures of the centre at the peripheries, and their articulation and integration with local structures at the peripheries.
- (4) legitimisation of the structural arrangements in (1) through (3) (Coleman 1977:3).

In the above, "extraction" is implicit and "legitimation" is explicit and are used as measures of the effectiveness of penetration.

If we are now to work towards a general theory of organisation and development there is a need to wed these, essentially, political approaches to a spatial interpretation. Soja (1971) in a study of the political organisation of space notes three functional realms:

- (1) Control over the distribution, allocation, and ownership of scarce resources (including land, money, and power--the ability to make authoritative decisions). This is largely a coordinative or administrative function aimed at satisfying the needs of society as a whole.
- (2) The maintenance of order and the enforcement of authority. This function revolves around the resolution of conflict both within and between societies.
- (3) The legitimisation of authority through societal integration. Here the emphasis is on the creation and maintenance of institutions and behavior patterns which promote group unity and cohesiveness (Soja 1971:7).

Although the present study touches on all three realms, the last is particularly relevant. Soja believes institutions provide one means to secure bonds of functional complementarity and "...involve biologically unrelated individuals in coordinated and cooperative networks of social, economic and political activity." Thereby, the scale of society is expanded and the range of linkages added to (Soja:8). He warns,

however, that there are likely to be many carry-overs of earlier socio-political organisation, particularly with respect to ethnicity, and these may help in understanding variations in spatial political organisation (Soja:12). The following analysis builds on Soja's ideas and much is made of the transfer of Western ideas of cooperative organisation to an ldc environment. This is found essential in explaining cooperative performance.

1.6 Conclusion

In this chapter, the importance of organisations in rural development has been established. Government is identified as one influence on performance. In analysing its impact on organisational behaviour, a synthesis of political theory and spatial processes is thought to have potential. Conclusions on the value of a general theory of organisations and development are made in Chapters 6 and 7. Chapter 2 introduces the concept of cooperatives, and theoretical bases are compared to actual performance. In Chapter 3, the effect of cooperatives on the rural economy of Kenya is assessed. Emphasis is on the marketing and welfare of small farmers. In Chapter 4, the study area is introduced and the impact of cooperatives on the region's development is described. On this basis, three hypotheses are formulated and tested in Chapter 5. Chapter 6 then attempts to explain the various findings of the study. It is argued that the structure of the cooperative movement determines and limits its role in small farmer development. To illustrate the way in which the organisation has been manipulated by its socio-political environment, a model of small farmer marketing is produced. Finally, recent trends are the basis for a prediction in which the cooperative movement is seen to play an increasingly unsatisfactory role.

CHAPTER 2

AN INTRODUCTION TO COOPERATIVES

2.1 Introduction

It is now appropriate to address the subject of cooperatives per se. The theoretical benefits of cooperatives are listed. Upon this basis the cooperative model diffused from its birthplace in Europe and spread to North America and then to ldc's. The last stage of this process is critical to the study and a brief description of cooperative development in Africa serves as a precursor to the case study. An evaluation of cooperative performance follows.

2.2 Theory of Cooperative Development

Before making any evaluation of the cooperative movement, it is as well to examine the theoretical bases which led to enthusiastic adoption of the idea by aid agencies and national governments. The theory of cooperative development was born out of the conditions of 19th century Europe. In 1844, a group of flannel weavers in England formed a cooperative and became known as the "Rochdale Pioneers." The cooperative was voluntarily organised as an alternative to existing services that had been designed to profit private companies and not the weavers themselves. At the time, the new cooperative was unique, the basis for decision making and for the distribution of profits being the membership and not the ownership of capital (Apthorpe 1977:4).

The benefits of cooperative organisation were thought to be sufficiently universal and revolutionary to be of trans-national significance. For simplicity's sake, the following analysis of the theory makes a distinction between economic and social advantages, although the particular circumstance may make for additional expectations. In many ldc's the government, for example, has put extra demands on the cooperative movement (see section 3.7).

2.2.1 Economic Benefits

In theory, the cooperative has certain economic properties which

should help overcome the disadvantages of small scale operation. These are:

(1) In the marketing of members' produce, cooperatives can ensure several advantages. By holding reserves, they can hold the market demand constant and avoid the sudden fluctuations that an individual producer might encounter. In addition, they can arrange convenient collection centres, reliable transport, and storage facilities. These services will save the individual the time and expense of taking produce to market.

(2) In the provision of a range of services, cooperatives allow individuals to gain further economies. Inputs like fertilisers, seedlings, insecticides, etc., can be purchased at a price well below retail levels. Association with a secondary cooperative union will give additional advantages. Unions may be able to store produce in large warehouses or buy grading machinery that primary societies could not afford. They may also be able to market crops more effectively by selling in large lots and securing a higher price for their members.

(3) In extending credit to members, cooperatives can link a large number of potential small borrowers to a bank. At the higher scale, economies will be appreciated since the cost of a \$50 loan is roughly the same as for a \$50,000 loan (Long and Winder 1975:75). Security for the loan comes from the crop anticipated for the end of the season which will be marketed through the cooperative. Deductions for loans will be taken out of crop payments.

2.2.2 Social Benefits

Since their conception in England, cooperatives have been advocated as a means by which:

(1) Members can work together to realise economic goals equally. A certain percentage of whatever surpluses are made by the cooperative are paid back to members in the form of patronage rebate. By this means, retained profits directly benefit members unlike a company where profits are distributed beyond the production unit, frequently to shareholders that play no part in the day-to-day running of the organisation. On top of this, various forums such as members' general meetings and

elections enhance democratic control in the cooperative.

(2) A relatively poor section of the population can be educated on production and marketing methods through cooperatives. There is then the possibility that poorer members can improve their socio-economic status by adopting a variety of innovations.

(3) Members can develop a sense of belonging through control of their own organisation. For example, in a literate society, the distribution of information bulletins among members will heighten awareness of institutional affairs. Cooperatives have been seen as a means to personalise production:

...[they] show that people are capable of more than our society now allows them to do.... With a cooperative the difference is that a man now feels important in himself. He is no longer just a cog in the wheel of production (A. W. Bern commenting on the Meriden cooperative factory, England, quoted in New Internationalist, 48, Feb. 1977:12,13).

For their social and economic value, cooperatives have been promoted as autonomous organisations run on democratic principles that combine economic growth with an equal distribution of benefits.

2.3 Diffusion of Cooperatives

Cooperative models, based on their theoretical advantages, have been applied throughout the world. Initial growth, in the fields of retailing, wholesaling, agricultural marketing and processing, was limited to Europe and North America. In the last 30 years, however, first European and American models, and then Israeli and Scandinavian proto-types were applied to ldc's. The result is a comprehensive international network of cooperatives. In 1977, there were reported to be 682,753 cooperatives world-wide with over 300 million members (New Internationalist Feb. 1977:10-11). Absolute figures are a poor reflection of the impact of cooperatives and, in Europe and North America they have rarely come to dominate any economic sector and in some activities have scarcely made an impression (Apthorpe 1977:4).

The same Western models advocated by international aid agencies, principally the International Cooperative Alliance (ICA), the World Bank, the United Nations, and national agencies (for example, the Nordic cooperative schemes in Africa) have diffused into many ldc's.

Often the models were applied to very different social and economic conditions. In agriculture, for example, marketing cooperatives that in Europe and North America had only accounted for 15% of all cooperatives were expected to play a much larger role in ldc economies. In Africa, 84% of cooperatives were of the agricultural marketing type, 10% were credit, thrift and savings cooperatives, 3% were consumer societies and 3% workers cooperatives (New Internationalist Feb. 1977:10-11).

The cooperative model introduced to agricultural marketing was usually hierarchically structured and served successively larger areas from the primary society at the local level to an apex organisation that had national responsibilities (Fig. 3.1 shows the Kenyan organisation). Primary societies were based upon a village community or a sub-region and supplied farmers with a number of inputs and marketed their crop. Most primary societies were federated together in secondary societies, often known as "cooperative unions" that are run on a regional or national basis. Again the cooperatives have the task of directing support services to the local area and channelling the crop on to distant markets. At the national level, the apex cooperative provides a third tier of administration in marketing and servicing. In some cases, it also acts as a channel to supply education and financial services to lower orders and as a research centre for the entire organisation. At the international scale, the apex cooperative may be a member of the ICA who provides a global service, mainly in the administration of international research and aid. In the present context, the complete hierarchy of institutions within the organisation is referred to as the "cooperative movement."

Three factors then helped in the rapid diffusion of the movement to ldc's (after Apthorpe 1977:5). First, altruism on the part of development agencies resulted in the wholesale application of cooperative models without careful analysis of their economic and social record at home. If performance here had been thoroughly appraised, the limitations of the models might have been exposed. A second attraction of cooperatives was their supposed ability to mobilise local resources and leave the government a limited supervisory role. To newly independent

countries, starved of the capital reserves or skilled labour to launch sweeping reforms, the option was clearly both appropriate and inexpensive. A final bonus of cooperatives was in their role as a channel for the aspirations of new nations. The movement would become an expression of national identity that was founded upon the "socialist" characteristics of traditional society, i.e. the communal and collective parts of everyday peasant life. With the aid of cooperatives, ldc's could cut new tracks of development that need not merely re-trace those offered by former colonial masters. A brief comparison of cooperative development in Francophone Africa with that in Anglophone Africa, shows the importance of the colonial history in determining what actually happened.

The first quasi-cooperative societies introduced to Africa were known as "sociétés de prévoyance" and were set up in the French colonies of Mali and Niger in 1919. However, they were run as just another branch of government at home with their management exclusively in the hands of French bureaucrats (Hyden 1973:5-6). For this reason, the cooperatives failed to enlist popular support and became branded as symbols of colonial exploitation.

The early development of the movement in the British colonies of East Africa was more successful. Experience with cooperatives in Britain and, at the beginning of this century in the colonies of India and Ceylon, had been encouraging. On this basis, the first cooperative was registered in British Tanganyika in 1933 at Moshi. Its purpose was to market the arabica coffee grown on the slopes of Mount Kilimanjaro. However, it was in neighbouring Uganda that the movement gained its strongest foothold, probably due to the early initiative taken by African cotton growers in Buganda country, where cooperative marketing associations had been formed as early as 1913 (Hyden:6). The experience contrasts markedly to that of Kenya where cooperatives were originally introduced to market the produce of European settler farmers. Africans only received permission to form their own cooperatives in 1945.

After independence, cooperatives throughout East Africa came to represent a drive to Africanise the economy, chiefly by limiting the part of Asian middleman in trade. In Tanzania, cooperatives were

particularly attractive as they provided a means to implant a socialist institution instead of just replacing the Asian with an African petty-bourgeois equivalent (Saul 1975:266). Uganda sought a more radical alternative to the same end in its 1974 expulsion of the Asian community, who comprised the main merchant class at that time.

2.4 Evaluation of Cooperatives

A general evaluation of cooperatives is extremely difficult as the organisation has so many forms and is found in widely different cultures. Even between ldc's, comparisons are of limited value. For example, an egg marketing cooperative in Peru and a workers' cooperative in Mozambique have little in common aside from a vague ideology. An overall assessment, therefore, is confined to agricultural cooperatives in ldc's and, particularly to the African experience. Performance is measured against the main theoretical advantages of cooperatives--listed above.

There is a general consensus of opinion on the gap between theory and practise of cooperative development. Assessments vary in their degree of pessimism according to the critic. The UNRISD study of cooperatives in Latin America, Asia and Africa, reveals a common pattern of poor performance both as an economic organisation and as a social equaliser. In comparison, the ICA studies have a vested interest in noting the more successful studies (see for example, Baviskar, B., "Overcoming Obstacles to Successful Cooperation; Evidence from Maharashtra, India," in Konopnicki and Vandewalle 1978:68-76). Although problems in the movement are widely admitted, it is implicit that solutions can be found without resort to radical alternatives. In order to give a balanced judgement of cooperative performance, I now concentrate on general criticisms rather than those related to specific cases.

2.4.1 Economic Assessment

In theory, the cooperative, even if not price competitive with alternative marketing channels in the short run, should attract farmers by ensuring stability over a longer period. Price funds composed of returns on output in productive periods can be used to subsidise less productive years. This has rarely been the case where the price level is fixed by a central organisation far removed from the farmer. Indeed it

is extremely rare to find a situation in which farmers themselves, and not national or international markets, can control the price level to ensure a stable demand for their crop (Apthorpe 1977:6).

A second source of disillusionment is in the marketing of produce by cooperatives. Often, inefficiencies have arisen from poor management or a lack of capital. Collection services become irregular when vehicles break down or the roads become impassable. For example, in the case of the Chercell Arrondissement, Algeria, a lack of any spare parts for agricultural equipment was one of the most serious problems for cooperative farms. The inadequacy was exacerbated by the cooperative centre's dependency upon several different brands of machinery manufactured by international companies (Foster 1969:314-326). In these circumstances, the problem is external to the cooperative and explanation through lofty theories of organisational behaviour is hardly appropriate.

A third criticism of cooperatives has been in their supply of credit which has been plagued with problems of low and late repayment. Cooperative credit policies have experienced difficulties, whether collateral for loans has been in the form of cash, as advances on accounts or in kind. Particularly unhealthy, has been the trend for credit to not be ploughed back into the farm through the purchase of relevant inputs but to be used for outside purchase (Apthorpe 1970:79). The trend was apparent in the case area and, in a later section, concern is voiced over its repercussions.

In the meantime, the experience of the Comilla programme in Bangladesh provides a useful example of an attempt to use cooperatives as a means to extend credit. When they were first introduced in 1965, over 85% of the members were receiving loans through the cooperative but by 1974, the figure had fallen to 12% of all members. The rapid change was the result of large farmers gradually taking over the cooperative societies and directing loans to themselves. They were able to do this because of their position in the rural economy as surplus farmers, as money-lenders and as patrons supplying community members with vital services (Blair 1978:68-69).

A fourth area of concern has been in the provision of agricultural

supplies, technical services and innovations through cooperatives. They have proved no more or less successful than alternative local organisations. Evidence published by UNRISD (1975:17) suggests that the possibilities for a comprehensive service of inputs are much greater if there is a close knit community in which the land itself is owned collectively. The situation in Israel illustrates the case. Here, "Kibbutzim" cooperatives based on large land units and run like marketing cooperatives depend upon elaborate links with government and industry. Alternatively, "moshav" cooperatives, in which the production unit is just 5-6 Ha, were run with greater independence and required a fraction of the overheads.¹

2.4.2 Social Assessment

In their role as a social equaliser, cooperatives have been disappointing. They have usually benefitted a small number of members who were already relatively wealthy. The poorer groups have either been excluded from membership or, in effect, have little say in the running of their societies. In Peru, for example, agricultural marketing cooperatives were introduced by the government into a community already divided into three main groups; the landless workers, peasants cultivating their own smallholdings and a rich, relatively skilled elite. The landless group depended upon the community for their livelihood and had no use for cooperatives. At the same time, smallholders continued to market their crop via "middlemen" that lived in the villages and were locally recognised. The poor farmer saw the cooperative in the same light as previous government organisations; i.e. as a provider of services not as an economic channel. As a result, management was easily dominated by the rich and skilled. Cooperatives came to represent their interests at the expense of further alienation of other groups in the community (Long and Winder 1975:75-95).

The concepts of popular participation and cooperation have been seen by many as almost synonymous. The two require a closer definition

¹Eichler, C.K., in his article, "Reflections on Capital-Intensive Moshav Farm Settlements in Nigeria," gives an interesting account of the application of Moshavs to an ldc (in Anschel et al, eds. 1969:327-344).

for "all too often participation proclaimed on the platform becomes appropriation and privilege when translated into action in the field" (Chambers 1974:108). Mbithi and Rasmusson (1977) and Ng'ethe (1979) provide examples from Harambee projects in Kenya and in the case-study it was reported that in some coffee cooperatives, the poorest farmers that could least afford the time were providing voluntary, non-paid labour in the cleaning and maintenance of society factories (personal communication with J-M. Nyoka, Coffee Factory Officer, Muranga, July 1980). Richer members of cooperatives benefitted from this free labour as it meant the Union did not have to hire full time factory staff, the cost of which would have been passed on to members. The contribution from wealthy members was limited to attending occasional Union meetings.

Achieving an equal participation by men and women in rural cooperatives has proved to be another obstacle. Women are often the chief agricultural producers and distributors in subsistent farming. Cooperatives have not affected this role but in cash crop production and marketing, they have reduced women's status and, in some cases, income. A husband as the male head of the family has right over any financial transaction and will collect cash returns for crops marketed through cooperative societies, often without passing a fair share on to their wives (Mickelwait et al 1976:40-52).

A third theoretical benefit of cooperatives is their ability to foster self-reliance in a community. This potential, however, is often frustrated in ldc's where governments have assumed that for cooperatives to be successful, rigid regulations and controls must be imposed. The effect of these measures on Kenyan cooperatives is estimated in the next chapter.

In contrast to this viewpoint, much of the success of the early European models seems to have depended upon their voluntary nature and opposition to existing services as offered by large commercial businesses and upheld by national governments. By meddling in cooperative business, governments in developing countries may have unintentionally reinforced those factions that divide not unite a community. Certainly, attitudes to cooperative work and collective solutions have proved as varied as

the environment to which they are introduced.

In Sultarpur, India, for example, the need for self-reliance is recognised by local political powers, and is logically acknowledged by some smallholders that have grouped together to share the ownership of agricultural machinery. Beyond this, individual interests, past experience and fears all combine to frustrate the kind of unified action that might lead to a self-reliant community. Rifts between landholders, non-landholders and non-agricultural castes remain immense (Haque et al 1977:81).

2.5 Conclusion

A full evaluation of the performance of agricultural cooperatives in ldc's is hampered by the lack of "follow-up" studies to the many cases that describe a situation at a single time. However, it takes no more than an overview to see that often results have fallen far short of economic and social expectations. This is not to suggest that in totum the cooperative is inappropriate to the problems of an ldc. A pragmatic approach is needed and perhaps rather than make value judgements on whether or not there exists a social predisposition to cooperation, the central concern must be to attain a careful match between the local environment and whatever structure of cooperative organisation is introduced (Joy 1971:63). Given the number and breadth of expectations that cooperatives are supposed to fulfill, it is hardly surprising that some results have been disappointing.

Above all, performance emphasises the need for cooperatives to be used with discrimination and selectively. Unless precise measures are taken, the organisation will not be the active agent of change but will be used by internal and external forces to entrench socio-economic inequalities in the local area. The President of Tanzania has stated the case clearly:

Although marketing cooperatives are socialist in the sense that they represent the joint activities of producers, they could be socialist institutions serving capitalism if the basic organisation of agricultural production is capitalist.... For a farmers' cooperative marketing society is an institution serving the farmers; if they are capitalist farmers, then the existence of a co-operative marketing society will mean that one group--the farmers

--are safeguarding their own interests, as against another group--the middlemen (Nyerere, J., Socialism and Rural Development, Ujamaa Vijijini, 1967, quoted by Saul 1975:208).

Attention must focus on those features of the cooperative that distinguish it from any local organisation. Then, if these features are recognised as useful, effort needs to be put into ensuring that they can operate efficiently. On paper, the exceptional values of cooperatives appear to be mainly social. To re-iterate they are: (1) the provision of a type of local organisation that will encourage economic growth and at the same time equalise social and economic differences between members of the community; (2) the maximisation of participation in a local organisation to the benefit of all community members and; (3) the creation of a structure that is self-reliant and therefore independent from a variety of external influences that may subvert the cooperative from its immediate stated aims. These criteria provide a yardstick against which the development of the cooperative movement in Kenya, described in the next chapter, can be assessed.

CHAPTER 3

COOPERATIVES AND SMALL FARMERS IN KENYA

You can tell the ordinary man he must develop through self-reliance; that he must pull himself up by his own bootstraps. This isn't much good for the man who doesn't even have any boots! It's really no good telling the peasant scratching away at the soil to be self-reliant. He's been self-reliant since he was born--that's why he's still scratching away. If (government) slogan is to mean anything, that peasant must be "helped" to become self-reliant (Extracts from T. J. Mboya, "The Challenge of Nationhood," Andre Deutsch, 1970, reprinted in Minogue and Molloy, 1974:152).

3.1 Introduction

In this part of the study, the discussion is taken one step further by considering the actual role of cooperatives with reference to one particular ldc--Kenya. In the first place, the national economy is found to be heavily dependent upon the agricultural sector. The target group to which the major benefits of development need to be directed is identified as the smallholder who is the principal agricultural producer in Kenya. Low nutrition standards have persisted amongst this group. It is argued that a national emphasis on cash crop marketing through marketing boards and cooperatives is partly responsible. To show the national perception of cooperatives, comments are taken from recent national development plans. An evaluation of the situation reveals a repetition of the mis-match between theory and actual performance. The gap is explained in terms of the ways in which national policy serves to frustrate the extraordinary features of cooperatives that were listed at the end of the last chapter.

3.2 An Agrarian Economy

Since colonial times, the linch-pin of the Kenyan economy has been the agricultural sector. This can be illustrated by a number of economic indicators. For brevity, the assessment is confined to the last decade of agriculture (a full history of the sector's development is available in Best and de Blij 1977:434-451; Burrows 1975; Hazelwood 1979; Leys

1974; and Zwanenberg 1976).

The primary sector, which includes agriculture, forestry and fishing, has remained the major productive sector of the economy over the last decade. Table 3.1 shows that in 1970 primary products accounted for 33% of total Gross Domestic Product (GDP) and by 1979 for 34% of GDP; a total of K£6,790,000. In agriculture, the rate of increase in value added to GDP at current prices has been 16.4% per annum. The major part of the increase is due to higher prices on the international market for primary exports like tea, coffee and sugar (See Table 3.2).

In 1970 the combined value of coffee and tea was K£3.5 million and accounted for about 40% by value of the major export products. By 1979, their value had reached K£173.4 million and together they amounted to 44% of exports. A total of 99,275 tonnes of tea and 75,082 tonnes of coffee were sold to marketing boards (Economic Survey 1980:104). Coffee and tea with the other major export--petroleum (that is imported in its crude form, refined within Kenya and then exported) accounted for 61.5% of major export products (See Table 3.3).

The substantial price rises for coffee, tea and petroleum combined with lesser increases in exports of other manufactured goods, resulted in the proportion of other manufactures to total exports falling from 35.9% in 1970 to 25.1% in 1979 (Economic Survey 1980:35). This is despite government attempts to develop the manufacturing industry at a rapid rate. Overall the effect on the economy has been disruptive.

The turbulent nature of Kenya's export earnings over the last few years with a high dependence on coffee¹ and tea which fluctuate markedly in price from year to year has made it difficult to plan ahead or even to expect forecasts of earnings to be met. (Economic Survey 1980:33).

¹Recent fluctuations in the international coffee economy give an idea of the dependence of domestic agriculture on world markets. Coffee prices were reported to have risen by 50% from the early months of 1979 to their peak in September, in response to limited frost damage in Brazil. In the meantime, the Latin American producers were successful in preventing a major downturn of prices by adjusting exports to the market position. However, price reductions in Kenya may occur in 1980. Much depends on the July frost season in Brazil (Economic Survey 1980:7). Although Kenya grows mainly the arabica species of coffee and Brazil, the robusta species, the two compete for the market in coffee blends.

Table 3.1
GDP by Source at Current Prices, 1970 and 1979

	1970	1979	1970	1979	1970-1979 Average Growth rate
	K£'000		Percentages		
Agriculture, Forestry and Fishing	173.0	679.0	33.1	34.4	16.4
Mining and Quarrying	2.4	5.0	0.5	0.3	8.5
Manufacturing	62.2	249.8	11.9	12.6	16.7
Electricity and Water	12.0	42.3	2.3	2.2	14.0
Construction	62.4	117.5	5.1	5.9	18.0
Wholesale and Retail Trade, Hotels and Restaurants	55.8	209.2	10.7	10.6	15.8
Transport and communications	40.8	114.7	7.8	5.8	12.2
Government Services	76.5	290.3	14.7	14.7	16.0
Other Services	72.8	267.2	13.9	13.5	15.6
Total GDP factor cost	521.9	1,975.0	100.0	100.0	15.9

Source: Economic Survey 1980:29.

Table 3.2
Recorded Marketed Production of Agricultural Sector
by Commodity, 1970 and 1979

	1970	1979	Average Annual Increases	
			In Value	In Volume
			K £'000	Percentage
Crops:				
Wheat	4,994	14,886	12.9	negative
Maize	2,828	9,363	14.3	2.1
Other cereals	1,178	9,230	25.7	positive
Pyrethrum	1,477	5,156	14.9	2.0
Sugar-cane	3,509	23,302	23.4	9.5
Coffee	21,814	106,426	19.2	2.8
Sisal	1,715	6,578	16.1	negative
Tea	13,838	67,343	19.2	10.3
Others	7,145	11,126	5.0	negative
Livestock:				
Cattle for slaughter	13,324	29,535	9.2	negative
Dairy products	6,806	17,465	11.0	0.3
Other	3,173	7,730	10.4	negative
Unrecorded Items	3,595	7,160	9.0	negative
Total	85,396	320,240	15.8	3.3

¹Based on average producer price related to value of output.

Source: Economic Survey 1980:30.

Table 3.3
Exports of Major Products, 1970, 1977 and 1979

	1970		1977		1979	
	Value	Proportion	Value	Proportion	Value	Proportion
	Kfm.	%	Kfm.	%	Kfm.	%
Coffee, unroasted	22.3	21.6	204.4	41.6	110.6	28.1
Tea	12.7	12.3	71.8	14.6	62.8	15.9
Petroleum Products	12.3	11.9	72.4	14.7	68.0	17.3
Other Manufactures	37.0	35.9	79.9	16.3	98.8	25.1
Sub Total	84.3	81.7	428.5	87.3	340.2	86.4
Total Exports	103.1	100.0	490.8	100.0	393.7	100.0

Source: Economic Survey 1980:30.

The shortage of productive agricultural land makes diversification away from a dependence on a few export crops all the more urgent. Only 20% of Kenya's land is of high and medium potential² and this is mainly concentrated in the more developed Southwestern part of the country.

Of that land, some large scale farms are seriously under-utilised; some settlement plots sit idle; their farmers being absent; some small scale farms lack essential inputs, proper guidance, and ready access to markets; and yields are often significantly lower than those attained in other parts of the world (Kenya National Development Plan (KNDP), 1979-83:12).

In view of the importance of the agricultural sector to the Kenyan economy, government has made rural development its top priority. It is a comprehensive strategy, the components of which include: increased rural production of income, increased equity in the distribution of income, increased access to services, and increased participation and decision-making at the district level (KNDP:42).

3.3 The Small Farmer: Marketing and Welfare

The primary forms of rural development must be the small farmer (otherwise known as the smallholder) and his land plot. For the purpose of the present investigation, the lower limit of small farmers is defined as those farmers having access to sufficient land to provide at least a subsistent income to the farm family from its cultivation. The definition for the upper limit holds with the national definition of a small farmer, i.e. an individual owning and cultivating 10 Ha (25 acres) or less of land. Over 70% of Kenya's population are concentrated on smallholdings (Table 3.4). They derive the major part, but usually not all, of their income from working the land. More than one half of smallholdings are less than 1 Ha in size and only one quarter of the smallholdings exceed 2 Ha (Table 3.5).

In recent years, the most important unit by gross marketed production

²High potential land is defined as having an annual rainfall of 857.55 mm or more and, medium potential land has an annual rainfall of 735 mm-857 mm (Statistics Abstract 1979:101).

Table 3.4
Estimated Population of Kenya, by Sector, 1977

Sector	Estimated 1977 Population ('000's)	Population (percent)
Urban	1,391	9.7
Pastoral	672	4.7
Large Farming	592	4.1
Rural, Non-Agricultural	1,229	8.6
Smallholding	10,464	72.9
Total	14,348	100.0

Sources: Integrated Rural Survey 1976-77.
 1969 Population Census.

Table 3.5
Distribution of Smallholdings by Size

Size of Holding (Hectares)	No. ('000's)	Holdings percent
Below 0.5	508	30
0.5 - 0.9	405	24
1.0 - 1.9	362	21
2.0 - 2.9	156	9
3.0 - 3.9	88	5
4.0 - 4.9	59	4
5.0 - 7.9	67	4
8.0 and over	59	3
Total	1,704	100

Source: Integrated Rural Survey 1976-77.

has been the small farm³ (Table 3.6). Since Independence, small farms have gained over large farms and from 1975, have marketed about 55% of all agricultural production and provided about 38% of the total GDP (Economic Survey 1980:99). The actual significance of the small farmer to Kenya's agricultural sector is greater, as national figures record the sales to official bodies such as cooperatives and marketing boards, but do not include informal marketing channels. Although smallholders do participate in the formal marketing system, the most important outlets for their produce are informal ones, the local market or small scale traders (Casley and Marchant 1979:13).

Whilst the small farmer is at the cornerstone of Kenya's agricultural economy, the group in socio-economic terms is one of the poorest in the country. Admittably their operating surplus rose in real terms by about 20% between 1970 and 1979. Over the same period, real wages of workers in the formal sector fell by about 10.5% (Table 3.7). However, there are in total many more small farmers and far more dependents in each rural household than there are per wage earner in the formal sector. Equally, the average farm operating surplus was only K£104 in 1974/75. Other income raised the total to K£183 per household, but these figures are well below the average wages of employees in the formal sector, that were K£274 in 1974 and K£312 by 1975 (Economic Survey 1980:25). The discrepancy exists despite commercialisation and monetisation of agriculture in recent years. Thus, at Independence the share of GDP from the semi-monetary (formerly subsistent) economy was 27% and by 1976, it had declined to 20% (KNDP, 1979-83:29). The most important factor in explaining the change is the increasing number of small farmers growing cash crops.

The monetisation of agriculture by cash cropping has not occurred equally throughout the country. If two measures of monetisation are taken--cash income and value of assets--the process can be seen to be well advanced in Central Province and Rift Valley (Table 3.8). The

³For a comprehensive history of small farms see Heyer, J. and Waweru, J. K., "The Development of the Small Farm Areas," in Heyer et al, eds., 1976:187-219.

Table 3.6
Gross Marketed Production¹ from Large and Small Farms, 1975-1979

	Large Farms		Small Farms		Total		Percent- age Share of Small Farms
	K £ million	Annual Per cent change	K £ million	Annual Per cent change	K £ million	Annual Per cent change	Per cent
1975	71.8	-2.2	90.1	20.1	162.0	9.2	55.6
1976	122.1	70.1	128.0	42.1	250.0	54.3	51.2
1977	206.0	68.7	208.5	62.9	414.6	65.8	50.3
1978	147.2	-28.5	186.2	-10.7	333.4	-19.6	55.8
1979 ²	143.3	-2.6	177.0	-4.9	320.2	-4.0	55.3

¹Shares of sales through official marketing channels only.

²Provisional

Source: Economic Survey 1980:99.

Table 3.7

Employment and Earnings of Wage-Earners in Formal Sector
and Operating Surpluses of Small Farmers, 1970 and 1979

	1970	1979	1970-1979
			Growth per annum
			Percentage
Numbers in wage employment in formal sector '000's	644.5	972.3	4.7
Total wages K£million	168.5	563.5	14.8
Nominal wages per employee K£	261.4	579.5	9.3
Real wages per employee 1970 = 100	100.0	89.5 ¹	-1.2
Number of small farmers, 000's	1,350 ¹	1,680 ¹	2.5
Operating surpluses K£million	129.0	450.0	14.9
Real incomes ² per farmer 1970 = 100	100.0	119.5	2.0

¹Estimates based on 1974/75 Integrated Rural Survey results.

²Operating surpluses per farmer including produce consumed on farm divided by increase in consumer prices.

Source: Economic Survey 1980:25.

Table 3.8

Smallholder Income and Assets by Province

	Central	Coast	Eastern	Nyanza	Rift Valley	Western	Kenya
Value of							
Assets	11.2	7.4	6.4	4.4	10.3	4.5	6.9
Income	4.2	3.3	3.5	3.9	4.6	2.5	3.7

Sources: Integrated Rural Survey 1974-75.
Integrated Rural Survey 1976-77.

indicators in these regions are well above the national average. In the case of Rift Valley Province, the continued existence of a large farm sector is part of the explanation; average holding size is 3 Ha as compared to a national average of 2.3 Ha. Results in Central Province are more closely related to the rise of cash crop production by small farmers. The role cooperatives have played in this development is discussed in later sections.

Davis (1977), in his study of small farmers in Kenya between 1954 and 1972, found that regional inequalities in income had increased. He reports that since 1960, the gap between wealthy areas and poorer areas --such as the region around Lake Victoria--has grown. Against this background, the farmer that derives the better part of his income from farming alone is increasingly suffering from general decline in the agricultural economy.

Farmers have been increasingly squeezed by poorer terms of trade. In 1979, prices received for produce rose by only 3.7% compared to an increase of 10.2% in prices paid. The latter comprises essential consumer goods purchased by rural households and a variety of agricultural inputs: fertilisers, animal feeds, seeds, fuel, etc. In all, terms of trade have fallen by 4.9% from 1976 to 1979 (Economic Survey 1980:100).

The deterioration in terms of trade has been accompanied by a fall in the output of food products over the last decade (See Table 3.2). There were falls in the output of wheat, sisal and other non-cereal crops and also of livestock products, while the increases in recorded marketed production of maize, cattle for slaughter and dairy products were all well below the rate of population growth (Economic Survey 1980: 29). Only the major cash crops sustained impressive increases in output. The output of tea grew on average by 9.5%, coffee by 2.8% and sugar-cane by 10.3% between 1970 and 1979.

The government recognises that the fall in food production has serious consequences for the economy.

In agriculture there is now more need than ever to raise food production; the current population growth rate and a generally poor performance in food output in the 1970's mean that the right incentives must be given to ensure that the basic staples

are produced in substantially greater quantities (Economic Survey 1980:41).

The current crisis hinges on the situation that developed soon after colonial rule. Once small farmers were allowed to grow cash crops, the peasant economy became dualistic: cash crops, which were produced for sale on the world market were introduced alongside food crops which were grown for consumption by the farmer and his dependents. Soon a point was reached when export production could neither be extended nor sustained without serious damage to the soil fertility or the food supply (Dattoo 1977:72).

Food crops that were low yielding but highly nutritious like millet and maize were replaced by root crops--for example, cassava or sweet potatoes that were of inferior quality but minimised land and labour inputs (Dattoo:74). Under colonial rule, little attempt was made to make up for deficiencies in food supply on the market. Only maize had been considered an important cash crop before export cropping was widely encouraged among peasants. Even in the case of maize, there remain serious deficiencies in its marketing by the Maize and Produce Board and there has been a succession of national shortages (for a full discussion see Heyer et al, eds., 1976:323-327).

With the exception of maize, food crops under colonial rule were never regarded as cash crops. The price differential vis-à-vis export crops was such that it acted as a disincentive to increased food production (Heyer et al:337). The legacy from this period is a marketing system designed to protect the interests of relatively high cost producers by allowing them to exploit domestic consumers and export surpluses at a loss. In the meantime, the national food marketing system has remained high cost and provides inadequate marketing services. Food supplies are unreliable in many areas and frequent shortages are suffered by the poor.

One result is nutrition deficiencies among three groups of smallholders (IADP classification, Ghai et al 1979:31). The first group includes smallholders in the low potential areas, particularly the eastern plateau where the soil is of poor quality, low in moisture and the distance between water points is long. A second group of smallholders

live in high and medium potential areas, where the problem is that holdings are so small that risk-carrying capacity and cash crop income with which to buy inputs are limited. Lastly, there are smallholders who produce cash crops such as tea, coffee and pyrethrum. Their problem arises not from inadequate income but from the fall in their own food production. All three groups are faced with constant or periodic protein energy malnutrition.

3.3.1 The Role of Local Organisations

To improve the general welfare of smallholders, scarce resources must be re-directed away from cash crop production to food production. The government has recognised that local organisations can play a significant role in achieving this. "The critical problem of improving the access of the rural poor to essential social and economic services will in itself entail a substantial increase in the number of rural institutions" (KNDP, 1979-83:75). At Independence, the country inherited a set of institutions that served the small segment of the population involved in the modern economy. In rural areas, the practise benefitted the large-scale farmers. To re-orient the service towards the more populous smallholder sector, government has planned a rapid expansion in institutions that cover various sectors of the economy, including education, health, industry and agriculture (Table 3.9).

One of the most important recent projects concentrates on increased food crop production for domestic consumption instead of export. The IADP was initiated in 1976 for the specific purpose of improving socio-economic conditions of low income smallholders. Emphasis is placed upon decentralised planning and project implementation, strengthening of existing credit, training and marketing institutions that include cooperatives (Ghai et al 1979:113). It is crucial that programmes of this kind are supported by a well-developed infrastructure of local organisation.

3.3.2 The Role of Cooperative Organisations

Out of a plethora of institutions, cooperatives have been thought by government to be particularly important in improving welfare among smallholders:

Table 3.9
Selected Indicators of the Growth and Dispersion
of Government Institutions

Institution, Programme or Office	1978	1983
Integrated Agriculture Development Programme	14 Districts	25 Districts
Co-operative Production Credit Scheme	250 Societies	460 Societies
Rural Afforestation Programme	29 extension offices	40 extension offices
District Land Registration Offices	11	14
District Physical Planning Offices	0	8
District Survey Offices	32	37
Kenya Industrial Estates	4	8
Rural Industrial Development Centres	10	33
District Trade Development Offices	24 Districts	36 Districts
Rural Access Roads Programme	16 Districts	23 Districts
Arid Zone Education Centres	0	13
Primary School Teachers	89,000	104,000
Pre-School Feeding Programmes	7 Districts	12 Districts
Vocational Rehabilitation Centres	18	23
District Libraries	5	15
Mobile Libraries	2	5
Government Health Centres, Sub-Health Centres, and Dispensaries	761 Institutions	806 Institutions

Source: Kenya National Development Plan 1979-83:76.

Cooperatives form a ~~segment~~ of the private sector that has a special role to play in promoting economic development, especially in drawing poverty groups into more productive activities. They have firm roots in African culture and will be relied upon to perform an array of functions. They have performed effectively in providing marketing outlets for farmers' produce and have also served as a means of channeling inputs to farmers (KNDP, 1979-83:31).

The cooperative organisation embraces institutions at national, regional and local levels (See Fig. 3.1) and can serve as a valuable means to link central planning with development in the periphery. Its "... potential in mobilising human and material resources for accelerated development and in serving as a channel for developing resources which the government allocates to the rural centre, is obvious and will continue to be vigorously exploited" (Ministry of Cooperative Development 1979:2).

However in the past, institutions with expressed developmental purposes have been used to link the administrative/political "top" with its counterparts at the "bottom" (Holmquist 1970:202). In 1963, the Kenya African National Union Party (KANU) formed the first Government of Independent Kenya and continues to rule as the de facto sole political party in the country. Government has transferred control away from the party system to the bureaucracy. Institutions then extensively co-opt local leadership, relatively autonomous local government bodies, and voluntary associations, into the process of implementing government policy.

3.4 History of the National Cooperative Movement

At this stage, an overview of the cooperative movement is given. A more substantial description and analysis of cooperatives at the local level is provided in the next chapter.

3.4.1 Pre-Independence

The first cooperatives in Kenya were exclusive to European settlers. Colonial government originally forbid Africans the right to grow cash crops like coffee, tea, sisal and pyrethrum. Early cooperatives, founded and registered under the Companies Act in 1908, were thus formed to extend dairy and other agricultural services to the settlers alone. In 1931, the first law to govern the registration of agricultural cooperative

Fig. 3.1 THE ORGANISATION OF THE COOPERATIVE MOVEMENT IN KENYA, 1980

Sources: Hyden 1973: 18

Hyden 1980: 1

societies was enacted. Africans were excluded as the government feared the strength of politicisation of the native population, once allowed to group in formal bodies like cooperatives.

However, between the late 1930's and the Second World War, the restriction on production of scheduled crops by Africans was relaxed. At the same time, the settlers continued their opposition on the basis that African farmers would produce an inferior quality of crop. In truth, the real fear came from the prospect of competition with African producers if the settlers' monopoly on cash crop production was lost (I.C.A. 1979:20).

Based on recommendations of the Campbell Report (1944), the Cooperative Societies Ordinance of 1945 allowed Africans to participate in commercial agriculture through their own cooperative societies. In fact, farmers were positively encouraged to do so and many of the cooperatives registered in the next five years were the result of government efforts rather than spontaneous initiatives taken by African farmers or businessmen, as had often been the case in neighbouring Tanganyika and Uganda.

Early efforts were made to set up societies among women marketing eggs in Nyanza, but as early as 1950, the register shows that of the 75 societies listed, the majority were in coffee growing areas--principally Kiambu, Kisii and Nyeri. The registrar adopted rigorous standards in assessing early cooperatives and many were liquidated for not being economically viable or for lacking proper management (Hyden 1973:21).

Further impetus to the cooperative movement came from measures introduced after the Mau Mau revolt of 1950. The rebellion was led by the Kikuyus in protest of colonial settlers that had seized large tracts of African land for their own use (Nottingham and Rosberg 1966 give a full account of the rebellion). In an attempt to pacify future unrest, the British government introduced the Swynnerton Plan in the mid 1950's. The Plan was most intensively adopted in Central Province and since the case study is located in this region, a detailed account of its impact on cooperatives awaits the next chapter. At this stage, it is sufficient to note that land registration was required in order to clearly demarcate

smallholdings that were to be the production units for coffee and other cash crops. The Mau Mau Emergency facilitated demarcation by enforcing limitations on the movements of Africans. For example, the policy of "villagisation" restricted peasants to selected villages under regulations similar to concentration camps.

The Swynnerton reforms supplied a foundation for the rapid development of the cooperative movement. In 1947, there were only 10 registered and active societies; by 1975 the number had risen to 285. The growth remained steady throughout the late 1950's to the early 1960's when a very steep rise was recorded. However, societies were liquidated throughout this period for four reasons (after ICA 1979:21). Firstly, a lack of sufficient funds, facilities and qualified personnel in the Department of Cooperative Development caused central directive to seldom be acted upon. Secondly, there was unrealistic enthusiasm by a few department functionaries--even when failures were imminent. A third cause of society liquidation was insufficient education of farmers on cooperative practises, so that they might fully appreciate their value in marketing. Lastly, misappropriation and poor management of societies by managers and committee impaired their economic viability.

3.4.2 Post-Independence

Between 1960 and 1964, there was a surge in the number of cooperatives that were registered (Table 3.10). The expansion took place in three different areas. The first was in the settlement area where the Kenyan government, in collaboration with the British government and the World Bank, was financing the re-settlement of landless people on one million acres in the large scale farming areas. Multi-purpose marketing societies were set up for the benefit of the new settlers. The second area was in the former White Highlands, where a number of cooperatives were organised with the purpose of purchasing European farms. Finally, cooperatives were set up in traditional smallholder sectors--for example, in the production of sugar in Kisumu District and pig and dairy production in parts of Central Province (Hyden 1973:22-23).

Much of the drive behind the expansion of cooperatives came from the government and was politically motivated. Soon after Independence,

Table 3.10
Registration and Liquidation of Cooperative Societies
in Kenya 1932-70

Period	Registrations	Liquidations	Still in register
1932-50	258	183	75
1951-59	511	168	343
1960-64	647	65	582
1965-69	478	29	449
Total	1,894	445	1,499

Source: Statistics Section, Department of Cooperative Development.
Reprinted Hyden 1973:23.

two central papers were published: Sessional Paper No. 10 of 1965 on "African Socialism and its Application to Planning in Kenya" and its objectives contained in the original KANU Manifesto. In both documents and subsequent development plans and strategies, cooperatives were seen as central tools for development. "Cooperatives will increasingly continue to be powerful tools in mobilising the natural, human and financial resources for national development" (Ministry of Cooperative Development 1975:5).

The dramatic expansion that followed Independence reflected a desire by politicians to fulfill government ambitions, often regardless of their economic or social viability. The result was a variety of problems in the day-to-day running of societies. Often the rapid increase in turnover associated with rising output by member farmers outstripped the societies' accounting and financial procedures. In the case of coffee where society turnover rose from ~~£~~ 2.8 million in 1961 to ~~£~~ 5.4 million in 1964, 40% of the industry's 146 societies were reported as not having completed their accounts for the year ending in 1964 (KNDP, 1966-70:198). Added to this, misappropriation of funds by committee members was rife. For example, in the coffee cooperatives, over 50% of proceeds were reckoned to be siphoned off in this way before ever reaching members. Also, the existence of a large number of small mono-crop and mono-purpose cooperative societies, as opposed to societies catering for various commodities, meant that the limited management skills were not centralised.

Government response was to increase the regulatory controls over societies. At no time was there any thought of allowing the movement to naturally die out. Ideas of switching to alternative models or perhaps expanding the national marketing boards were never entertained. "There is only one course of action open to the nation and that is to strengthen the cooperatives to play their role adequately" (KNDP:200). By tightening its reins on cooperatives, government hoped to achieve better results. In 1966, the Cooperative Societies Act amended the old 1945 Act and the Commissioner for Cooperative Development was given further powers of intervention.

The Commissioner, under the new Act, could control financial

transactions by insisting that all cheques written by society management be counter-signed by a Cooperative Officer. Also, the Commissioner could require small mono-crop or single purpose societies to be amalgamated into sufficiently large multi-purpose units (a threshold size was never defined). Where the committee of a society was not performing its duties effectively, the Commissioner was given the power to replace committee members--initially for a period of one year. Further, he can require all producers of certain crops to market through cooperatives. The only condition is that cooperatives in that area or throughout the country can show that their members produce 60% or more of the crop. The ruling persists today and makes membership of a cooperative an automatic requirement to market crops such as coffee and pyrethrum.

A second means by which government sought to increase the powers of control over cooperative societies was by thoroughly integrating them with the state marketing boards. Cooperative marketing was designed to complement not challenge existing structures. In practise, cooperatives often proved subordinate to the marketing boards. For some crops--for example, pyrethrum, cooperative societies collect the smallholder crop but subsequently pass it on to the Pyrethrum Marketing Board (a full description of marketing boards is contained in Heyer et al, eds., 1974:312-363).

Government regulation continues to oversee a system in which the societies themselves have considerable control over their members. Societies can enter into contracts with outside bodies which entails pledging the produce of members as security. They may fine members for disobeying the by-laws of the society or, can contract members to produce and sell through the society a specified quantity of produce (Lamb 1974b:29).

The effect of stringent controls on cooperative practise was to slow expansion after 1965 in favour of consolidating viable cooperatives (see Table 3.10). However, actual liquidation of societies remained much less common than before 1960. During the colonial period, only the most efficient societies were allowed to operate with the result that today, the "better" societies are among those established before

rather than after 1960. The majority of all societies set up in the 1960's are today inactive (Hyden 1973:23).

A total of 1,031 cooperatives were registered between 1960 and 1970 but in the last decade, only another 250 were added to bring the current total number of registered societies to about 1,700 (Hyden 1980:1). The apparent "slow-down" stems not from a fall in the registration of new societies, but is the result of vigorous efforts to clear the registry of insolvent societies. Thus in 1979, a total of 143 new societies were registered, 29 were liquidated and liquidation orders were issued for another 286 cooperatives (Hyden 1980:1).

3.5 Current Distribution of Cooperatives

Popular accounts estimate that cooperatives supply a more comprehensive service to the population than Hyden's 1980 figures would suggest. The Daily Nation (Nairobi, July 5, 1980) recently reported that there were about 2,500 registered cooperatives performing a variety of urban and rural functions. Activities include agricultural marketing, credit provision, housing management and the supply of consumer goods. The total membership was estimated to be a little over 1 million and according to the tradition of extended families, more than 5 million or 30% of the population are calculated to be gaining some benefit from cooperatives.

The greatest proportion of cooperative members reside in rural areas where marketing cooperatives are widespread and have 600,000 members. These cooperatives not only market members' produce, but may provide a number of services to distribute loans and essential inputs like seeds and insecticides to farmers. Assuming a total of 1.5 million smallholdings (IRS, 1974-75 estimate), 40% of the country's small farmer population have access to marketing cooperatives. The cooperatives' share of total production marketed by small farmers was just above 50% (Ministry of Cooperative Development 1979:10). However, Fig. 3.2 and Table 3.11 show that there is a marked regional variation in the distribution of cooperative members, and therefore of farmers having access to services supplied through the various societies."

In general, provinces with incomes below the national average had

Fig. 3.2 DISTRIBUTION OF COOPERATIVE MEMBERS, KENYA, 1975

Total Membership: 450,000

Total Number of Active Cooperatives: 1060

Source : Kenya National Development Plan, 1976, 208

Table 3.11
Concentration of Cooperatives and Members by Province, 1975

Provinces	Cooperatives		Members	
	Number	%	Number	%
Central Province	228	21.5	112,950	25.1
Rift Valley Province	288	27.2	30,600	6.8
Nyanza Province	139	13.1	97,650	21.7
Nairobi Province	134	12.6	51,300	11.4
E and N-Eastern Provinces	106	10.0	82,350	18.3
Coast Province	84	7.9	39,150	8.7
Western Province	82	7.7	36,000	8.0
All Provinces	1,061	100.0	450,000	100.0

Sources: 1. Cooperative Departmental Reports, 1968-72 and National Cooperative Development Plan, 1976-80. Both reprinted in International Cooperative Alliance, Moshi, 1979.
 2. Kenya National Development Plan 1974-78:208.

less than an average number of cooperatives and members. Western Province, for example, only accounted for 7.7% of all cooperatives and 8% of the national membership. The situation is closely related to the major crop in the Province--maize (Hyden 1973:27). Revenues from the crop are so low that the turnover per cooperative member is just Kshs 367 compared to a national average of kshs 773 (Table 3.12). At the other end of the scale, Rift Valley Province had the highest turnover per cooperative member in the country. However, the Province only accounted for 7% of total membership. This reflects the low density of population in the region and the continued marketing of high value commodities. Central Province ranks consistently high in all measures. The Province accounts for a quarter of all cooperative members in the country, has the second highest total number of societies (228) and the third highest turnover per cooperative member (kshs 975). Three factors have contributed to its high ranking: an early introduction to cash crops, a high proportion of "high potential" agricultural land (see Table 4.1) and proximity to the Nairobi market.

It is worth noting that Nairobi itself has about twice the average income turnover for all provinces. Correspondingly, the fastest expanding cooperative sector in the country is the urban savings and credit societies that are involved in building construction, housing and small scale industrial projects. At the end of 1977, there were 400 active societies with a total membership of 200,000 (Ministry of Cooperative Development 1979).

Overall, the distribution of cooperatives and their level of turnover accords to the national income distribution. Central Province, the Rift Valley and Nairobi are the richest regions and those in which the cooperative movement is most highly developed. Economic wealth is related to the major commodity in which the society deals and there are wide variations in turnover per member between different commodities (Table 3.13). In particular, the main coffee-growing areas fare much better than areas dependent upon milk or cotton as their main cash products.

Table 3.12

Turnover per Cooperative Member by Province, 1973

<u>Province</u>	<u>Kshs</u>
Central	975
Coast	666
Eastern	729
N. Eastern	-
Nyanza	407
Rift Valley	1,217
Western	367
Nairobi	2,493
Total average	773

Source: Hyden 1973:26.

Table 3.13

Average Turnover per Cooperative Member
by Commodity Handled, 1978

<u>Commodity</u>	Turnover per member (Kshs)
Coffee	3,514
Sugar	3,044 (1977)
Milk	829
Multiproduce	1,151
Pyrethrum	524
Cotton	773

Source: Hyden 1980:1

3.6 Evaluation of Cooperatives

As in Chapter 2, the theoretical promise of cooperatives, expressed in this section by Kenya's national development plans, has not been matched by performance on the ground. Stories of corruption, inefficiency, mismanagement of farmers' resources, fraud and theft in cooperatives are commonplace in the Kenya media. There are frequent hearings in court of cooperative leaders charged with corruption and the Ministry of Cooperative Development spends most of its time not on development, but on unearthing scandals and correcting them. Two factors combine to aggravate the situation: first, the considerable sum of money in the cooperative movement and second, the opportunity for it to be misdirected by unscrupulous and corrupt leaders.

In April 1980, for example, the Meru Farmers Cooperative Union was the subject of a government inquiry. The Union was found to be kshs 72 million in debt, and management committee and senior union officials were held responsible for depriving farmers (in coffee societies) of over kshs 31 million in underpayments for their produce in 1976/77 and 1977/78. An elaborate system of money transfers within the Cooperative Bank of Kenya and from the Cooperative Bank in Nairobi to the Kenya Commercial Bank, Meru branch, was discovered to be a cover to disguise the loss of vouchers valuing kshs 44 million. Transactions were in flagrant disregard of Union regulations that require the local cooperative officer to countersign any transfers of money. The money was re-directed to a few individuals on the committee who operated an exclusive clique (Nairobi Times, June 29th, 1980).

A number of problems are at the source of this type of malpractice. In the first place, poor management has allowed gross individual misappropriation (see Hyden 1973:93-110). A second problem area is in service provision. Cooperative extension of information, storage and processing services is hampered by societies who to date have concentrated on processing and marketing. Inputs and services are not supplied through a tender system, and officials have been able to award themselves, their relatives or their friends the contract for providing these services at greatly overpriced levels (Ikiara 1980:9).

The situation has not been helped by conditions outside of the co-operative movement. The Havelock Report (1971) called for a re-organisation of the Kenyan Farming Association (KFA) so that all farmers could be supplied with all types of essential agricultural inputs at the lowest possible prices. A critical part of the strategy was to allow membership of the KFA to be made available to cooperative societies and unions (1971:34-35). However, the strategy was never adopted and today the cooperative organisation operates its own extension service independent of the KFA. The economies that might have been made by uniting the two systems were not realised.

A similar dualism exists in the field of credit extension. Access to smallholder credit can be made through the Agricultural Finance Corporation (AFC)--a statutory credit corporation responsible to the Ministry of Agriculture or, through the cooperative organisation. Cooperatives have the advantage that, unlike the AFC, they are highly decentralised and have access to information below the district level. Equally, most cooperatives in rural areas are involved in marketing, and loan repayments can be subtracted from payment to members for crop marketed.

The advantages of cooperative credit services led to the creation of the Cooperative Production Credit Scheme (CPCS) in 1968. A recurring problem of the scheme has been that the only direct supervision is informal and by fellow cooperative society members who have an interest in ensuring the repayment of loans (Trapman 1974:61). When there are delays in paying members, sometimes for many months, and often eventual underpayment, the system for collection of loan repayment through deduction from payouts for marketed produce breaks down.

Doubts about extending credit through local organisations like co-operatives have aroused some critics to propose drastic solutions: "...perhaps the simplest solution would be to abandon altogether short-term credit to smallholders leaving farmers to finance themselves" (Trapman:62). The government takes a very different view in attempting to improve performance through stricter control over societies and management of credit. Hence, the latest national plan envisages a rapid expansion of the CPCS projects so that there will be as many as 460

schemes by 1983 (KNDP, 1979-83:76).

A third area of concern in cooperative business is the exclusive nature of membership. Cooperatives have been criticised for serving a limited group of farmers who own the land to grow cash crops and thus in the first place are relatively well off. Further, by limiting unofficial inter-district trade, cooperatives restrict valuable markets to non-members who wish to market food crops (Heyer et al, eds., 1971:9).

The IRS (1976/77) findings lend weight to these criticisms. The survey showed that ~~small producers~~ do not use cooperatives as their main outlet for food crops but prefer the local market (Casley and Marchant 1979:2-8). Trade remains outside the official network of control and the result is black marketeering, mainly in the inter-regional movement of maize, that can lead to serious shortages and inflated prices for the smallholder.⁴ Equally, cooperatives can result in unnecessary duplication and production and consumption distortions, all of which add substantially to marketing costs (Heyer in Heyer et al, eds., 1976: 320).

The relative efficiency of cooperative marketing tends to depend upon the principal crop marketed. Coffee cooperatives, for example, enjoy a high standard and variety of service provision through district unions. Returns from the industry have also been high due to close association with the Kenya Planters Cooperative Union (KPCU). The Union is able to command high prices on the world market due to the consistently high quality of Kenya coffee. Standards are achieved through sophisticated plant and equipment often funded by international aid agencies.

The Smallholder Coffee Improvement Programme (SCIP), for example, is a five year programme designed to modernise smallholders' production

⁴In an attempt to prevent the smuggling of maize to Uganda, leaders in Bungoma District recently resolved to give farmers' cooperative societies complete monopoly in buying maize harvested in the District this year (The Standard, Nairobi, July 9, 1980). In the light of recent national shortages of maize, partly caused by inadequate regulation and storage, this could be an important initiative in directing production towards domestic food crop needs as well as export crops.

of coffee. The Programme is jointly funded by the Kenyan government and the World Bank. The Bank will contribute \$27 million towards factory construction, rehabilitation, farm input loans including labour, training facilities for both staff and growers, and support services such as equipment, vehicles and buildings, and coffee research facilities at the Coffee Research Foundation (Coffee Board of Kenya, Annual Report, 1979:7).

Large-scale investment has meant the KPCU has been able to give a high rate of payment to members. During 1976/1977, payouts to members amounted to K£109,209,529 which was about 86% of the total value of the season's crop. Payouts were supplemented by an additional K£850,000 from profits ploughed back from past years (Dandapani 1978:205). Cooperatives dealing in crops that are less profitable than coffee, i.e. pyrethrum and cotton, have been unable to provide anything near the level or quality of services that an organisation like the KPCU is capable of.

3.7 Government and Cooperatives

Many of the present difficulties faced by cooperatives are rooted in their design under colonial government. Since Independence, these difficulties have been reinforced by the Kenyan government with the backing of aid agencies. State policy has frustrated and continues to block expression of the "unique" features of cooperatives that distinguish them from any organisation--these relate to socio-economic equalisation, maximising participation and fostering self-reliance.

Government policy hampers the achievement of these goals in three ways. First, the understanding of "efficiency" in organisations defeats the object of socio-economic equalisation through cooperatives. Second, by concentrating on "progressive" farmers, participation in cooperatives is limited. Lastly, government involvement in setting up and regularising cooperative societies has defeated the objective of self-reliance. Each of these policies requires closer examination.

Government has assumed in the first place that economic growth can only be achieved by increases in productivity that will demand more efficient organisations. Policy has shown little appreciation of the fact that increasing efficiency will not lead to an increase in output if there are declining inputs. For example, there may be a fall in coopera-

tive membership if farmers are unable to meet new higher quality standards in production. Efficiency levels may rise under the new regulations but the overall effect will be a fall in productivity.

In addition, no mention is made by government of "effectiveness" as an essential component in expansion. If "efficiency" is understood to refer to the relative costs of running an organisation, then "effectiveness" is the extent to which organisational objectives are fulfilled (Hyden 1980:6). The dependency of the one on the other is obvious. Hence, Western society recognises that "...greater productivity is impossible without offering meaningful incentives to the employees that make them feel an obligation or loyalty to the objectives of their organisation" (Hyden:7).

Measures aimed at greater efficiency in African cooperatives have failed to appreciate that a Western understanding of effectiveness cannot be assumed. Without a long history of exposure to large-scale commercial organisations, Africans have related to familiar social units. An alien organisation like the cooperative has been used by committee men--for example, to direct benefits towards members that are from the same tribal clan or village. The result may be that the introduction of cooperatives leads to increased socio-economic differentiation between regions and individuals and not, as theory would assume, to a more equal society. The level of abstraction that commands loyalty to the larger organisation is absent. If it were there, it might at the least alleviate the most extreme examples of inequity in the community.

At the same time, government until recently has reinforced colonial thinking in assuming social progress was like economic expansion in its dependence upon increasing scales of organisation. The colonial authority saw large-scale organisation as somehow inherently more productive than smaller scale equivalents, especially for production but also for marketing. This can be seen in their initial reluctance to support any form of land reform in the former White Highlands that would lead to the sub-division of large farms that had been run by European settlers (Apthorpe 1971:72). The same theory of optimum scale was applied to cooperative organisations.

Kenyan field administration is organised by "province," "division," "location" and "sub-location" in descending order of size. The cooperative system has emphasized the larger units.

It is Government policy to encourage the formation of district co-operative unions, each union covering a geographical area (which may be the same as or smaller than an administrative district) whose primary societies, all crops being included, have a turnover approaching 500,000 or more... it is the Government's aim to build up unions to the point where it can rely on them to keep the primary societies on a sound footing and generally implement Government policies at the primary level (KNDP, 1966-70:201).

The concept of a large-scale operation closely controlled by central authority concurs with colonial thinking. At that time, the prevailing philosophy of administration was that a necessary consequence of hierarchy and specialisation in large-scale organisation was an orderly arrangement of units into successively larger and more inclusive groupings (Heady 1966:23).

The present situation contradicts the logical division of space if it is taken that the optimum size of a cooperative is that which is capable of maximising member participation. Thus, "provided the operational costs are not unwarranted, the smaller the cooperative the greater the chances of it being effective in the community and the greater its capability in manipulating its environment" (Karanja 1972:133).

In recent years, government has shifted towards a philosophy of this kind. There has been a greater willingness to grant permission for larger unions to be split up into smaller entities in the interest of maximising small farmers' ability to relate to their society (Hyden 1980:8). If a greater sense of commitment among growers to their cooperative is to be achieved, the practise must become widespread.

A second way in which government policy frustrates cooperative goals is in its concentration upon "progressive" farmers. Like other agricultural services, cooperatives have been developed on one theoretical model of economic growth. This assumes that agricultural resources should be directed at progressive farmers who have a higher than average adoption rate in a number of innovations such as, the growing of hybrid corn and use of modern fertilisers (Leonard 1977 gives a full account of the

policy as it applies to agricultural extension practises in Kenya). In theory, progressive farmers would not only be more receptive to innovation but could be a leading sector of society that might be relied upon to spread new methods to the more traditional and poorer groups of the community. Hence, it is argued that the practise is an efficient use of scarce resources. Studies, however, reveal that innovations are often jealously guarded by progressives and are used for personal aggrandisement rather than shared with other farmers (see, for example, Chambers 1974:78-83). By setting production targets which are not linked to distribution measures, the Ministry of Agriculture encourages its extension staff to concentrate their efforts on progressive farmers who will quickly adopt innovations.

Many rural development projects have viewed cooperatives as important participants in the strategy. Concentration on cooperative members has been found to be a simple means of reaching progressive farmers. For example, the Tetu Special Rural Development Project (1972) found a close correlation between cooperative membership and the level of progressiveness of farmers; 91% of the "most" progressive farmers were cooperative members. The group was identified by a number of variables such as ownership of the highest mean acreage of land, production of the largest proportion of cash crops like coffee, tea and pyrethrum and production of hybrid maize (Trapman 1974:80). The theoretical goal of maximising community participation through cooperatives is unlikely to be achieved when services are directed exclusively at those members of a cooperative classed as progressives. Often the group is more interested in consolidating their advantage than sharing benefits with other farmers who may or may not be cooperative members.

The last means by which government policy hinders cooperative performance is through its involvement in cooperative management. Governments have introduced successively more restrictive laws and regulation in order to curb management malpractises. This seriously impairs the chances of cooperatives becoming self-reliant in the sense that societies would be run by their members without external interference beyond the setting of general guidelines of development.

Governments in ldc's are often faced with the dilemma that they are the only body with sufficient resources to generate widespread rural development. Under these conditions, self-reliance is a somewhat abstract concept and governments have taken it upon themselves to generate change. A consequence is that the sense of voluntary commitment and solidarity that might be found in a more self-reliant organisation is sacrificed. Perhaps the best that governments in ldc's can do is to progressively relax controls as societies gain the management expertise required for autonomy.

Kenya has followed a reverse trend of increasing involvement in co-operative business. In theory, the very existence of co-operatives demands some decentralisation of power but the newly independent Kenyan government saw this as a threat to national unity. Instead, co-operatives were used to strengthen centralisation of control by locking the powerful elites of the local community into an internationally dependent situation. The exact nature of the dependency relationship is discussed in Chapter 6.

It is important to note that international aid agencies as much as the Government of Kenya can be blamed for the continuing dependency. Agencies emphasised the need to increase the efficiency of marketing for cash crop exports and no attention was given to the need to strengthen domestic food production. Cautious support was granted to co-operatives provided they were kept subservient to the existing marketing boards. The cooperative's potential to increase self-reliance of a community or act as a social equaliser was not recognised (for an example of the attitude see International Bank for Reconstruction and Development 1963:114-116).

3.8 Conclusion

This chapter has seen theoretical misgivings about co-operatives confirmed in the context of Kenya. The small farmer was identified as a sub-group of the population whose welfare is dependent on unstable international markets for primary commodities. National indicators suggest socio-economic standards for some farmers may have fallen in recent years. Co-operatives market export crops and have not improved the food distribution service to farmers. Further analysis found high regional variation

in the distribution of cooperatives. They were best developed in the richest regions and have had little impact on marginal areas of the country. An evaluation of the movement found it to be faced with problems of mismanagement, poor service extension and over-specialisation. To some extent, problems are beyond the control of cooperative management. However, in the final section, it is shown that government policy, often upheld by aid agencies, has added to external difficulties. The ground has now been prepared to test some of these contentions in a case study.

CHAPTER 4

COOPERATIVES IN THE STUDY AREA: MURANGA DISTRICT, KENYA

4.1 Introduction

In this chapter, the scale of the argument is narrowed to focus on the role of cooperatives at the local level. A brief summary of the resource base of Muranga District is followed by a description of the evolution of the principal land unit--the smallholding. The impact of the national concentration on cash crop production over food production, and its detrimental effect on the welfare of small farmers is now explored at the district level. An historic review of the situation before and after Independence is found useful. Emphasis is on the marketing of food and cash crops by cooperatives and other channels at these times.

4.2 Resource Base

A series of maps have been produced in order to summarise lengthy descriptions of area characteristics that are available in written form (see, for example, Fordham 1973 and Taylor 1967 and 1969). The location of Muranga District in Kenya is shown in Fig. 4.1. Muranga with the districts of Nyeri, Kiambu, Kirinyaga and Nyandarua, are sub-divisions of Central Province. Muranga itself is divided into a further four divisions: Kandara, Kangema, Kiharu and Kigumo.

In all, the District covers an area of about 493,000 Ha of land from a height of 3,900 m in the West to 1,219 m in the East. A number of rivers have dissected the volcanic plateau and formed pronounced ridges running West to East. Three ecological zones can be identified: an upland area above 1,800 m, a middle zone between 1,500 m and 1,800 m and a low-lying area below 1,500 m. Mean annual temperatures vary between 10°C and 16°C and rainfall from 1000 mm to over 2540 mm per year, depending upon altitude. Rainfall and temperature differences, combined with soil conditions, are the most important factors in determining the distribution of crops.

Over 78% of the total land area of the study area is of "high

Fig. 4.1 LOCATION OF MURANGA DISTRICT, KENYA

potential" for agricultural production, compared to an average in Kenya of about 11% (Table 4.1). For this reason, much of the land can be used for cash crop production and in 1979, 760,000 Ha or 31% of the land area was cropped (Annual Report Muranga 1979). The upland area is used predominantly for tea and dairy production, the middle zone specialises in coffee growing and the lower valley in food crops such as maize, sugar cane, potatoes and beans (Fig. 4.2). However, inter-cropping is common place so that the borders of the zones are indistinct. For example, both coffee and tea are grown on the smallholdings at the margin between the middle and upper zones.

The high proportion of fertile land in Muranga has resulted in a denser population than in many other regions of Kenya (Table 4.2). The average density of population in Muranga is 269 people per sq.km as opposed to a national average of 178 per sq.km. The average covers an immense range of densities (see Fig. 4.3). On the best lands on the lower and mid-slopes in the Western part of the District, there are more than 400 people per sq. km. As 96% of the population lives outside of

Muranga Town and still earns much of its income from farming, a high demand on the land as a production unit can be assumed.

Over the last decade, the pressure of people on the limited land resource has increased. In 1969, there were on average 180 people per sq. km and by 1979, 269 people per sq. km. The total population has risen in the last decade by 45% from about 445,000 to 647,000. The trend is consistent with the national population growth rate which at 3.9% p.a. has been estimated as the highest in the world. Muranga is now the fourth most densely populated rural district in Kenya. Significantly, Kiambu, the one district in Central Province that is even more densely populated than Muranga, also specialises in the production of high value arabica coffee by small farmers. The results and implications for the future of the high population density are suggested in a closer analysis of the smallholding, which is the principal source of farmers' livelihood both in Muranga and Kenya as a whole.

4.3 The Smallholding

Land tenure is the key to an understanding of the small farmer in

Table 4.1
Agricultural Potential by Province and District, 1979

	Categories of Agricultural Land ¹ '000 Hectares					
	High Potential	Medium Potential	Low Potential	Total	All Other Land	Total Land Area
Central Province						
i. Muranga)	386	5	24	415	78	493
ii. Kiambu)						
iii. Kirinyaga	98	10	N/A	108	35	143
iv. Nyandarua	265	N/A	5	270	83	353
v. Nyeri	160	N/A	12	172	157	329
Total	909	15	41	965	353	1,318
Coast Province	373	796	5,663	6,832	1,472	8,304
Eastern Province	503	2,189	11,453	14,145	1,431	15,576
Nairobi	16	N/A	38	54	14	68
North-Eastern Province	N/A	N/A	12,690	12,690	N/A	12,690
Nyanza Province	1,218	34	N/A	1,252	N/A	1,252
Rift Valley Province	3,025	123	12,220	15,368	1,515	16,883
Western Province	741	N/A	N/A	741	82	823
Total	6,785	3,157	42,105	52,047	4,867	56,914

¹The three categories are defined as follows:

High potential: annual rainfall of 857.5 mm or more (over 980 mm in Coast Province)

Medium potential: annual rainfall of 735 mm-857.5 mm. (735 mm-980 mm in Coast Province)

Low potential: annual rainfall of 612.5 mm or less.

²N/A: not available.

Source: Statistical Abstract 1979:101.

Fig. 4.2 AGRICULTURAL RESOURCES AND INDUSTRIES IN MURANGA 1980

Table 4.2
Land Area and Population Density by Province and District, 1969

	Number '000	Land Area sq. km.	Density ¹
Nairobi	509	684	745
Coast Province	944	83,041	11
North Eastern Province	246	126,902	2
Eastern Province	1,907	154,540	12
Rift Valley Province	2,210	170,162	13
Nyanza Province	2,122	12,525	169
Western Province	1,328	8,223	162
Central Province			
i. Nyeri	361 (487)	3,284	110 (148)
ii. Muranga	445 (647)	2,476	180 (269)
iii. Kirinyaga	217 (295)	1,437	151 (205)
iv. Kiambu	476 (686)	2,448	194 (280)
v. Nyandarua	177 (233)	3,528	50 (66)
	<hr/> 1,676 (2,348)	<hr/> 13,173	<hr/> 127 (178)
	<hr/> 10,942	<hr/> 569,250	<hr/> 19

¹Persons per square kilometre.

²Where figures for 1979 were available they are given in brackets.

Sources: Statistical Abstract 1979.

Unpublished National Census results 1979.

Fig. 4.3 POPULATION DENSITY IN MURANGA 1979

Muranga. It is the most important feature in shaping the social, political, religious and economic life of the Kikuyu (Kenyatta 1965:22). Although the tribe defended collectively the boundary of their territory, there was no tribal or communal ownership and, according to custom, each family unit had an individual land right (Kenyatta:23). Colonial misconception over this matter provided an early justification for putting land ownership under the British government. The land was held to be unoccupied and settlers were given free rein to stake their own claims. In fact, it comprised valuable pasture land for the Kikuyu and had recognised borders of ownership (Kenyatta:37).

Between 1910 and 1950, at least 100,000 acres of land in Southern Kikuyu were alienated to European settlers and separate areas designated as Kikuyu reserves (Taylor 1973:119). Muranga District, formerly Fort Hall, was part of one such reserve. Throughout the Kikuyu plateau, which includes the districts of Muranga, Nyeri and Kiambu, colonial rule led to improvements in health, a cessation of tribal warfare and food importation during famines. As a result, there was a rapid growth in population from 451,000 people in 1902 to over 1,000,000 in 1948. Land shortage combined with overuse led to widespread soil erosion and intensified problems of fragmentation of landholdings, created by a land inheritance system that divided ownership amongst all male heirs in a family (Taylor:119).

From 1952 to 1960, the aforementioned Mau Mau Emergency was declared by the British faced with violent opposition to their rule by the Kikuyus. During and subsequent to the Emergency, a new type of Kikuyu agriculture was designed under the Swynnerton Plan. The aims were to eliminate the problems of land fragmentation, soil erosion and undue pressure of population on the land. The Plan, although formulated in 1950 for application throughout Kenya, was not introduced until 1954 and then was only applied to Kikuyuland.

Eight methods of land reform were envisaged: the consolidation of land fragments; security of land tenure; technical assistance to develop land along sound lines; the introduction of highly priced cash crops; ready access to water; the introduction of marketing facilities, prefer-

ably of a cooperative nature; access to sources of agricultural credit large enough and flexible enough to meet the needs of a large number of small farmers; and application of agricultural innovations through education (Swynnerton 1954:6). Land consolidation was to be the basis for the above reforms as economies could not be maximised under the existing system of multiple fragmentation of holdings. Consolidation was largely completed by 1965.

Today, the imprint of the Swynnerton reforms is clearly shown by the multitude of small farms, which average about 2.5 Ha in size and cover a total land area of 1,506 km² or about 60% of the District area. Unfortunately, there are no comprehensive surveys of the small farmer population in Muranga itself. The IRS survey (1974/75) provided results at the provincial level so that in the case of this study, the best statistics available are for Central Province. These can be supplemented by statistics from Kimani and Taylor's (1972/3) survey of farms in the District which provide a measure of crop distribution among farmers (Table 4.3).

4.4 The Welfare of the Small Farmer

The relative standing of Central Province small farmers in measures of income and assets can be seen in Table 3.8 and has been summarised in Table 4.4 of this chapter. In many measures of standard of living such as value of assets, income and proportion of cash crops grown throughout Kenya, Central Province is one of the nation's leading regions. Over the last decade, Muranga itself, has improved its income rating as compared to other districts. In 1960/61, it was in eleventh position with a per capita gross farm revenue of kshs 17.9; the national average was then kshs 27.1. By 1969/70, Muranga had risen to fifth position with a per capita revenue of kshs 92.5--the national average had risen to kshs 56.3 (Davis 1977:32-58).

However, comparison at the district level may be misleading as it does not take into account the distribution of income within the district. For example, Kimani and Taylor (1973) found from their survey of 5,142 farms in Muranga that some farmers had done extremely well from the national emphasis on developing a cash crop export base, but a much larger

Table 4.3
Distribution of Crops Among Small Farmers, Muranga, 1972

Crop	% Farmers Growing Crops	Average Acreage per crop ¹	Average Income per crop (kshs)
Coffee	56.8	1.3	989
Tea	18.4	1.7	1,057
Sisal	0.1	1.1	650
Wattle	16.4	2.6	497
Maize and Beans	98.4	1.6	332
Pineapples	0.7	0.8	338
Other Fruits and Veg's.	59.8	0.8	321
Other crops	2.6	1.1	288

¹ Average total farm size was 5.9 acres. Of this 3.1 acres on average were under cultivation. The remainder comprised of rough grazing land or built-up areas.

Source: Calculated from computer coded farm data collected under supervision of Kimani and Taylor 1973.

Table 4.4
Summary Profile of Smallholders by Province

Mean per Holding	Unit	P R O V I N C E						
		Central	Coast	East- ern	Nyanza	Valley	West- ern	Kenya
Household Size	Nos.	7.0	8.0	6.7	6.6	7.5	7.4	7.0
Holding Size	Has.	2.7	2.4	2.2	1.9	3.0	2.5	2.3
Value of Assets	'000'Khs	11.2	7.4	6.4	4.4	10.3	4.5	6.9
Income	'000'Khs.	4.2	3.3	3.5	3.9	4.6	2.5	3.7
Consumption.								
a)Purchased	'000'Kshs.	2.9	2.5	2.4	1.5	1.7	1.9	2.2
b)Home Prod- uced	'000'Kshs	1.5	0.7	1.7	1.7	1.0	0.9	1.3
Production per Holding Growing:								
a)Local Maize	Kgs.	540	420	470	1,730	480	160	750
b)Hybrid Maize	Kgs.	250	280	50	630	1,970	1,280	740
c)Beans	Kgs.	120	50	250	100	40	80	140
Livestock per Holding with Stock:								
Cattle	Nos.	4.2	6.0	6.0	6.4	16.6	5.3	7.5
Sheep	Nos.	5.0	6.0	6.0	3.7	14.4	3.0	7.3
Goats	Nos.	7.0	7.9	7.9	3.7	24.8	4.4	12.4

Sources: Integrated Rural Survey 1974-75.
 Integrated Rural Survey 1976-77.

number had suffered. Over 25% of farms reported no cash income and a further 32% were in the lowest income category (Obudho and Taylor 1979: 19).

As well as giving no idea of distribution of income, gross income figures fail to take into account important indicators of the quality of life, such as standards of nutrition. An early effect of the colonial government's introduction of cash crops to the District was a deterioration in smallholders' standards of nutrition as traditional systems of food production were displaced (Taylor 1973). In the pre-colonial era, the traditional diet was mainly a vegetable one with an emphasis upon millet, bananas, sweet potatoes and beans. This was supplemented by sugar cane, yams, cow and pigeon peas, milk from cows and, on special occasions, goat meat (Taylor:118). Under colonial rule, traditional crops were replaced by food crops which were high yielding but less nutritious. For example, yellow maize and millet were replaced by white maize and traditional beans by haricots. A reduction in the amount of meat in the diet was not adequately made up for by new European vegetables like English and Irish potatoes. Hence, the new diet was deficient in both calcium and protein.

Ever since the Swynnerton Plan, the preference has been for cash crop production over subsistent farming. Despite the acute land shortage, the proportion of land under cash crops has increased in recent years. The effect of this on nutrition is not absolutely clear. However, World Health Organisation studies in Central Province in the early 1960's found serious deficiencies of calcium, vitamin A and animal protein in the diet (cited by Taylor 1973:31). A lack of iodine had led to widespread goitre among the Kikuyu. It was apparent that increased cash income from sale of export crops had not been used to improve diets. In 1973 Taylor noted that "...the marketing structure of Kikuyuland is totally geared to the export of agricultural produce which makes imports to meet domestic needs difficult [and].... A better balance between food crops and cash crops must be established" (121).

The orientation towards the export market continues to exist. It has led to the ironic situation whereby a region that has a high propor-

tion of fertile land spends large amounts of income on basic foodstuffs. The IRS found that in total, Central Province spent Kshs 1,600 per household per annum, a large part of which consisted of purchases of staples such as meat, milk, cooking fat and maize (Table 4.5). Environmental conditions would permit all of these commodities to be locally produced on the smallholding in sufficient quantities to reduce expenditure on food crops. The cash crop bias is probably caused by smallholders who in the wake of an international boom in coffee and tea prices, concentrated on cash crop production in the hope that a large cash surplus would allow the purchase of any foodstuffs required (Casley and Marchant 1979:35). The choice involves some risk and it is speculated that some farmers will have suffered a decline in nutrition standards.

At a national level, the IADP has identified a group that most closely resembles the Muranga small farmer. The group is defined as including smallholders that are cash crop producers with a household income around K£125 (at 1975 prices). Low earnings that are poorly distributed throughout the year are likely to result in periodic protein energy malnutrition among smallholders (Ghai et al 1979:32).

Muranga is dependent upon cash crops for much of its income and over the last decade this has caused the area planted with some food crops, for example, maize and beans, to have declined (Table 4.6). At the same time, the use of better crop strains, insecticides and more intensive planting may have ensured that the output of the main food crops has not fallen over the decade. Without knowing the level of accuracy of early recordings it is difficult to be certain. In contrast to food crops, the area under selected cash crops and the quantity and value of these crops have increased by almost ten times over the decade (Table 4.6). In the case of coffee and tea, areas have increased by as much as two and a half times and four times, respectively. The preference for growing coffee and tea as opposed to food crops can be easily explained by looking at their relative value. In 1973, results from Kimani and Taylor's survey show that the average income from coffee and tea was about three times that of maize, beans, fruits and vegetables.

A glance at farmers' income changes in recent years (Table 4.7)

Table 4.5
Mean Value per Household of Purchased Food Items by Item and Province

Item	P R O V I N C E						
	Central	Coast	Eastern	Nyanza	Rift Valley	Western	All-Provinces
Beef	205	74	95	191	208	287	163
Other Meat & Poultry	32	34	60	46	31	16	42
Fish	-	100	1	81	2	147	42
Eggs	8	9	7	5	4	4	6 *
Milk (Fresh)	100	31	72	30	73	77	64
Other Dairy Products	18	7	21	8	7	7	13
Cooking Fat (Hydrogenous)	240	57	118	91	110	87	118
Other Oils	8	5	4	6	3	4	5
Sugar	278	119	144	133	207	245	177
Other Sweets	1	1	1	1	2	-	1
Bread, Cakes etc.	44	36	20	20	22	49	28
Flour	93	47	48	6	22	10	38
Maize	259	229	178	111	105	199	172
Other Grains	70	34	31	26	15	27	32
Pulses	91	43	66	19	20	12	45
English Potatoes	74	7	25	2	16	1	22
Other Roots	3	28	3	8	3	19	8
Other Fruit & Vegetables	76	89	54	63	69	69	66
Total	1,600	950	948	846	919	1,259	1,042

Source: Integrated Rural Survey 1977-78.

Table 4.6
Area, Quantity and Value of Major Crops Grown In Muranga,
1968/69 and 1978/79

Name of Crop	Area (Ha)		Quantity (Tonnes)		Value (Kf)	
	1968/69	1978/79	1968/69	1978/79	1968/69	1978/79
Traditional Food Crops						
Bananas	167	4,646	375	40,050	6,203 ¹	3,136,266
Beans	21,250	12,196	722	4,638	2,873 ¹	849,774
Cabbages	N/A	582	N/A	11,640	N/A	369,625
Cow peas	N/A	105	N/A	28	N/A	4,253
English Potatoes	N/A	3,086	19	12,035	187	827,406
Maize ²	36,528	23,690	N/A	39,024	11,361	1,842,792
Pigeon Peas	N/A	535	N/A	385	N/A	51,360
Sweet Potatoes	N/A	6,185	80	2,954	1,225 ³	110,786
Tomatoes	N/A	228	N/A	1,279	N/A	111,110
Export Cash Crops						
Coffee (clean and Mbuni)	7,604	19,629	4,584	7,633	1,575,673 ³	10,545,062
Cotton	2,224	1,389	48	138	1,805	18,620
Pineapples	794	3,607	430	144,020	2,672	5,705,340
Sisal	Not grown	8,075		2,157	253,105 ¹	502,703
Tea leaf	2,200	8,224	1,333	25,814	58,761	2,688,766
Tobacco	68	155	13	102	2,899	53,640
Wattle	100,000	6,319	7,925	5,561	46,040	107,754

¹In these cases the crop value is for 1971.

²Maize is the primary staple foodstuff of Muranga. In 1968 there was about 36,528 Ha of planted maize, of this 35,870 was katumani and local maize and the remainder, 1,208 Ha was hybrid maize. By 1978 the situation had reversed so that hybrid maize now made up the larger portion (19,429 Ha) of all maize and the less productive local maizes accounted for only 10,610 Ha.

³This figure is an estimate from payouts to coffee societies in 1969/70.

⁴N/A: not available.

Sources: Ministry of Agriculture, Annual Reports Muranga, 1969 and 1979.

Table 4.7
Characteristics of Small Farmer Income Groups, Muranga, 1972

Income Status	Number and % of Farmers	Cash Crop Acreage	Income from Cash Crops (kshs)	T. Farm Acreage	% Total Farm Under Cash Crops
Improved	2,404 (46.8%)	3.4	1,069	7.0	48.6
Declined	1,652 (32.2%)	2.6	518	4.6	56.7
About Same	913 (17.8%)	2.5	325	4.0	62.5
Don't know	165 (3.2%)	1.8	132	2.5	72.0

Source: Calculated from computer coded farm data (Kimani and Taylor: 1973).

makes the distinction all the more clear. The group of farmers that thought their income had improved (about 47% of all farmers) had a higher cash crop acreage than their peers whose income had declined or remained constant. Significantly, their farms were also larger than average. About half of their farm was used to grow cash crops. Those farmers who reported a fall in income had planted nearer to 60% of their farm with cash crops. This infers that the proportion of cash crops over food crops increases as the land unit gets smaller. Farmers with little land hope to make high income returns on cash crops by maximising the area of land under cash crops and minimising the proportion reserved for food crops. The risk is that in times of food shortage caused by poor harvest or marketing inefficiency, those same farmers cannot resort to food reserves gathered from their own holding(s). The critical period is likely to be the first few months after harvest when there may be no maize or beans in the local markets, as farmers who grow these crops will consume their own production.

4.5 History of Cooperative Marketing

4.5.1 Pre-Independence

The growth of the cooperative movement in Muranga closely followed that of all of Central Province and thus can be said to have been at the forefront of the national movement. Like the rest of the country, it was not until the Cooperative Societies Ordinance of 1946 that opportunities were given to Africans to form their own cooperative societies. Throughout the Kikuyu reserve, the colonial government enforced restrictions on marketing and the African's contribution to the rural economy was minimised more through coercion than by an unwillingness to trade. In 1918, the District Officer of Fort Hall noted that the Kikuyu was "...ready, almost too ready, to sell his products" and in an attempt to cut out the Asian middleman had often established his own shop (History of Fort Hall:27). The new businesses, however, were isolated and unable to join in formal cooperative organisations that might have benefitted trade in the same way that cooperatives had for the white settlers. Any attempt at formal organisation along European lines was prohibited and

seen as a potential threat to the colonial power. The economic rationale for this was a need to ensure a regular supply of labour for European farms (Leys 1974:64).

Restrictions over the matter of cooperatives was just one of the obstacles faced by Africans wishing to improve their incomes through local trading. In general, businesses were frustrated by a shortage of capital so that stock holding and turnover were low and goods had to be bought wholesale, often at retail prices, from Indians who in their own interest limited the native to small profits.¹ A further constraint was the imposing of restrictions by local government upon the export of food-stuffs from the District. The directive was thought necessary due to famine caused by crop loss through locust infestation. In any case, transport of goods over any distance was often handicapped by an acute shortage of livestock in the District due to rinderpest (History of Fort Hall:17 and 52).

As an alternative to African participation in marketing, local government encouraged "patron-client" relationships in which white agents acted as patrons to African growers. In 1931, for example, a Native Producers' Cooperative Society was formed by a white agent to sell large quantities of wattle bark and maize for natives at "greatly improved prices" (History of Fort Hall:52). However, the venture was abandoned in the same year due to disagreement among members and to difficulties in administering an agency system designed to service a large number of smallholders widely scattered over the District. The society was overtaken by a private company, Gibson and Co. who bought native produce directly from the four Local Native Council godowns. An agreement was reached between the company and foreign merchants to improve the quality of wattle bark by building drying sheds; a premium was then to be paid by buyers on bark dried in these sheds (History of Fort Hall:55). The

¹The subordination of the African to the Asian trader was based on a dependency relationship. The native is reported to have been reluctant to name an Indian that charged prices above the government controlled level for fear that the Indian might withdraw credit services; and, it was common knowledge that the "...Kikuyu loves to 'get things on tick'" (History of Fort Hall, quoted from Annual Report, Fort Hall 1942:4).

wattle supplied tanning factories in nearby Thika town. Not only were the terms of trade weighted in favour of the company but the encouragement of wattle production was short-sighted as it seriously depletes the soil over its seven year cycle.

The cooperative movement has ensured the continued existence, although in a somewhat different form, of the patron-client relationships found in marketing. Since Independence, there has been an Africanisation of the marketing system, but the new national government, through cooperatives and marketing boards, has kept a firm control on marketing services. Implicitly, it has allowed patron-client relationships to develop within the organisations. A theoretical model of the process is produced in Chapter 6 but to appreciate its local dynamics, an analysis of the situation in Muranga as it has evolved over the last 50 years, is now detailed.

Between the late 1930's and the Second World War, the government increasingly permitted Africans to grow scheduled crops. However, early attempts to introduce cooperatives in the Kikuyu reserves were not welcomed. Cooperative extension workers were suspected to be colonial government informers intending to deprive Africans of their land and property (Karanja 1974:62). Also, the first registrar for cooperatives had left a bad reputation in Muranga where he had served as a District Commissioner when people were ordered to dig beach terraces to control soil erosion in the early 1940's. General discontent among Kikuyus over their exclusion from cash crop production, the colonial expropriation of their territory and their herding into reserves erupted into violence in the Mau Mau revolution of 1950.

Accounts of the cooperatives' role soon after the declaration of the Emergency are understandably sketchy. It does, however, appear that from the beginning, societies were formed for pragmatic reasons and not as centres of "grass roots" opposition. They became associated with the authorities as society members were known to have assisted the colonial administration in identifying suspect rebels and were therefore known as "Loyalists." In the absence of "freedom fighters" who directed their opposition from forest hideouts, the Loyalists appropriated the best lands. After the Emergency, they were able to retain the "stolen lands"

as the Swynnerton reforms recognised them as "sitting tenants."

In the post-Emergency era, it was the ex-Loyalists that had the land to grow cash crops and could benefit from an organised marketing system. For example, when coffee was introduced as a cash crop in the early 1950's, ~~only the Loyalists were allowed~~ to grow it. In many cases "... senior Loyalists such as chiefs and headmen were able to get free seedlings, free labour and free manure, and as the returns from the coffee were high these people received a lot of income" (Ig'ang'a 1977:372).

4.5.2 Swynnerton Plan

The real impetus to cooperative development came from policies implemented in the mid 1950's under the Swynnerton Plan. The Plan conceived marketing cooperatives as an integral part of a rural reform strategy that would include consolidation of fragmented land holdings and the extension of credit and agricultural services to the farmer. Cooperative societies were envisaged as vital to the efficient marketing of coffee and other cash crops grown on the newly demarcated smallholdings. Cooperatives would be linked to new production units created by land consolidation and registered under freehold title.

The question of credit provision under-pinned much of the Plan's design and illustrates how cooperatives served to reinforce socio-economic inequalities among small farmers. In the first place, both freehold tenure and cooperatives were promoted on the presumption that the smallholder would need credit. "If the African was to be fitted into the same general pattern as European farming, without disturbing protected, high price markets, the provision of credit was a prerequisite" (Leys 1974:68). That the result might be a capital-intensive form of agriculture as practised by the settlers and hardly suitable to small farmers that relied upon the intensive application of their labour to the land, passed unheeded by the colonial government.

In practice, commercial banks determined the method of credit extension. Banks were unfitted in their intention to extend credit only to those small farmers with the security of a land title.² Their thinking

²It appears that the directive was based on the quite alien experience

was based upon European models of credit extension and was shared by the colonial government. The attitude has been neatly summarised by Sorrenson.

...agricultural credit could hardly be issued to individuals if the title to land was to be vested in some vague entity called the kinship group, the community, or the tribe. Yet the issue of agricultural credit was essential if farming was to be adequately capitalised and improved (1967:60-61).

Cooperative societies were then developed as complements to the perceived "credit problem." Marketing cooperatives were preferred as a system of individual tenure could be assumed. Cooperatives could just market the crop and provide various services to its members. In this way, the marketing cooperative could embrace growers with varying amounts of land. The only condition for membership in a cooperative society was the desire to use efficient channels to market any quantity of the crop in question. The cooperative method was basically supportive of an unequal land ownership system.

With regard to credit provision, it is clear that one theoretical benefit of cooperatives remained untapped, that is the opportunity to use the crop marketed through the cooperative as collateral for loans. If this potential had been grasped from the beginning, it would not have been necessary to make individual freehold title a pre-condition for credit extension. Alternative systems of land tenure could then have been entertained.

Although the Committee on Agricultural Credit for Africans did foresee cooperative societies as major recipients of loans, the practical implication of much of the report was clearly that individual farmers would be the beneficiaries. The societies would not attempt any redistribution of incomes and loans were to be used to stimulate better farming practices with higher management standards (Leys 1974:68). This policy reinforced the expressed intention of the Swynnerton Plan to create landed

of development projects for Kenyan pastoralists. The consensus of opinion, however, was complete with international aid agencies from the U.S., Sweden, and West Germany united in their refusal to grant credit to farmers without individual tenure (Leys 1974:71).

and landless classes by enabling energetic or rich Africans to acquire more land from poor farmers. Members of the landed class would be able to employ about five workers and thus solve the problem which would be brought about by the influx of the detainees once they were released (Sorrenson 1967:80). Marketing cooperatives would serve as exclusive organisations of a landed class with sufficient land of high quality to grow cash crops. In short, the cooperative was an essential feature of a plan which aimed, through freehold tenure, to commercialise African agriculture along European lines (Clayton 1964:111).

What, if any, were the alternatives to marketing cooperatives? In circumstances which favoured an individual tenure system, they remained hypothetical. Ideas of "group farms" were entertained on the basis that the possibility of political unrest resulting from landlessness could be avoided (Sorrenson 1967:70). However, the idea enjoyed little support from senior officials in Nairobi, who feared that collective ownership of land would have perpetuated the dualistic system whereby economic development of the native reserves was divorced from development of the European regions. Further, administration of the scheme would have been unpopular among natives as the emerging leaders in the reserves were the same individuals that were acquiring individual landholdings (Leys 1974:66).

4.5.3 Post-Independence

To understand the importance of the early post-Independence years in the development of cooperatives in Muranga, the growth of the movement throughout Central Province is worth reviewing. Along with Muranga, the other districts of Central Province shared in the rapid expansion of cooperative societies after Independence (Table 4.8). Throughout Central Province the cash crop economy developed rapidly. There was an associated growth of cooperatives and, between 1932 and 1969, the greatest number (493) and proportion (26%) of cooperative societies in Kenya were registered in Central Province. The majority were created just after Independence in 1964.

Many of the new societies in Central Province were never economically viable and eventually were liquidated (Hyden 1973:22-23). Between

Table 4.8
Registered, Liquidated and Active Cooperative Societies
by District, 1932-1969

District	Number of registered societies	Number of liquidated societies	Number of societies in register	Number of active societies ¹	Number of budgets received ²
Central Province					
i. Muranga	83	19	64	31	19
ii. Kiambu	190	68	122	34	32
iii. Kirinyaga	25	0	25	15	10
iv. Nyandarua	49	1	48	36	32
v. Nyeri	135	26	109	40	34
vi. Thika	11	1	10	10	0
Total	493	115	378	166	127
Coast Prov.	115	23	92	53	15
Eastern Prov.	234	63	171	95	74
N. Eastern Prov.	2	1	1	1	0
Nyanza Prov.	321	100	221	122	95
Rift Valley Prov.	342	42	300	227	149
Western Prov.	230	66	164	52	34
Nairobi	152	133	119	60	15
All Provinces	1,889	443	1,446	876	509

¹ The term "active" refers to a society that has been involved in some business transactions over the last two years.

² Accounts of "budgets received" is a further measure of a society's business activity.

Source: Hyden 1973:24-25.

1932 and 1969 only about three quarters of registered societies were actually recorded in the registry. Of these, less than half were "active" inasmuch as they were involved in business transactions in the two years following registration. Only a third of the societies in the register were efficient to the extent that an annual budget was filed. Even accounting for this, Central Province had the largest cooperative membership in 1975 (Fig. 3.2), contained about a fifth of all active societies and filed over a quarter of all budgets received between 1932 and 1969 (Table 4.8). Muranga itself accounted for just under 5% of all registered societies and about 20% of all active societies.

From Independence, the Muranga Farmers Cooperative Union (MFCU) has acted as the secondary umbrella organisation for the various primary societies. A brief summary of Union activities provides an overview to the cooperatives' development in the District (see Table 4.9). The Union was registered in August 1960 and later in 1968 changed its registration to a District Cooperative Union. Today, there are sixteen coffee cooperative societies, two dairy societies, one cotton society and one pyrethrum society registered under the Union. Of these, only the coffee societies and one dairy society can be termed "active." The other dairy society, a pyrethrum society, two cotton societies and a pig breeders' society can be termed "semi-active" or "dormant." In other words, if there was an improvement in the market demand for the products, the societies might once again become solvent.

Since 1969, the gap between the number of registered societies and active societies in Muranga has closed (Table 4.10). Whereas in 1969, only about half the registered societies were in fact active, ten years later in 1979, over 85% of the societies were active. The trend reflects the national move over the last decade toward a more conservative policy, that has concentrated upon consolidation of the more economically viable societies. In the context of Muranga, this has been tantamount to a concentration on those societies dealing in the most valuable product--coffee.

Societies involved in the marketing of traditional cash crops like wattle, sisal and sugar cane have altogether died out. For example, the

Table 4.9

Cooperatives in Muranga:
Membership, Activity, Turnover, and Number of Factories, 1980

Societies (No.)	Membership	Main Activities	Turnover (Kshs)	No. Factories/ Processing Centres
16	67,824	Coffee	210,901,246	93
1	2,518	Milk	1,024,882	1
17	70,342		211,926,128	94

Source: Handout to the Nordic Advisers on the occasion of their visit to Muranga Farmers District Cooperative Union Ltd., on 16th June, 1980.

Table 4.10
Comparison of Registered to Active Cooperatives,
Muranga, 1969 and 1979

Activity	1969		1979	
	Number of Registered Societies	Number of Active Societies	Number of Registered Societies	Number of Active Societies
Coffee	16	16	16	16
Cotton	1	1	1	
Dairy	3	2	2	1
Fruits and vegetables	4	1		
Pyrethrum	2	2	1	
Farm Purchase/Trading	18	1		
Pig	5	1		
Consumer	3	3		
Savings and credit	6	3		
Eggs, Poultry	1	0		
Other Animals	1	0		
Multi-produce	1	0		
	<hr/> 61	<hr/> 30	<hr/> 20	<hr/> 17

Sources: Hyden 1973:24-25.

Ministry of Agriculture, Annual Report Muranga 1979 (under preparation).

production of wattle in the area has been steadily declining as a result of the tendency to replace wattle by more profitable cash crops, in particular tea. (Annual Report, Muranga 1978:23). Another traditional source of income--sugar cane, was only planted on 237 Ha of land in 1978. The crop is often used to brew liquor but faces an unlikely future with the recent campaign to close most of the local liquor or, "karubu" bars (Annual Report, Muranga 1978:31).

Societies involved in marketing cotton and pyrethrum only carry on the occasional business transaction. As a result of management inefficiencies and the fall in world demand, the crops are seldom grown by small farmers. In 1978, cotton was grown on 1,400 Ha of land in the lower, drier areas of the District: Maragua Ridge, Makuyu, Ithaga, Kama-huha, Mirira, Maranjua and Gaturi (Annual Report, Muranga 1978:32). The situation in Maragua Ridge is typical of cotton production in the region. The crop is handled by a multi-purpose settlement cooperative society which also markets a small quantity of sunflowers. Farmers grow cotton on a haphazard basis, planting the crop in years when the international demand and payment is high and then clearing the land and re-planting with another crop during periods of low payment. The society is not a member of the MFCU and sells directly to the Cotton Lint and Seed Marketing Board. Farmers desire to turn their land over to coffee, which is a higher paying crop, once grown by white settlers and now seen growing wild in some areas. The transition, however, is frustrated by outstanding debts and the lack of a suitable irrigation or road service.

Pyrethrum, once extensively grown on the upper slopes, has now almost completely died out. Whereas in 1977, 100 Ha were given over to the crop, by 1979 the crop was only grown on 30 Ha of land (Annual Report, Muranga, 1977 and 1980). Two factors account for the rapid decline. Firstly, the low quantity of pyrethrum marketed by rail to Nakuru means that payments are delayed and irregular. Secondly, tea has replaced pyrethrum as it can command a higher market price and grows in the same environment.

A number of societies that market dairy products were set up in the District over the last decade. They were Kiriti, Gika, Gatanga, Kariara,

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OF / DE

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Ruehu, Muruka and Kinyoma societies and one society that was affiliated to Irera coffee cooperative society.. It is generally accepted that dairy societies could play an important role in the development of smallholders.

The smallholder dairy enterprise is an important supplementary enterprise--to the extent that it contributes to farm income without curtailing productive activities; complementary enterprise--to the extent that it uses by-products coming from the production of crops; and also a major enterprise in its own right helping generate regular and frequent income and employment. Smallholder dairy farming can and often is integrated with cropping in order to utilise by-products, and assist in some form of fertility maintenance rotation and to make use of non-arable areas. Lastly the dairy enterprise contributes significantly towards improved nutrition. Milk consumed on the farms provides a regular source of protein (Ruigu 1976:3).

Regretfully, Muranga dairy societies, for the most part, have been short-lived and characterised by inter-related problems. Consistently the collection service has been irregular due to vehicle breakdown or impassable roads in the wet seasons. Hence, it is common for the quality of milk to deteriorate before it reaches central cooling plants and for a high proportion of milk to be rejected by the central marketing board, the Kenya Cooperative Creameries (KCC). Payouts to members, therefore, have been rather low (see Table 4.11), and farmers tend to only use the cooperatives as an income supplement when there is a surplus of milk over local requirements.

Wherever possible, sales to local outlets such as schools, hotels and the Muranga District Hospital are preferred. They all give a higher and more prompt payout than the KCC. Taylor (1973:121) expresses concern for the role that cooperatives might play in encouraging the export of milk from an area where there is a "desperate" need for more milk in the diet. To date, however, cooperatives have not been widely used by local milk producers so that they remain marginally affected by export marketing. This contrasts with the situation in neighbouring Kiambu where the Cooperative Union includes a number of well-developed dairy societies. In the future the same may be true for Muranga Union. Already an expansion of dairy societies is envisaged and milk production increased steeply last year to 676,235 kg. Almost 80% of this was sold locally but in absolute terms, sales to the KCC almost tripled (See

Table 4.11). If the trend to increasingly sell to the KCC continues, it is conceivable that the District might be in the situation of satisfying external demand for milk and milk products before supplying local consumers.

The prognosis assumes that persistent problems of inefficiency and corruption in the societies' management are solved. As early as 1972, an official inquiry led to the management of Kiriti Dairy Society being handed over to a commission and the District Commissioner was appointed chairman. Farmers remained sceptical that "...soon or later the dairy management would slacken back to its former chaotic state" (Annual Report, Muranga, 1973). In this, they were proved correct and a foolproof solution has yet to be found.

In spite of management problems, Kiriti Society is the only dairy cooperative which has continued to function in the 1980's; albeit in a condition of general inefficiency and on a marginal basis. The Society operates in the Northwestern part of Muranga and serves farmers in Kiharu, Kangema and part of Kingumo division. In comparison to coffee societies, the membership, turnover and number of processing centres are very low (Table 4.9). Indeed, the number of registered members at 2,518 is a gross exaggeration of active producers who number closer to 500 (Table 4.11). The rates of payout to members of Kiriti Society have rarely exceeded 60% of the gross value of milk marketed. For the year 1978/79, the quantity of milk rejected by the KCC reached an all time high of 7,502 kg. The Society also continues to face financial problems with frequent vehicle breakdowns, long uneconomic routes and late payouts to farmers.

Gatanga/Kariara Dairy Society went into operation in April 1979, but ceased in September with the breakdown of a leased vehicle. Gika Society was re-activated in October 1979 but has since suffered a rapid decline in the quantity of milk sold to it by local farmers.

Given the apparent demand for milk, both within Muranga and outside, the recurrent inefficiencies of the societies are unfortunate. The cooperatives could play a larger rôle in dairy production. Of the 59,000 grade cows in the District producing milk, it is estimated that only 10%

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regularly supply cooperatives. Some reasons for the poor performance of dairy societies as compared to coffee societies are suggested in Section 6.2. The section serves the additional purpose of revealing the limitations of marketing cooperatives in ldc's.

Since Independence, the coffee societies have formed the backbone of the cooperative movement in Muranga, and now make up over 90% of all active societies in the MFCU. The dependence upon coffee in cooperatives is high throughout Central Province, but in the case of Nyeri, coffee earnings are supplemented by livestock sales and in Kiambu, by pyrethrum sales (Table 4.12). Because coffee production is so central to the cooperative movement in Muranga, a closer look at the local coffee economy is required.

4.6 Coffee and Cooperatives

For many years, coffee has been the most profitable crop in Muranga and appropriately is locally referred to as "black gold." In 1976/77, high international demand and good weather conditions combined so that coffee earned kshs 390,055,420; tea, the next most valuable crop, earned only kshs 81,088,150 and other crops were worth far less; pyrethrum, for example, was worth just kshs 60,737 (Annual Report, Muranga, 1978).

Although the high sales from the coffee boom in 1976/77 were the result of a fortunate coincidence of circumstances, sales have remained high. In 1978/79, coffee produced in Muranga was worth a total of kshs 262,762,144. By far the largest portion of this, a total of 44,813,060 kg worth kshs 210,901,246, was produced by cooperative growers. The remaining coffee was produced by estates that marketed 6,006,888 kg of coffee from 6,298 Ha and by private factories that cropped just 100 Ha in 1978/79.

The services made available to members through the MFCU reflect the dominance of coffee. Coffee growers have access to accounting skills, management staff, the funding of educational courses, credit loans, savings services, supplies of essential inputs like fertilisers and coffee seedlings. Also, the Union provides vehicles to transport coffee from the individual society to mills at Sagana and Nairobi (See Appendix 2 for a comprehensive list of services). Later analysis shows that apart

Table 4.12
Turnover of Cooperatives in Central Province, 1969
(amounts in 1,000 Kshs)

District	Coffee	Pyrethrum	Dairy	Livestock, Pigs, Wool, Eggs and Poultry	Total
Kiambu	17,176	1,250			23,709
Muranga	20,812	24			22,001
Nyeri	17,906	277		1,478	25,257
Kirinyaga	13,704				14,434
Central Province	69,598	1,551	12,774	1,478	85,401

Source: Hyden 1973:28.

from the marketing service, accessibility often remains hypothetical for the majority of cooperative growers.

4.6.1 Political History of Coffee Cooperatives

Cooperatives in Muranga have been used to promote the interests of two main parties: coffee growers and central government. It was seen in Chapter 3 that the Kenyan government's development strategy is based primarily upon an expansion in the agricultural sector. Coffee was identified as the major export crop and the largest foreign exchange earner. The long-term success of the coffee industry is dependent more upon careful limitation and quality control than expansion of production. In the past, under the International Coffee Agreement, Kenya has had to abide with strict limitations on coffee planting and in 1967, the government attempted to reduce the nation's existing acreage. The response by growers in Muranga was important in shaping the early character of the cooperative movement.

From 1964, when the government first prohibited the expansion of coffee acreage, growers considered the government to be working against their interest in two respects. First, in not seeking to reduce the size of European coffee estates to allow more Africans to grow coffee within the quota (Lamb 1974a:104). Second, in not exploring the potential of non-quota markets that might have permitted more Africans to grow the crop, but only at the expense of the protected market enjoyed by European plantations (Lamb 1974a:86). As a reaction, growers subverted central control through the cooperative societies.

Primary societies had their own nurseries of coffee seedlings that could be sold to members on the condition of "infilling" old and diseased trees. However, without means of checking, seedlings were often used for illegal new planting and growers had probably planted more than three times the amount of coffee to which they were legally entitled (Muranga Department of Agriculture, tree census, 1966, Quoted by Lamb 1974a:91). In 1967, the "infill" quota was cut from the 6% level set in 1964 to 2%-- in other words, growers were now only allowed to buy seedlings to replace trees up to 2% of their total number of trees.

The Coffee Authority was set up to administer the strategy and ensure

obedience to the legislation by making it compulsory for buyers of seedlings to register their purchase on a grower's certificate. Coffee planted illegally could be uprooted without compensation. In late 1967, coffee was uprooted and burned in Makuyu, Southern Muranga. These practices, however, were limited to marginal estates and their nurseries.

Before legislation could affect smallholders, local opposition was initiated by the wealthier farmers in Kandara division who included members of the Home Guard, Loyalist elements, rural traders and entrepreneurs. Cooperative societies were used as a forum to oppose directives that were now being issued by the MFCU. By June 1967, the growers forced government to agree to their conditions which insisted upon the immediate ceasing of all uprooting and an abandonment of the 2% infill restriction (Lamb 1974a:89-109).

The defeat of planting control is significant for what it tells us about the cooperative movement. Several indications of the cooperatives' role are apparent. Firstly, the societies became politicised beyond their purely functional role.

The success of the Kandara group offered ample evidence of the continuing importance of primary societies in political terms: the local societies offered an organised and relatively wealthy constituency of political support, and leadership roles in them conferred social status and--particularly in Kandara--the possibility of political advancement (Lamb 1974a:131).

A second feature illustrated by the affair is the dichotomy faced by any local organisation involved in rural development. On the one hand, there is the need for some supervision and control in order to prevent rich and influential members making large financial gains through the inefficient running of primary cooperatives. On the other, the existence of higher authorities like unions leaves the organisation vulnerable to governments wishing to impress their own preferences. Over the question of coffee control, it was the MFCU that government charged with the responsibility of enforcing the new "infill" quota. In response, two factions of opposing interests surfaced: the societies representing the growers and the Union representing the government. Under this division, any solidarity between the different levels of the cooperative movement

was lost, as were the economies that might have been gained through societies cooperating with higher departments.

The affair illustrates that even where there is a common interest between growers and government, a programme may fail due to poor implementation. For example, the government's desire to expand coffee factory construction to increase productivity offered benefits to cooperative growers in Muranga; An increase in capacity, through additional factories would improve coffee quality, thereby increasing returns. Also, there would have been less call upon those growers--usually women--

to transport coffee in heavy sacks for long distances to central processing and drying centres. The government, however, chose to issue loans for factory construction through the unpopular Coffee Authority; and, a severe expenditure control meant that in many cases, primary societies were paying instalments on loans which had not yet been disbursed (Lamb 1974a:21).

4.6.2. Recent Growth and Distribution of Coffee Societies

In more recent times, the cooperatives have built upon experience gained through opposition to central government. The area under cooperative management more than doubled from 3,290 Ha in 1962 (Fort Hall Gazetteer estimate) to 7,596 Ha in 1969. In the next decade it increased by a similar proportion to reach a total of 12,022 Ha in 1979. The earlier figures may be underestimated due to illegal planting but the general trend of expansion can be accepted. The increase is accounted for by two trends. First, marginal areas, both above and below the main coffee belt between 1500 m and 1800 m have been brought into production by high market prices. Inter-cropping of coffee with tea now takes place on the upper slopes and on the lower slopes; coffee is alternated with various food crops.

The second cause of an expansion in the coffee area is the purchase of former coffee estates by societies. To date, there has just been a transfer of ownership, and the means of production that are relatively capital-intensive have been kept intact. This is particularly true of large-scale cooperatives that have the capacity to buy coffee estates by raising capital out of society earnings. To receive any part of the

returns from investment, cooperative members must buy shares. Ng'ang'a (1979:26) sees this as one way in which income differences between farmers are increased. Small and medium producers cannot afford to buy shares at between kshs 1,000 and kshs 10,000 each. As a result, shares and, therefore a part of the profit, are only available to members that are not only coffee producers but are also engaged in wage production. Of equal concern is the absence of sub-division of the estate into smallholdings which might have allowed for an expansion in the number of coffee growers.

The expansion in area under coffee has been accompanied by a growth in the number of smallholders that grow the crop. About 70% of all smallholders in Muranga now produce coffee (estimate from Kimani and Taylor 1973). In absolute terms, the number of cooperative growers more than doubled from 13,733 in 1962 (Fort Hall Gazetteer 1963) to 29,621 (estimated) in 1969. In the next decade, figures reprinted in Appendix I show the number of growers increased by 62% to a present level of about 48,000 (1980). The average area of land under coffee per grower decreased from 0.24 Ha in 1962 to 0.22 Ha in 1969. However, in the next decade they increased by about 23% to an average of 0.27 Ha in 1979.

Increases in the number of coffee growers and average size of plots are small in comparison to income growth. Average income per grower increased by about 1,170% from kshs 318 in 1969 (estimate) to kshs 4,038 in 1979; payments during the coffee boom in 1976/77 went as high as kshs 8,976 per grower. The considerable income growth in recent years can be partly attributed to high international demand for coffee. But it must be remembered that an unequal distribution of land between growers, suggests these profits are far from equally shared. A high proportion of small farmers may grow coffee, but size of average plot per grower probably covers a pyramidal distribution in which a few farmers own larger than average plots and the majority own rather smaller than average plots. The following section examines the question of ownership structure in greater detail and lays a basis for testing the hypotheses in Chapter 5.

The present distribution of coffee societies is shown in Fig. 4.4. The societies range in size from Nginda which covers 70 Ha on the lower

Fig. 4.4 LOCATION OF COFFEE COOPERATIVE SOCIETIES IN MURANGA, 1980

valley slopes and includes 400 growers to Kagima which covers over 2,000 Ha in the Northern quarter of the District and has as many as 8,163 growers.

4.6.3 Small Farmers and Coffee Societies

Data on the internal characteristics of individual cooperative societies could not be collected during the 1980 visit. However, studies on coffee cooperatives by Ng'ang'a are based upon recent observations in Muranga and therefore adequately fill the gap. They also serve as a useful guideline to ensure that in formulating and testing the hypotheses, existing work is supplemented.

Ng'ang'a (1976:73) shows that from the beginning certain cooperative societies were exclusive to particular segments of the farming population. Membership was reserved to the Loyalists who were required to present a "loyalty certificate" as proof of their allegiance. Thus membership in a cooperative became an early means of differentiation between coffee growers and non-coffee growers, and between a landed and landless class (Ng'ang'a:83). The distinctions became exaggerated as cooperative members used their earnings from coffee to buy more land from the poor people who had small plots of land but no coffee (Ng'ang'a:78).

Out of these processes, three distinct groups crystallised within the cooperative membership. First, a group of rich coffee farmers who own over 4,000 trees, many of the large businesses in the area, the greater part of the fixed capital and large land plots that are between 10 and 50 acres; the average plot size is about 2 acres. This group includes the prominent politicians and professional employees in the community who are able to ensure their continued advantage by sending their children to be educated in high grade schools in Africa and overseas. The second group is composed of small farmers who have a considerable amount of coffee with over 2,000 trees. A third group have between 50 and 2,000 coffee trees and do not make very much money from growing coffee.

The principal means of reinforcing and increasing inequalities between members is the loan system. It is geared towards rich farmers since land ownership and subsequent production levels act as collateral for a loan extension. The largest land holders are rich influential farmers and often committee members. They can take out loans between kshs

20,000 and kshs 30,000. Smaller farmers, in contrast, were limited to loans between kshs 100 and kshs 500 (Ng'ang'a 1977:26). Rich members, who received large loans, have invested in businesses, buildings, land and farms outside cooperative administration and often outside the region--principally in Nairobi. Poor farmers do not receive sufficient credit for investment and can only make advances on school fees and other routine needs.

The size of loan available is determined by the value of the farmer's crop in the last three years. He is entitled to a loan of up to two-thirds of this value. The loan must be repayed in eighteen months at a rate of interest of 12% per annum. In 1980 the maximum loan available was kshs 20,000. There was no minimum level at this time (Personal Interview, MFCU, August 1980).

On top of loan inequalities, Ng'ang'a suggests there are inefficiencies, negligence, corruption and mismanagement in the running of societies. These have the greatest impact on the smallest farmers as they are unable to borrow large sums of money and are most dependent on money from coffee sales alone.

The result is that the less a farmer gets the less he will have for improving his coffee. Therefore he sends to the society few kilos of coffee of low grade and when payments come he gets low payment. Many small farmers have entered into this vicious circle but the big farmers are not much affected (Ng'ang'a 1977: 26).

In the case of Gatanga Coffee Cooperative Society, for example, the level of inequality, measured by Gini coefficients, had fallen from a value of 0.62 in 1968/69 to 0.53 in 1975/76. Calculations by Cowen, M.P. (quoted by Ng'ang'a 1977) have shown that throughout Muranga levels of inequality between coffee growers have fallen. Whereas between 1968 and 1972, 30% of growers were responsible for 70% of total sales, in a later period between 1972 and 1975, the same proportion of growers only accounted for 66% of total sales. Admittably the size of the change is not very great but it may reflect a general trend towards increasing equality between members.

Ng'ang'a proceeds to suggest that the unequal relationship has led to regional differentiation so that the idea of non-membership in coop-

eratives has come to be linked with special areas in Muranga. These are characterised by the absence of relatively large coffee farmers with over 500 trees and by the presence of many farms without any coffee at all (1976:80-81). The question of regional differentiation is further examined in Section 5.6.

4.7 Conclusion

The previous pages have shown that Muranga remains heavily dependent upon the international market in coffee. A certain amount of capital in the form of fixed investments, such as factories, small businesses and roads have been derived, directly or indirectly, from coffee revenue. However, the agricultural base has not been diversified to the extent that the rural economy would necessarily continue to prosper without coffee. This has been shown to be equally true of the Kenyan economy as a whole.

The problem of dependency upon cash cropping has been translated from the national to the local level by two main means. Firstly, the Swynnerton Plan froze a highly unequal distribution of land that existed amongst smallholders in the Emergency period. In subsequent years, this has meant that the major benefits from agricultural development have gone to farmers with comparatively large plots of land that can produce considerable amounts of coffee or tea.

The second way in which national dependency on cash crops has been paralleled at the local level, is through the development of marketing co-operatives. From the beginning, the organisations were designed to satisfy needs external to the District itself. This is particularly clear in the marked absence of any attempt to orient cooperatives towards the production of food crops. Evidently the needs of the majority of farmers who own very small amounts of land have not been met.

CHAPTER 5
IMPACT OF COOPERATIVES ON THE STUDY AREA:
TESTING THE HYPOTHESES

5.1 Introduction

The purpose of this chapter is to make a quantitative examination of characteristics of cooperatives in Muranga. For this purpose three hypotheses are formulated and tested relating to the impact of cooperatives on the rural community, on small farmers, and on regional differentiation.

5.2 Note on Data Collection

The first two hypotheses are tested with data collected by a field research team over a one-year period between June 1972 and August 1973. The project was oriented towards the selection of growth centres in Muranga District and results were published in Kimani and Taylor (1973). All the data that was collected in the survey was computerised and a series of files were made available for researchers in related fields. The present thesis used the following files; "Other Services" (File 4), "Farm Studies" (File 6) and, "Other Services Perception" (File 9).

The hypotheses could not be tested as rigorously as would have been liked due to limitations in the data set. Because the 1972/73 survey was not directed specifically towards the investigation of cooperatives, information on them is limited to frequency distributions and responses to questions that simply establish membership or non-membership amongst farmers. Relationships of respondents to cooperatives were not elaborated upon.

More comprehensive and up-to-date data were collected during the 1980 visit to the field. A part of this is the basis for testing the third hypothesis. It records a number of characteristics for the 16 coffee societies under the management of the cooperative union in Muranga and was available for the ten year period from 1969-79. In this last respect, the data is especially useful as it gives a historic record of

cooperative societies that are arranged to serve sub-regional divisions of the District (See Fig. 4.4).

5.3 Note on Hypotheses

The three hypotheses have been designed to reinforce one another in the task of examining the role of cooperatives in small farmer development. Hypothesis 1 tests the assumption that cooperatives fail to provide a service that is widely available to rural dwellers. The key concern of this study is the development of the small farmer but they compose the largest group in Muranga's population and many services are directed to them. Agricultural instructors, processing plants and credit services are all essential to the running of an agricultural community. A survey of small farmers, therefore, is a reasonable sample from which to gauge the impact of cooperatives on the community.

Having established the role of cooperatives in the community, focus is concentrated on the farming sector. Inequalities between cooperative members have been identified by Ng'ang'a (1977) and Carrie (1980). Hypothesis 2 is an attempt to elaborate their findings by reference to changes in farmers' incomes over recent years. In the final hypothesis, the impact of cooperatives on regional differentiation is assessed. The aim is to identify whether inequalities between cooperative members are complemented by a second level of inequality, between coffee cooperatives and their service areas.

5.4 Testing of Hypothesis 1

Hypothesis 1: the cooperatives do not provide a widely distributed service of importance to the community.

The hypothesis is tested with data from the 1972/73 survey of 253 small centres selected from throughout the District. For each centre, an inventory of all the services available and an estimate of the number of people using each service were made (File 4). Small centres are the most common form of settlement in Muranga.

Results indicate a low absolute and relative distribution of cooperatives and related services (Table 5.1). One cooperative officer, 62 cooperative societies and 71 coffee factories (owned by cooperatives)

Table 5.1
Frequency of Selected Services in Muranga, 1972

	No.	%
Individual Services		
Veterinary Officer	106	5.3
Agricultural Instructor	100	5.0
Headman	27	1.3
Chief	24	1.2
Sub Chief	67	3.3
Community Development Officer	10	0.5
Marketing Agent	8	0.4
Marketing Officer	5	0.2
Cooperative Officer	3	0.1
Collective Services		
Government Primary Schools	237	11.8
Coffee Cooperatives and Factories ¹	122	6.0
Maize Mills	65	3.2
Dispensaries	52	2.6
Dairy Cooperatives	10	0.5
Other Cooperatives ²	1	0

¹The total number of coffee cooperatives have been added to the total number of coffee factories. This may result in some double counting but it is logical since the factories are owned by the cooperatives and only members can use them.

²These include societies registered as involved in pig breeding, pyrethrum marketing and credit extension.

Source: Calculated from computer coded service data collected under supervision of Kimani and Taylor 1972/73.

were recorded. Together, collective and individual cooperative services amounted to 6.6% of all services. In actual fact, the proportion is lower since evidence mentioned in the last chapter noted that only 17 of the total 62 societies could be termed active. In these circumstances, cooperatives can hardly be said to provide a comprehensive service to the 253 centres.

Cooperative services are a small proportion of all official marketing and production services which include marketing officers and agents, collection services and maize mills. Further, if account could be taken of unofficial marketing channels, principally through middlemen, the proportion of cooperative marketing would appear somewhat smaller. Services that were not related to marketing, i.e. schools, post offices, dispensaries, and those provided by agricultural instructors and village leaders, were more widely represented.

A sample of the population in each centre was interviewed. The sample included shopkeepers, government workers, drivers, teachers, etc., as well as farmers. A total of 6,001 people responded to the survey, and the ten most frequently visited services were ranked in descending order. If the top five most frequently visited services are grouped (Table 5.2), it can be seen that only coffee cooperatives¹ and factories were ever mentioned, and then by only 2.3% of the sample. Respondents attached greater importance to other agricultural services--for example, maize mills. The mills are not affiliated to the cooperative movement, but provide a service of immediate value in the feeding of the local population, maize being the primary foodstuff in the Kikuyu diet.

In contrast to an impression of a rather poorly distributed and attended service, cooperatives ranked highly when the number of people per day per service were recorded for each centre (File 4, Table 5.3). A total of 23,377 people or 17% of the total number of individuals using any of the services daily, visited the dairy and coffee cooperatives.

¹ Although the 1972/73 survey refers to tea "cooperative societies," they have not been included in the study as tea is marketed through a government parastatal, the KTDA which is not a member of the Kenya Farmers Cooperative Union (KFCU): the cooperative movement's apex institution.

Table 5.2

Frequency (%) that Selected Services Were Rated Among
the Top Five Most Frequently Used Services, Muranga, 1972

	%
Individual Services	
Chief	14.3
Headman	10.0
Marketing Agent	0.2
Cooperative Officer	0
Collective Services	
Dispensaries	12.9
Government Primary Schools	10.2
Maize Mills	8.4
Coffee Cooperatives and Factories ¹	2.3
Dairy Cooperatives ²	0
Other Cooperatives	0

¹See footnote 1, Table 5.1.

²See Footnote 2, Table 5.1.

Source: Calculated from computer coded service data collected under supervision of Kimani and Taylor 1972/73.

Table 5.3
Number of People¹ per Day Visiting Selected Services,
Muranga, 1972

	No.	%
Individual Services		
Chief	198	0.14
Headman	20	0.01
Marketing Agent	1,330	0.96
Cooperative Officer	22	0.01
Collective Services		
Coffee Cooperatives and Factories ²	41,297	30.1
Government Primary Schools	31,675	23.09
Dairy Cooperatives	1,026	0.74
Dispensaries	823	0.60
Maize Mills	760	0.55
Other Cooperatives ³	0	0

¹Total number of people using all services = 137,180

²See footnote 1, Table 5.1.

³See Footnote 2, Table 5.1.

Source: Calculated from computer coded service data collected under supervision of Kimani and Taylor 1972/73.

A further 13,946 people or 13.8% of the sample were reported as making daily visits to the coffee factories. Although records of visits to co-operatives and those to factories may involve some double counting, if the two are added together, the cooperative services appear to be the most frequently visited service.

Care, however, must be taken in interpreting these figures as they are based on estimates by those people involved in running the respective service rather than on accurate counts (Kimani and Taylor 1973:26). Figures may have been inflated to gain prestige for the cooperative movement. By comparison, estimates by the government primary schools, for example, seem much more reasonable. These schools were highly valued by the community when the sample was asked to rank the most frequently used service. This tallies with relatively high estimates made by the schools, of the number of visits per day.

If we discount the somewhat dubious attendance estimate made by the cooperatives, the impression is of a service that has a marginal role in the community. One reason that the sample population did not perceive cooperatives to be an important service may be that whilst the majority of farmers are members, benefits have not been widely distributed in recent years.

Carrie (1980), in his analysis of the same data set, confirms that inequalities in income distribution among cooperative members do exist. He divided farmers into three income groups: poor (no reported cash income to kshs 1,500), middle (kshs 1,501 to 4,000) and rich (kshs 4,001 and more). Poor farmers comprise more than 75% of all cooperative members and rich farmers only 7% (Table 5.4). The principal crop marketed through cooperatives and the most profitable crop in the District was coffee. Results show that poor farmers earned just kshs 409 per annum from coffee. In contrast, rich farmers earned as much as kshs 4,084 per annum (Carrie:200). If these inequalities have persisted for some time, farmers that are cooperative members can be expected to report wide variations in income change over recent years. For some members, incomes will have increased, for others, income will not have changed or may actually have declined. The relative proportions of each of these sub-

Table 5.4
Membership in Cooperatives by Farmer's Income Group,
Muranga, 1972

	Poor	Middle	Rich	Total
Number of membership	2,813	652	269	3,734
% of total farmers	54.8	12.7	5.2	72.7
% by income group	75.3	17.5	7.2	100
% within income group	67.3	96.0	97.1	-

Source: Carrie⁴1978:212.

groups will give additional clues as to the nature of the cooperative movement. Hypothesis 2 is now formulated and tested for this purpose.

5.5 Testing Hypothesis 2

Hypothesis 2: farmers who are cooperative members will have experienced widely different changes in their incomes over recent years.

The hypothesis is tested with data from the 1972/73 survey of 5,141 farms throughout the District (File 6). This gives an opportunity to analyse the relationship between one set of farmers who were cooperative members and another who were not. Sub-groups were defined by farmers' reports of increased, decreased, and unchanged incomes; a fourth category was reserved for those farmers who did not know how their incomes had changed in recent years (Table 5.5).

Out of a total of 5,127 farmers, about 73% were members of a cooperative. Nearly 58% of cooperative farmers had improved their income but of the remainder, about 34% had suffered a reduction of income and about 15% had not changed their income. When these proportions are compared with those for all farmers (i.e. cooperative members and others), it was found that just under 90% of all farmers who reported an increase in income were cooperative members. Taken alone, this result infers a high correlation between membership and an increased income. But in other categories of income change, the proportion of cooperative farmers to all farmers is almost as high. About 59% of all farmers whose income had declined or just remained constant were cooperative members. It seems likely that the association of cooperative farmers with increases in income is due to the high cash returns from coffee. Measures of the size of increase are not available, but other evidence would suggest that few farmers have greatly increased their incomes and the majority may have only kept up with rising prices of essential inputs to the smallholding.

Many cooperative farmers are no different from the average farmer who has a low income. Maize, for example, is a crop grown by 56% of "poor farmers" but only by 32% of "rich farmers" (Carrie's definition, 1980:195). Over 72% of all farmers who grow maize are members of a cooperative. Although this is just one indicator, it is further proof that

Table 5.5
Membership in Cooperatives by Farmer's Change in Income,
Muranga, 1972

	Improved	Declined	About Same	Don't Know	Total
Number of membership	2,151	969	541	73	3,734
% of membership	57.6	34.4	14.5	2.0	100
Number of total farmers	2,404	1,652	913	165	5,134
% of total farmers	46.8	32.2	17.8	3.2	100
% of membership to total farmers	89.6	59.8	59.2	44.8	-

Source: Calculated from computer coded farm data collected under supervision of Kimani and Taylor 1972/73.

many cooperative farmers are poor. This is probably a function of the monopoly that cooperatives have over small farmer sales of coffee. Since coffee is a relatively high-value crop, it is grown in varying quantities by both poor and rich farmers wherever the physical environment permits.

5.6 Testing Hypothesis 3

Hypothesis 3: within the cooperative movement, inequalities between primary societies have increased over time.

Cooperative societies formed to market coffee are easily the most prolific type of cooperative in Muranga. Data on them, therefore, provides a comprehensive basis to assess the general state of the movement in the District. Comparison between the coffee societies can give a measure of level of inequality at a medium scale as each society serves an area corresponding to a sub-region (Fig. 4.4). Measures of the number of growers, size of land area (Ha), quantity of coffee produced (kg) and payout level (kshs) for each society were collected from the Ministry of Agriculture, annual reports, Muranga 1969-79 (Appendix 1).

The variables were found to be positively correlated, with 99% confidence when the Spearman's rank correlation coefficient was calculated. Thus, increased income accompanies increases in coffee produced and the quantity of land under coffee. This is to be expected since society regulations prescribe that each member be paid according to the amount and quality of coffee delivered, and this will partly depend on size of growing area. Small discrepancies may exist due to delays in payout by the Union to the society, or because a portion of the growers' holdings are planted with seedlings that are presently non-productive but in the next 2-3 years will bear coffee. Since each measure affects the standard of living of the grower, either now or in the future, all three are used to give a comprehensive measure of the "well-being" of the society.

The Gini² coefficient is calculated to measure the change in level

²The coefficient is calculated as follows:

$$G = \frac{1}{2} \sum_{i=1}^N |X_i - Y_i|$$

where X_i and Y_i are two sets of percentage frequencies. The vertical

of inequality between the 16 societies over the last decade. The coefficient has been multiplied by 100 to give a range from 0, where the distribution is completely equal, to 100 where distribution is completely unequal. When society membership levels are used as the independent variable, inequalities between societies in income, area and production were found to have slightly decreased between 1969/70 and 1979/80 (Table 5.6).

Ultimately, land distribution will determine both production levels and income returns and a surer indicator of the future situation can be derived if area is now made the independent variable. Results again show that inequalities in income and production have declined between the two end years. In the case of coffee income, Gini scores have fallen from 17.6 in 1967/68 to 10.4 in 1978/79. In other words, the proportion of societies which earned half the income had increased from 36% to about 44%.

To see if the trend had been constant over the ten year period, measures of the distribution were taken for the mid year 1974/75. Gini coefficients show that the distribution of land and income has become more equal in all cases since 1974/75. Conversely, the share of coffee production between societies had become more unequal. However, Gini coefficients in themselves are an inadequate measure of distribution. They provide a summary of the degree of under-representation all along a distribution curve. Equal importance is attached to equal absolute differences in income or some other value. This may occur even though one of the differences may be taken between two low value positions and the other between two high ones. The result is that two very different distribution curves may have similar Gini coefficients (Alker and Russett in Merritt and Rokan, eds., 1964).

In these circumstances, calculation of the Fairshare coefficient³

brackets indicate that the difference between the proportions in each activity or condition are summed irrespective of their sign (Smith 1975:165).

³The Fairshare coefficient calculates the point on a Lorenz curve where the Cumulative distribution has the same slope as, and starts to get close to, the 45 degree 'line of equality.' The distance from the origin to the point on the horizontal axis directly below the Fairshare point is known as the Fairshare coefficient.

Table 5.6
Measures of Inequality between Coffee Cooperative Societies,
Muranga, 1969-1979

	Year	Gini Coefficient	Fairshare Coefficient	Size of smallest population with half the goods
Membership as Independent Variable				
Coffee Production	1968/69	20.4	55.3	35.9
	1974/75	16.5	39.4	38.2
	1978/79	19.0	19.0	39.0
Coffee Income	1967/68 ¹	19.2	64.0	36.1
	1974/75	15.3	44.0	37.8
	1978/79	14.8	43.7	40.3
Coffee Area	1968/69	13.9	44.1	44.1
	1974/75	15.6	55.8	38.1
	1978/79	12.8	34.2	41.3
Land Area as Independent Variable				
Coffee Production	1968/69	14.2	57.7	39.9
	1974/75	11.4	38.2	42.4
	1978/79	15.7	37.7	40.6
Coffee Income	1967/68 ¹	17.6	64.6	36.4
	1974/75	13.6	43.5	40.7
	1978/79	10.4	33.6	43.8

¹Nearest year to 1968/69 that was available.

Source: Calculated from Ministry of Agriculture; Annual Reports,
 Muranga 1969-1979.

is useful as it measures the size of the population receiving less than the average share of the value concerned and hence gives a measure of concentration in the distribution. When the Fairshare coefficient is calculated for 1968/69, 1974/75 and 1978/79, the distribution is found to have become more equal in all respects both with membership and land as the independent variable. For example, if land is taken as the independent variable, almost 58% of the societies were producing less than their fairshare of coffee in 1968/69; by 1974/75 the proportion was down to 38.2%; by 1979 it had fallen to 37.7%. In the case of coffee income, the trend is repeated with almost 65% of societies receiving less than their fairshare of income in 1967/68, but by 1974/75 the proportion had decreased to 43.5% and by 1978/79, it had further reduced to 33.6%.

Calculation of the three measures of distribution--Gini coefficients, Fairshare coefficients and the size of the smallest population with half the goods--shows a trend towards increasing equality between societies and their respective sub-regions. Hence, the hypothesis cannot be confirmed. To put the result in its context, a few remarks relating to other studies are appropriate.

The change is from a distribution that was remarkably equal, by ldc standards, in the first place. At no time were Gini coefficients higher than 20.4 on a scale that measures distributions from perfect equality at 0 to perfect inequality at 100. Inequalities of income within the cooperative membership were reported by Ng'ang'a (1979) and confirmed by Carrie (1980) as being much higher than was found in this study between societies. Ng'ang'a, for example, found that inequalities between members had decreased since 1968/69. The trend is in the same direction as that found in this context. In Ng'ang'a's study, however, the Gini coefficient remained as high as 0.53 in 1975/76. When this is multiplied by 100 to make the figure compatible to the present result, the coefficient is 53 as compared to 20.4 at the maximum in my results. This indicates that in all probability inequalities between members are higher than between societies.

Although Gini coefficients show that over the last decade the situation between societies has become more or less equal, with respect to

the chosen variables, they give us no idea of the changed relationship of each society and its defined area. In spatial terms, aggregation has meant that the relative performance of individual areas within a region cannot be evaluated. To gain access to selective information of this kind, a composite social indicator was used. Composite indicators of living, social well-being or quality of life can be derived in various ways but the most versatile involves the summation of "standard scores" (Smith 1979:365). The process facilitates comparison between the 16 societies which were ranked on the basis of their standard score summations for the three variables of income per grower, production per grower and land size per grower. The most reliable statistics for the variables are between 1974/75 and 1978/79. Before this time, "membership" totals were recorded and not "grower" totals (See footnote, Appendix 1.1). Standard score summations were calculated for the years 1974/75 and 1978/79 and for the average scores in the interval.

Results indicate that with the exception of Thangahi Society, the same societies that had scored highest in 1974/75 were again in the upper ranks in 1978/79. Namely, these societies were Gacharage, Gatanga, Kandara, Irera and Muruka. These societies are not the largest in terms of membership or total service area and a Spearman's rank correlation test between membership and service area and respective standard score summations, found no correlation with 99% confidence. It is unlikely, therefore, that differences in societies' performance can be explained solely by economies gained from increases in the size of the unit of production.

Results from Ng'ang'a (1979:30) confirm that in general, size cannot be associated with income returns. In the coffee boom between 1974/75 and 1975/76 large-scale cooperatives throughout Kenya did not make larger dividends than smaller cooperatives. This was probably because they faced high re-paying debts to estate agencies like East African Acceptances and Estate Services Ltd that had given loans to the societies in previous years for the purpose of purchasing coffee estates.

A look at the societies' geographic location is more instructive (see Fig. 4.4). All of the societies which ranked highly cover areas in Kandara division in Southwest Muranga. They service first-class coffee

land where soils are highly fertile and are accessed by a comprehensive network of collection roads leading to each factory.

In addition, the societies in Kandara were able to develop an early advantage over other societies in the District. The area is adjacent to the European coffee estates in the former scheduled areas and many of the society members who grow coffee today were workers on these estates before Africans were allowed to grow their own coffee (personal communication with D. R. F. Taylor, December 1980). From an early date they were able to apply skills learnt on the estates to their own smallholdings. A second advantage was the early siting of a church mission at Ruchu, Kandara division. The mission grew coffee and became an early centre of innovation (personal communication with D. R. F. Taylor, December 1980). In 1967 the prominence of Kandara society was apparent from their role in the opposition to government controls over coffee planting (see Section 4.6.2). The protest was initiated from Kandara and cooperative members with the greatest political leverage came from this area (Lamb 1974a:116).

At the other end of the spectrum, those societies in the lower ranks--Kahuhia, Irati, Njora, Nginda and Kiangoma, were found to have maintained their position in recent years. With the exception of Kagima, the societies all have a small membership and service area. Nginda society, for example, has only 400 growers spread over 70 Ha. At this scale, societies may not be able to appreciate economies gained from a larger membership. For instance, they may lack the resources to operate modern coffee factories which ensure high quality pulping.

A look at the geographic location of the societies is again illuminating. The three societies Nginda, Njora and Kiangoma are contiguous and are all located in lower Kigumo division. The societies serve growers on the lower margins of the coffee belt where environmental conditions are not optimal and productivity levels tend to be below those at higher altitudes. Similarly, poor performance in Kagima division in the Northwest Muranga is a function of marginality. Here, coffee is grown at its upper altitude limits where cool temperatures and a lack of sunshine result in productivity levels below average. Combined with low

accessibility by road, the poor physical environment helps to explain the society's low ranking.

In sum, the various tests involved in Hypothesis 3 have shown that whilst inequalities between societies have fallen over the decade, the relative ranking of societies in several measures of performance has shown a fair degree of consistency. Small differences in performance could be related to factors of accessibility, physical environment, political history, etc. A single factor like the size of a society, as measured by membership or area, could not adequately explain results.

5.7 Conclusion

Results from the three hypotheses have helped to produce a more exact picture of the role of cooperatives in the District. In the first place, the suspicion that cooperatives do not provide a service available to the greater part of the agricultural community was largely confirmed. Although the majority of farmers are cooperative members, the marketing service of cooperatives is more highly developed than its role as a provider of credit or as a channel to introduce innovations to the benefit of all rural dwellers. The emphasis was supported by one society's response to attempts by the IADP to introduce broad-based improvements in nutrition standards through the cooperative. The organisers were told that their scheme would not be appropriate as there were no poor farmers in their society (Personal communication, Fiona Thomson, October 1980). If one of the definitions of a development service is that it must be broad-based and maximise participation, the marketing cooperative is too specialised to qualify.

Testing of Hypothesis 2 showed there was no clear connection between cooperative membership and increases in farmers' income in recent years. The result supports evidence that the cooperative is structured in a way that prevents the equal enrichment of its members. This is to be expected when membership in a cooperative is a compulsory requirement to market coffee. Many members remain tangentially affected by "their" society.

When a test of regional inequalities was carried out in Hypothesis 3, the question of scale was important in determining results. The distribution of land, coffee production and income between societies were

found to have become progressively more equal over the last decade. However, the absolute level of inequality would probably have been found to be greater if similar measures had been available to compare areas where coffee was grown (and cooperative membership was high) with areas without coffee or cooperative farmers. Here, measures of the change of income, production and land distribution over the last decade could be very helpful in explaining the relationship between cooperatives' development and that of the District as a whole.

CHAPTER 6

A THEORY OF COOPERATIVE ORGANISATION

6.1 Introduction

The results of my investigation add to the consensus of opinion on cooperative organisations in ldc's. It is not the poor or even average smallholder who gains the greatest benefit from a cooperative, but the richer segments of the population. In this chapter, I will pull together a number of theoretical ideas that have developed from my own interpretation of the situation in Kenya and from the literature on organisational behaviour. At the outset, it is shown that the way in which the cooperative is structured plays an important part in determining its potential as a tool of development.

Attempts to explain cooperative performance have then fallen too easily into one of two categories. The first emphasises internal variables, i.e. those characteristics endemic to the organisation. The second emphasises external variables, i.e. those variables that lie outside the cooperative movement but influence its performance. Both explanations fail to recognise the importance of scale and intra-scale linkages in organisations. Theoretically, models with a basis in communication theory fill the gap. However, a review of a model of this kind shows it to be less than satisfactory. In an attempt to produce a more insightful model, "patron-client" relationships within cooperatives are emphasised. This is one aspect of organisational behaviour that has been largely ignored in past studies. Here, the aim is to show the considerable mobility of income, goods and services between scales. Under cooperatives, these movements have changed in character and direction in a way that has serious implications for rural development.

6.2 The Structure of Cooperative Organisations

The cooperative model that was copied throughout Africa was designed to fit a European environment. This is reflected in the hierarchical structure of the organisation and its emphasis upon vertical linkages

between administrative departments. As a result, there was a close fit between cooperative organisations and colonial structures of government. The task, then, is to determine the way in which the introduced organisation has been articulated by an ldc's socio-economic environment.

Available evidence has led to the conclusion that it is the community structure that has determined the societies' behaviour. It has imprinted its values and needs on the organisation and not vice versa. It follows that cooperatives have not brought about significant changes in communities. Failure to achieve their defined goals is directly related to the structure of the organisation.

In the first place, it needs to be recognised that rhetoric aside, a marketing cooperative does not operate in a significantly different way than any other marketing body. Each producer is paid according to the quantity of crop delivered to the organisation. As opposed to the "settlement" or "producer" cooperatives of Tanzania and Israel, there is no control over the distribution of land ownership. Thus in a single marketing cooperative, there are likely to be wide variations in the sizes of production units and, therefore, in the quantity of crop produced by each member. The organisation is structured to initially reinforce and in the long-run may increase inequalities. The question of the loan structure has already been discussed. There remain two important features of cooperatives that limit their capacity as a socio-economic equaliser.

Firstly, the re-payment scheme is structured so that it acts like a flat-rate, regressive taxation. Proportional deductions are made that hit the poorest hardest. For example, in coffee production, the cooperative system makes a number of deductions before the farmer is paid. These include: (1) deductions made by coffee marketing bodies, the KPCU and the Coffee Board of Kenya for curing, marketing and agent fee costs; (2) deductions by the respective District County Council and Cooperative Union; (3) a variety of deductions made at the local level, such as committee men sitting allowances, employee wages, factory expenses and a depreciation allowance for pulping machines.

In the case of Gatanga Coffee Growers Cooperative Society in Muranga

District, Ng'ang'a (1977/78:26) notes additional deductions that are probably commonplace throughout Kenya. These include a charge for Harambee schemes (for example, the Muranga College of Technology), for the introduction of grade cattle, the purchase of farms and former European estates and, for a local water project. Each of the above deductions is made at a flat-rate regardless of income differentials among members which this study suggests may be considerable.

Inequities are engendered in a second way by the Union management structure. The Union is geared to a post-industrial, fully commercialised economy. Under the Cooperative Act, 1966, its committee is composed of one chairman, one secretary and, seven to nine members representing various societies. In two respects, the structure has proven inflexible: First, the committee may fail to adequately represent the needs of its members. In Muranga, for example, there are sixteen coffee societies and yet central directive precludes there being more than nine society members on the committee board. The lack of a compulsory method for rotation of the committee acts as a second means by which unequal regional and sectoral representation came about. On top of this, reports of committee chairmen openly defying regulation by standing for successive periods of election are widespread (Hyden 1973:81).

Structural constraints, functional marginality and the geographic environment often combine to limit the impact of cooperatives on the community (Chambers 1977:126). A brief comparison of coffee societies with dairy societies in Muranga illustrates the point. Coffee societies are far superior than dairy societies in measures of membership, turnover, payouts to producers, etc. Three explanations can be offered for this.

Firstly, from a geographic perspective it has already been established that the service area of dairy societies is poorly provided with roads and "pick-up" points are widely scattered. The capital investment needed to surmount the problem has not been forthcoming through a large, comparatively wealthy central organisation such as the KPCU. On the ground, dairy societies continue to face routine problems related to the physical environment. The result is a preference among local producers to market their produce through a private trader who is familiar with the

area and widely accessible to farmers. For the cooperatives to gain a greater hold on the market, the District Cooperative Union will have to provide a better and more comprehensive service to dairy producers. The way in which this might be done deserves comment.

Observation in the study area would seem to weigh against the establishment of successful multi-commodity societies (Karanja 1972 gives a lengthy account of the problems of amalgamating societies). It seems more likely that the Union will diversify its activities to include a range of single commodity societies. Already, a more comprehensive system of dairy societies to cover Kigumo, Gatanga and Kariara divisions is under development. At present, Kiriti Dairy Society covers Kiharu and Kangema divisions. Under the new plan, a separate society would be formed to service Kiharu division.¹ The neighbouring district of Kiambu has a more diverse composition of cooperatives that Muranga might learn from. Kiambu had ten coffee societies, twelve dairy societies and eight pyrethrum societies in 1976 (Union newsletter). Milk marketing is organised through the KCC with whom the dairy societies have a quota and contract.

At present, however, dairy societies in Muranga have the second disadvantage of being functionally marginal. The greater proportion of milk is sold locally and not through the KCC. Unlike coffee, sophisticated processing at higher levels is not essential. Hence it would be difficult to hold a monopoly on smallholder sales (even with legal backing).

As a result of the dairy societies' functional marginality, there are structural limitations that are a third source of inferior performance. Loans, for example, cannot be extended to members where there is the possibility that milk and related products will be sold to customers apart from the cooperatives. There is no guarantee of a quota system to act as collateral as in coffee production.

In sum, the comparative "success" of coffee cooperatives over dairy

¹The Chairman of Kiriti Society is apparently opposed to the idea as his parliamentary seat is dependent upon the support of the electorate in Kiharu (Personal communication, Mr. Kauli, Dairy Officer, Ministry of Agriculture, Muranga, August 1980).

cooperatives in Muranga can be explained in terms of a combination of geographical conditions, functional marginality and structural limitations.

6.3 Internal Influences on Cooperatives

Studies of the internal characteristics of cooperative organisation have revealed a structure highly differentiated by income, land ownership, political influence, etc. It has been common to observe that cooperatives have been used to advance the interests of a wealthy sector of the membership. Perhaps this is obvious in the sense that almost every existing institution in Kenya has probably been used for this purpose (Personal communication with Frank Holmquist, 21/3/80). The hypothesis needs to be further developed to show the process by which differentiation comes about. Comparison with the structure of tea production in smallholder societies is helpful in this respect.

Steeves (1980) in his investigation of tea marketing societies, also in Muranga, found that as in coffee societies, the major beneficiaries tended to be the "agricultural capitalists" and rich farmers. Over time, this group was able to develop its own needs and interests largely independent of the KTDA and the Kenyan government. In this case, Steeves and my own observations, support Michels' "Iron Law of Oligarchy" that states the more "effectively" an institution can perpetuate itself and further its own interests over time, the less democratic, in terms of participation, it becomes. The members become uninterested and apathetic, making it easier for the leaders to maintain their position (see Rosenberg 1968:18, for a full description of the Law).

In the case of cooperatives, unequal participation and control of the primary society by a few members is related to information availability. In theory, shareholders own their society and by virtue of the "one man one vote ruling," have equal participation. However, in practice the large number of members means that participation must be limited to delegation and many members are not aware of the society's dealings. Thus a 1973 survey of primary societies in Kenya revealed from a sample interview that although 75% of members were literate and 62% attended cooperative members information days, no more than 56% understood the

final accounts and balance sheets. In addition, members seldom, if at all, were given documents early enough to seek necessary advice, and general meetings were not held regularly (ICA 1979:27).

6.4 External Influences on Cooperatives

The external influences on the cooperative society include the Department of Cooperative Development, national crop authorities and marketing boards, the Ministry of Agriculture, county councils, politicians, financial institutions and foreign aid agencies. In the case of government departments, power over cooperatives is often derived from the legal instruments that created them (for example, cooperative societies can only be registered through the Department of Cooperative Development). Other departments have an indirect influence through regulatory powers over certain aspects of national economic activities (for example, the Ministry of Agriculture and marketing boards). In assessing the effect of authority on cooperatives, we must distinguish between those occasions in which external influence is necessary to ensure the collective welfare of the group constituting the organisation, and those in which it is unnecessary and exists for ends in itself (ICA:44).

It has already been noted that the central government is the most important of external influences. From the beginning, cooperatives were "forced" upon farmers as opposed to evolving out of a local and collective need. The aim was to maximise organisational efficiency as seen by the economist or the business administrator in government. Many of the problems now facing cooperatives can be attributed to this strategy (Hyden 1980:7).

To an extent, government control is welcomed. The ICA Survey (1973) of Kenyan cooperatives showed that over 75% of cooperative members interviewed thought government supervision and control was necessary (ICA 1979:44). Given the highly unequal distribution of power between members within each society, tight control might prevent a few members directing benefits to themselves to the disadvantage of the majority. The whole question of government involvement, however, remains abstract until related to its context. Useful comparison, for example,

can be made between the situation in Kenya and that in Tanzania.

In Tanzania, cooperatives have been dissolved and their power handed over to the Crop Authorities. Under the control of government parastatals, primary crop marketing has become further removed from the grasp of the farmer. Corruption, mismanagement and misappropriation flourishes under the new arrangement to a degree that may even surpass the situation under cooperatives. Clearly, the problems that existed in the former arrangement have not been solved but perpetuated in a different form (Vernhagen 1980:285-295).

In Kenya, excessively tight control by government over routine matters has weakened the internal ability of the society to supervise its own affairs. There has been:

A seemingly deliberate overreach of the external supervision and control machinery which, in spite of official declarations to the contrary, has actually tended to engender lethargy and ignorance on the part of cooperators in the affairs of their cooperatives. The net result of all this is that members and cooperators alike, fall helpless preys to cunning committee members, ambitious politicians and crafty managers and other scheming bourgeois (ICA 1979:64).

Under the present condition, the reduction of government involvement in purely routine management matters is mandatory. To this end, a dynamic model that envisages a progressive relaxation of government involvement in cooperatives has been designed on the basis of experience in Africa (Odede and Verhagen 1978; Hanel 1978). The model is at an elementary stage and notably avoids the problem of its introduction at a later stage. At this time, the cooperatives may have achieved relative autonomy, not by a neatly defined reduction of central control, but through the active opposition of members to central directives. This was the case in Muranga with the overruling of government control measures by local coffee cooperative growers in 1966. However, to make a conclusive statement on a society's capacity to affect central directives requires further work.

Recent contributions have stressed the positive value of cooperatives as a platform of peasant representation. Holmquist (1980) in his article aptly entitled "Defending Peasant Political Space," supports

cooperatives as a form of small farmer representation, on the basis of them being the best available option. They represent "...political opportunity amidst widespread state induced demobilisation and repression, and the opportunity should be pursued rather than abandoned precipitously" (163).

Although the above type of concept is phrased in spatial terms, there has been a marked reluctance on the part of geographers to contribute towards the discussion by considering essentially political relationships in terms of their interaction through space. Instead, conceptual models have concentrated on the process of innovation diffusion. They have drawn upon the study of communication theory in relation to rural development in lde's (see Clark 1969; Ottenberg 1969; and Rogers 1969).

Lundqvist (1975:124-128), for example, attempts to model communication in terms of vertical, diagonal and horizontal impulses. Emphasis is on the individual scale at which an innovation originates. Thus "vertical impulses" derive from central authorities and institutions, and become "diagonal impulses" when they are transmitted via a mediating agency or agencies to the local level; and, "horizontal impulses" arise from conditions in local areas. However, the exact nature of intra-scale communication or relationships is vague. Without sufficient attention to linkage between different scales, it remains impossible to see communication as a process that is dependent upon links between agents, institutions and groups at a variety of scales. As a result, there are difficulties in fitting the spread of cash cropping and of adult education into the model. The very different scale and function of the two innovations cannot be reconciled under Lundqvist's model.

Gyllström (1977), in his attempt to design a space-model of tea production in Kenya, gives due attention to the importance of linkages between scales. He is aware that basic economic needs are best satisfied by maximising intra-district and intra-national linkages between units of production. At the same time, inter-district and international commodity flows must be minimised (36). National state authorities like the KTDA are preferable to international firms like Brooke Bond because they will link household producers to processing plants independent of

external influences. The argument proceeds to make a spatial interpretation of international dependency, but fails to be very illuminating in the process. A lack of historical and political content makes the model so abstract that it has little value in describing the real world. Cowen (1980:136) criticises the study on its failure "...to show how the basis of control over household production has been laid by a logic of capital which entails the expansion of commodity production."

The following model is less ambitious in seeking to conceptualise spatial relationships at a lower scale within the nation. Taylor's (1980), "Dynamic Spatial Model of Kenya" provides the context. In particular, the "transformation and interaction" processes referring to "patron-client" relationships are expanded upon in a model of marketing patterns for Kenyan small farmers. Before taking the various stages of the model, it is worth saying something about the study of patron-client relationships.

Although the concept was first developed by anthropologists, it has clear significance to an intra-scale study. Any patron-client contract links persons who are significantly different in terms of their socio-economic status or power position, and who exchange different types of goods and services. The relationships are vertical and asymmetrical, and tend to operate between villagers and outside. Most patron-client exchanges are short-term and give immediate and specific return for some service. Although the relationships have a marked imbalance of power or wealth, they do not have an immediate effect on the distribution of resources within the local community (Long 1977:43). The patron provides a supplementary service to the community and is primarily involved in regional and national socio-economic relationships. He can be considered as a broker in that he operates in both local and extra-local areas. In a marketing situation, the "middleman" is an economic broker who has links with local production and distribution systems and with external markets (Long 1975:274). In this system, a client is any individual who independently would not have access to external markets that may be rural or urban in nature.

Patron-client analyses have been thought particularly appropriate

to the socio-economic environment characterising many ldc's.² Vertical ties based on kinship and other local institutions are still more important than the mutual loyalty between peasants in different village communities (Hyden 1970:65, in Widstrand, ed., 1970). To date the horizontal ties of economic interest have not yet replaced the vertical ties of social obligation based on clans, villages, religious sects, etc. In a cooperative, this means that a "...committee member is there to fight for his own interest or that of his constituents [and there is] ...no real consciousness of the common objectives" (Hyden:66). In this setting, patron-client analysis becomes a valuable means of illustrating the way in which an organisation can span several scales and the effect that this can have on future developments.

The following model applies patron-client analysis to marketing cooperatives in Kenya. The model is shown in various stages of evolution to emphasise the importance of the time dimension as well as the spatial axes. This is specifically to avoid the discussion becoming an abstract exercise of limited appeal to geographers alone.

6.5 A Model of Marketing for Small Farmers in Kenya³

6.5.1 Pre-colonial period

Prior to the development of a cash economy, most produce was marketed through small scale traders known as "middlemen." Transport linkages were not extensive and trade was largely confined to inter and intra-regional exchange. At these levels, markets grew up and have been described as components in a hierarchy of "invisible" towns (Taylor 1978: 44-57). Exchange took place on the borderland between two different ethnic groups--for example, between Kikuyu and Masai territories. At a lower scale, there was exchange within ethnic regions; particularly,

²Equally patron-client relationships have been described in native communities in rich developing countries. In Canada, for example, in the early development of native groups there was a close paternalistic tutelage of traders, missionaries and officials, that was emulated by the government through post-servants, auxiliary policemen and missionary catechists (Tester, F.J., "Cooperative Settlement in the Canadian North," Alternatives 4:4, 1974/75:32).

³The model assumes a broad definition of "patron-client" relationships. The term "patron" is applied to self-employed individuals (for example--

middlemen), and to local agents (often Africans) operating on behalf of government parastatals, private companies, etc. The common characteristic of the two groups is that the patron's power comes from his knowledge of the marginal utility of goods and services outside of the local environment, and his ability to supply extension services, such as credit to his customers. The client, then is the individual who offers his allegiance (in this case his crop) to ensure access to these benefits.

Fig. 6.1 A MODEL OF THE DEVELOPMENT OF AGRICULTURAL MARKETING
AMONG SMALL FARMERS IN KENYA

6.1.1 Pre-Colonial Period

where geographically diverse environments were concentrated as in Kikuyu-land. In Muranga, for example, periodic markets grew up at the interface of the lower and upper plateau. At this point, there was exchange of firewood, charcoal and dairy goods from the upper zone with maize, beans and other food crops from the middle zone and gourds, livestock and hand-woven sisal ropes from the lower (Taylor 1967:118).

As specialised institutions for marketing did not exist, the middlemen were able to enjoy a monopoly in their role as patrons to a number of small farmers. The markets between and within tribal areas served as "...important training grounds for local entrepreneurs buying produce in markets of one zone and transporting it to the markets of another zone to resell at a profit" (Taylor:118). In the light of these comments, the model depicts links between local and regional scales as being forged exclusively by the middlemen at this time. At a national or international level, linkages existed but were poorly developed (Taylor 1978). Since extra-regional linkages had little significance for small farmers during this period, they have been left out of the model.

6.5.2 Colonial period

The colonial era was significant for the introduction of a cash economy. However, in the case of Kenya, African smallholders were prohibited from growing cash crops in order that white settlers could secure a monopoly in domestic production. Linkages between African cash crop producers and national markets only began to emerge near the end of the colonial era as the monopoly position was relaxed. The few African smallholders that grew cash crops had no option but to trade with private companies or corporations that had access to international markets.⁴ The colonial government did not have the resources and often had no inclination to act as an intervening, regulatory authority in food marketing.⁵ The government, therefore, could only exert limited control in this phase of the model. The private trader's position remained largely unaffected by colonial rule despite local attempts to control the relationship (see Section 4.5).

⁴An example of the relationship in the marketing of wattle from Muranga District is cited on p. 73.

⁵The marketing of maize by the Maize Board set up in the 1950's, was an important exception. At this time, strict government control was imposed to ensure monopolistic pricing policies for white settler farmers (Heyer et al, 1976:317).

6.1.2 Colonial Period

Scale

International

National

Regional

Local

6.5.3 Post-Independence period

Independence in 1964 marked the beginning of a period of rapid growth in the role of the national government as an important variable in rural development. Governments have since encouraged two types of organisation to collect and market smallholders' produce: statutory marketing boards and cooperative societies. Both have been introduced by the government who have subsequently ensured strong linkages by tight legislation. The marketing boards and the cooperatives have an approximately equal share in the marketing of smallholder cash crops. Through these institutions, the State has become involved to a degree that it can be called the new "patron" in the patron-client relationship. It has succeeded the private individual or private organisation as the most important patron in marketing. Thus, a relationship of dependency has not been replaced by self-reliance but has been perpetuated in a different form (UNRISD 1975:12).

The middleman, however, has not been entirely eradicated through the active encouragement of state marketing institutions. Notably, cooperatives that deal with food crops have been nowhere near as efficiently managed as those which market export cash crops. In many cases, smallholders continue to use middlemen in preference to cooperative societies. Superficially, there appears to be a condition in which centralised control dominates the agricultural marketing sector. In reality, the dual economy created by European settlers has been extended into the activity of farm marketing, and has resulted in competition between disparate groups for control of a larger share in domestically consumed crops (Jones 1972:230). State marketing institutions are continually under attack from economic forces, often operating through illegal systems, as in maize smuggling, or through informal and periodic local markets.

The post-Independence period has seen those small farmers with cash crops increasingly oriented towards international demands. Indirectly, many farmers are now linked to a market that is globally extensive. The new situation is the result both of government policy since Independence and the general growth in trans-national communication.

6.1.3 Post-Independence Period

Scale

International

National

Regional

Local

☒ The top 5% of cooperative members that act as patrons to other members. They are the richest and most influential members.

In the face of economic assimilation, smallholders retain a local perspective on organisations. The cooperative union, for example, is faced with the problem that it is too large in the area it covers and in the level of economic differentiation among members, for cooperation to be engendered just on the principles of common membership (Long 1975:4). Within each society, alliances form between members sharing similarities in economic and social status or, with a like attachment to a particular location. The latter is encouraged where there is a traditional society of low mobility and close community ties.

6.5.4 Future period

In the final model, I suggest ways in which an organisation like a cooperative may affect the future development of an ldc's economy. It is evident that the cooperative has acted as a "space-packing innovation" (Gould 1969:282). To illustrate this trend, the scalar axis of the model has been collapsed into a simple division between rural and urban areas, and it is the relationship between the two that is held as fundamental in describing the situation of rural underdevelopment. This is particularly clear in the more developed regions of Kenya, for example Central Province, where integration into an international space economy is well advanced. Traditional attachment to local social and economic systems is breaking down.

It seems likely that cooperatives will continue to play an important role in this process. Indeed, the model depicts a future scenario in which smallholder crops are increasingly marketed by the cooperative movement, and there will be an associated decline in straightforward marketing boards. Cooperatives, as confirmed by recent national development plans, will continue to be actively encouraged by government. This is more an acknowledgement of their political usefulness than a consequence of economic efficiency (in fact, inefficiency is widely reported).

Cooperatives provide a politically convenient device as they appear to decentralise control to small farmers. In fact, through the accepted authority of elected leaders of societies, government has been relieved of many unpopular tasks, such as collecting loan repayments. The legitimacy of the government is not questioned as their own officers do not

6.1.4 Future Period

Scale

administrate at the local level (Harbenson 1973:292). In this respect, cooperatives can be said to have provided a new version of the colonial concept of indirect control.

The alliance between the centre and the periphery is strengthened by the presence of a common interest between the government and elite members of cooperatives in maintaining the "status-quo." Government does not wish to see cooperatives become political forums of opposition to their authority. Equally, wealthy members are reluctant to "rock the boat" in case reforms lead to personal cuts in standards of living. At present, cooperatives provide a means for rich farmers to consolidate their comparative advantage through access to higher levels of representation. These farmers will act as patrons for poorer farmers inasmuch that they control who gets credit, seedlings etc., and in what quantities. However, they are unlikely to lead opposition to central directives except on rare occasions when there is a common interest at stake; for example, in the need to oppose a reduction of coffee quota. Under "normal" conditions, there is no reason to believe that cooperatives in their present form will lead to a greater equalisation of income between small farmers.

Recent years have seen cooperatives maintaining patron-client relationships that existed before Independence. In many respects, the new "institutionalised" version is unsatisfactory. The traditional patron in marketing--the middleman--has been strictly legislated against and the network of internal trade in basic foodstuffs has probably not improved much since Independence. Government parastatals, like the Maize Marketing Board, have in recent years proven inefficient in providing the same service as middlemen. The high dependence upon cash crops by poorer groups of small farmers has not been compensated for by the development of a comprehensive food marketing system.

In a second respect, concern must be expressed about the new form of patron-client relationships. Taylor (1980:9) has considered them important along with "kinship-based economic remittances," "circular and return migration" and "aid flows," in alleviating the impact of disparities produced by the rapid but uneven process of modernisation in Kenya.

The assumption may well hold with a traditional concept of a patron-client relationship in which, "...a patron provides loans, access to jobs and a variety of other services depending upon his position and the strength of his relationship with his 'client' who very often is an extended family member" (Taylor:9). However, in recent years, two developments suggest new forms of patron-client relationships will be less satisfactory.

Firstly, in the more modernised regions, like Central Province, there are signs of a breakdown of traditional social systems that safeguarded the common welfare of the community. In their place, new social systems are evolving that are more individualistic, and encouraging of the capitalist ethic of personal aggrandisement. Hyden (1973:209), after Durkheim, has phrased the argument as a breakdown in "mechanical solidarity" and its replacement by a more individualistic ethic that has flourished under conditions of comparative wealth. The present studies would suggest that the cooperative organisation is an active participant in this process.

The cooperative is organised in a way that encourages alliances of interest among sub-groups--for example, between a few committee members. This is in preference to kinship links and community remittance systems that spread benefits among a larger portion of society. In addition, young men with a high education and material wealth can use the cooperative society as a political "springboard." The hierarchical structure of the organisation allows component institutions to be used as "stepping stones" to progressively higher ranking positions. Under traditional organisation, senior positions would have been occupied by older men with greater experience.

A second sphere in which the new patron-client relationships appear less satisfactory than their traditional counterparts, is in the redistribution of profits away from the local people and the local region. Whereas traders on an individual scale could not bring about major transformations, cooperatives may be more effective. There are two trends to suggest this. In the first place, there has been an increase in the purchase of large-scale estates by cooperative societies (see section 4.6.2

for a full account of the trend in the case area). This might provide an opportunity for a higher proportion of the landless to enter the farming economy or at least, for the smallest farmers to purchase larger units of land. Under a policy that reserves profits from estate farms to farmers who take out shares (at a level far above the reach of poorer cooperative members) either alternative seems unlikely.

At the same time, rural-urban inequalities may be increased by the cooperatives. Cooperatives can straddle regional boundaries and have provided an easy means to transfer income from the rural periphery to the urban centre; this is illustrated by the rapid growth in urban cooperatives. Often, cooperatives that are rural based and whose members are predominantly small farmers, are investing in a range of urban functions. The paradox is partly a function of the committee whose members reside in cities and act as absentee landlords for their farms. They have the greatest control over profit distribution and have easy access to urban investments.

A second reason for not re-investing earnings in rural areas is the lack of rural structures that can be prestigious but will not threaten the present power distribution (Personal communication with Dr. P. Alila, I.D.S., University of Nairobi, August 1980). For example, investment in Harambee schools by cooperatives would doubtless benefit poorer sections of the population. However, profits are more likely to go towards the building of a modern union complex because it provides a visible symbol of wealth. Investments of this kind have the added advantage that they do not run the risk of educating the poor on the nature and extent of inequities in the community.

6.6 Conclusion

Soja (1971:45) has recognised the value of blending together the approaches and concepts of geography and social and political anthropology. An analysis of this type was attempted in this chapter by detailing the structure of cooperatives and the patron-client relationships operating within their bounds. Soja then makes reference to J. M. Hunter's (undated) study of the Nangodi State of Northern Ghana. In this study the "...political organisation of space reflects a mixture of the rapid

compartmentalization of either traditional forms of centralised political authority or those associated with the nation-state, with the more fluid, descent-structured system of ethnic territoriality" (Soja:45). Unfortunately, studies of this kind are, in the words of Soja, "extremely rare" and many more such studies are required before any comprehensive categorisation and analysis of spatial organisation can be made. The preceding discussion contributes to on-going research in this field.

CHAPTER 7

SUMMARY AND CONCLUSIONS

The central theme of the thesis has been to examine the role of agricultural marketing cooperatives in the development of the small farmer. The first chapter set the rationale and context of the study. The second chapter gave a theoretical basis to explain the adoption of cooperatives in ldc's. An overall appraisal showed that performance fell well short of promise. The role of cooperatives in the Kenyan economy was established in Chapter 3 and when recent development plans were taken as representative of theoretical aims, a failure to match expectations with results was again evident.

Closer analysis was based on a case study of cooperatives in a rural area of Kenya. Hypotheses were formulated to evaluate the importance of cooperatives to the community and to establish their role in affecting levels of income between farmers and between regions. Results showed that cooperatives were not rated as highly by the community as agricultural extension, education and health services.

Analysis by Carrie (1980) of Kimani and Taylor's 1973/74 data, reveals that income distribution among members is highly skewed. There are a few members who are very rich but the majority are poor. This study then found that some members had increased their income in recent years but for others income had not changed or had fallen. The fact that about four-fifths of farmers who reported some increase in income were cooperative members shows the high value of coffee relative to other crops. Coffee production may be a necessary but not sufficient condition for high earnings in small farmer agriculture. Further, the increase in income for many farmers may have been just sufficient to meet the rising costs of essential purchases.

To evaluate the impact of cooperatives on the regional distribution of income, data from a sample of 16 coffee societies were tested. Over the last decade, results indicated decreasing inequality in productivity

levels and income returns between the different societies. Since the societies cover sub-regional areas within the District, the process indicates a reduction of inequalities between the rich coffee growing areas and the poorer coffee areas. A trend towards increasing equality has also been observed between cooperative members within individual societies (Ng'ang'a 1979). However, both Ng'ang'a's work and my own, test levels of inequality within the cooperative movement. If the data were available, it is conceivable that the level of inequality between those areas that grow coffee and those which do not, and between their respective farming populations, may in fact have increased in recent years.

To explain the means by which cooperatives can accentuate socio-economic inequalities, a patron-client model was designed in Chapter 6. This shows the manner in which small farmer marketing has developed from pre-colonial times to the present day. For the future period, a scenario was pictured in which there will be an expansion in the cooperative movement so that it will increasingly come to monopolise small farmer marketing of cash crops. Concurrently, it is envisaged that cooperatives will be instrumental in widening inequities between the poor and the rich, and the rural and urban areas.

The conclusions of this study are based on limited results and are decidedly gloomy. Other studies of the cooperative movement in Kenya are more optimistic (see, for example, Karanja 1974; and Holmquist 1980). It is true that the cooperatives have proved more successful in Kenya than elsewhere in Africa where attempts to introduce cooperatives have hardly got off the ground. However, this in no way infers that the way cooperatives were originally designed was ever the most appropriate for small farmers or could guarantee widespread improvement in their living standards. Also, it is premature to judge that recent progress in the organisation will ensure a "healthy" future. The cooperative model that was introduced to Africa has structural limitations that frustrate theoretical goals. Only by re-structuring the organisation are these barriers likely to be overcome.

It would seem likely that in the face of extreme inequities within cooperatives, disruptive forces of power would pull the organisation

apart. However, cohesiveness is maintained through a conjunction of ideology, economics and politics. Since Independence, successive governments have used cooperatives as a means to control the rural population. This has been achieved by ensuring that all farmers who are members benefit by earning some cash incomes by selling their cash crops through cooperatives. At the same time, only a very few members who are relatively rich and influential have made considerable profits. To protect their affluence, these members support the government in maintaining the "status-quo."

Unfortunately, international aid agencies have shown little desire to pay anything more than "lip service" to a re-structuring of cooperatives that would put greater emphasis on small farmer production of food crops for internal markets. This is essential if nutrition standards among rural inhabitants are to be improved. In addition, the policy might ensure an ldc's independence from rich countries in the task of feeding its own population. Among Western aid agencies a rather different approach to cooperatives has emerged.

Cooperatives have assumed an image of a local organisation that is more "equitable," "socialist" and capable of stimulating "popular participation" than available alternatives. The opinion that cooperatives are intrinsically "good" when planning for ldc's has been widely nurtured. There is an element of hypocrisy in the attitude since in their present form, cooperatives are designed specifically to market primary products to the rich countries. From the perspective of poor countries, cooperatives institutionalise dependency on exploitative markets.

In all, the analysis has shown that the cooperative movement is effective in that it is an organisation that satisfies those in power (Hicks and Gullet 1975:253). However, this definition only confirms the continued viability of the organisation and makes no ethical judgement on the distribution of power. Quite clearly, there are gross inequities in income, influence, etc., among members. A developmental organisation would seek to remove or, at least, alleviate these. The cooperatives, by maintaining a situation in which the poor stay poor, fail to work as an effective means of small farmer development.

The situation is not irreparable but basic structural changes are required if cooperatives are to improve the overall welfare of Kenya's ten million smallholders. These might involve, for example: introducing an income progressive system of levies and allowing societies to initially operate at community levels rather than be based on economic criteria alone. Aid agencies could hasten the transformation by concentrating their efforts, through cooperatives, on improving food production and marketing. In the final analysis, however, for the reasons given above, it seems the initiative must be taken by the Kenyan government. It would do well to bear in mind the words of Mao Tse-Tung:

Some errors are unavoidable in the process of cooperative's development, and ... can be remedied or overcome provided we give them positive help.... We must guide the movement boldly and must not "always fear the dragons ahead and the tigers behind" ("On the Question of Agricultural Co-operation," Peking: Foreign Language Press, 1966:1,2).

There were inevitably fields of inquiry that were beyond the scope of the present study. First and most importantly, the field work could be supplemented. A survey of the attitudes of cooperative members and non-members to available services would be invaluable. In addition, a more detailed account of recent trends in the cooperative movement should be undertaken. These developments may have a crucial impact on the rural economy in the future. The growth in the purchase of coffee estates by cooperatives seems a highly significant indicator in this respect, and demands closer study.

It is always important to put a regional study in the context of the entire country's development. The task in this study has been attempted by drawing on a variety of secondary sources that included official documents, popular publications, and academic studies. In the absence of a recent nation-wide survey of cooperatives, it has been more a question of sketching some of the salient features. Without more extensive work, it is difficult to know with any certainty how characteristic the results of the field study are of other regions in the country. Or, for that matter, how the present evaluation fits in with the general performance of cooperatives in ldc's.

The thesis attempted to make the case for a greater awareness of

scale in planning. The study of cooperative organisation proved useful in underlining this argument. At successively higher scales of organisation, new relationships emerged and careful association with the changing environment had to be made throughout. In Chapter 1, some ideas for a general theory of organisation and development were proposed. It was envisaged that a combination of political and spatial approaches to organisations might be useful. It is now appropriate to comment in hindsight on the value of these approaches.

The power approach that Kasfir (1970) and others have advocated in relation to organisations has proven applicable to cooperatives. It is true that the organisations's boundaries cannot be taken as fixed. Not all members have access to economic resources such as loans and large landholdings or, for that matter, to knowledge which might constitute power. In the case study, the inequality is extreme and probably less than 10% of members have these types of powers.

It is now appropriate to add the spatial element and ask: what are the implications of an unequal power structure for regional development? From the first, it is evident that linear distance is relatively unimportant. In an organisation, the concept of distance is broken down so that it is more important to consider the strength of linkages between persons and institutions within the organisation, than to measure the distance between two points. The strength of linkage will determine the rate at which income, goods, services and information are moved. In the same way that power approaches ensure "transactional" awareness, emphasis on linkage gives a "trans-spatial" awareness.

The approach proves extremely useful in explaining the process of regional underdevelopment--the way in which the urban centre "underdevelops" the rural periphery. This study analysed the process for small farmer marketing. A measure of the detrimental effect the present arrangement has on small farmers was gained by looking at nutrition standards. The patron-client model in Chapter 6 then proved useful in describing relationships through time.

The conjunction of power approaches and spatial modelling, as illustrated for cooperatives in this study, has value in devising a new theory

of organisational behaviour. Applied to planning the theory would have practical value in the selection of organisations to stimulate development. More exhaustive research than possible herein, is now required to establish definitions, laws of behaviour, etc. Perhaps the first step would be to take a number of organisations which exist in ldc's and compare their respective impacts on the socio-economic environment.

Appendix 1

Statistics of 16 Coffee Cooperative Societies,
Muranga, 1969-79

1.1 Number of Members and Growers

Society	No. of Members					No. of Growers				
	69/70	70/71	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79
Welthaga	1,472		1,541	1,533		1,610		1,825	2,036	2,323
Kahuhia	1,330		2,136	2,134		1,850		1,776	2,842	2,067
Mugoiri	3,424		3,656	3,619		3,301		4,097	4,282	4,796
Kagima	5,156		5,406	5,375		5,860		6,440	8,285	8,103
Iyego	4,641		3,520	3,489		2,819		3,178	3,967	2,875
Irati	1,479		1,597	1,597		1,618		1,911	1,911	2,221
Thangahi	1,261		1,838	1,970		1,112		2,172	926	2,423
Njora	1,295		1,596	1,596		1,197		1,510	1,352	2,416
Nginda	864		870	772		300		300	235	400
Kiangoma	864		833	833		740		833	362	1,003
Gatanga	4,780		5,141	5,141		3,997		4,970	5,228	5,706
Muruka	1,257		1,326	1,227		1,118		1,043	1,654	1,626
Gacharage	837		903	903		907		1,009	949	1,091
Ireru	691		714	713		795		1,059	840	1,067
Kandara	2,475		3,464	3,464		2,637		2,998	3,268	3,435
Kaguindini	1,718		1,757	1,757		1,500		1,749	1,707	2,210
Total	34,044 (29,621)		36,298 (31,579)	36,123 (31,427)		31,361		36,870	39,844	43,762

¹ Before 1974, figures refer to number of "members" not "active growers." After 1974, figures record the total number of active growers. This distinction probably accounts for the apparent fall in numbers between 1972/73 and 1974/75. The earlier date records the membership in each society and the later date gives the number of growers.

² Figures in brackets are an estimate of the number of active growers. The estimate is calculated assuming 87% of members were growers. The proportion is derived from recent estimate by the MFCU that there were about 54,000 members. Of this about 48,000 were actually coffee growers and the remaining 6,000 were not active (Personal inquiry, July 1980). Where comparison with other years could be made, i.e. in 1974/75, the proportion was found to be unchanged.

N/A: not available.

Sources: Ministry of Agriculture, Annual Reports, Muranga, 1969-79.

1.2 Service Area¹ (Ha)

Year	69/70	70/71	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79
Society										
Weithaga	317		400	400	410	436	486	457	457	497
Kahuhia	287		261	261	269	288	383	556	556	596
Mugoiri	744		801	801	844	897	1,047	1,331	1,331	1,370
Kagima	1,164		1,157	1,156	1,157	1,293	1,371	1,919	1,919	2,000
Iyego	647		657	657	657	684	725	727	727	875
Irati	334		354	353	353	399	536	822	480	520
Thangahi	286		442	442	446	481	598	287	287	317
Njora	267	N/A	391	391	401	440	507	386	386	416
Nginda	81		96	96	96	122	155	64	64	70
Kiangoma	142		189	189	189	203	231	234	234	244
Catanga	1,391		1,605	1,605	1,645	1,676	1,843	1,853	1,853	1,950
Muruka	313		353	352	362	395	419	612	612	622
Gacharage	241		260	252	280	305	346	345	325	356
Irera	256		247	256	265	297	301	385	325	420
Kandara	609		749	757	777	808	902	1,070	1,010	1,121
Kaguindini	517		567	567	628	660	695	638	638	648
Total	7,596		8,529	8,535	8,779	9,384	10,545	11,686	11,204	12,022

¹Refers to total area of mature coffee and is slightly below the total area under cooperative management. For example, in 1979 there were 12,022 Ha of mature coffee but in all about 13,500 Ha were owned by coffee coops. The balance would be made up of land devoted to seedlings which will mature in 1-3 years and estate lands owned by the societies.

²N/A: not available.

Sources: Ministry of Agriculture, Annual Reports, Muranga, 1969-79.

1.3 Quantity of Coffee Produced (kg)

Society	Year	69/70	70/71	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79
Wethaga		225,563	265,189	279,414	401,340	327,168	115,454	291,818	134,952	147,806	335,442
Kahuhia		198,130	132,087	378,987	344,441	271,285	189,090	269,999	440,352	363,256	1,863,315
Mugoiri		324,120	527,330	842,305	923,590	826,049	522,727	5,128,166	1,258,672	819,077	5,438,922
Kagima		535,458	695,994	104,980	1,109,527	1,313,753	725,453	855,454	1,945,407	1,616,718	8,890,224
Iyego		273,317	282,462	312,745	589,309	514,121	314,545	327,272	678,439	536,951	3,059,987
Irati		187,969	336,312	365,778	335,297	406,420	181,818	231,818	425,560	361,883	2,123,911
Thangahi		198,130	233,692	297,703	252,996	537,490	290,909	253,636	400,775	473,411	2,025,503
Njora		74,172	124,974	30,482	2,255,631	120,910	103,636	174,545	131,707	126,097	389,963
Nginda		20,321	366,794	10,161	48,770	45,722	29,091	42,727	48,028	60,036	159,195
Kiangoma		78,236	76,204	111,766	103,637	154,440	109,999	89,091	134,952	147,086	335,442
Catanga		679,737	1,437,711	956,104	1,048,564	1,095,302	779,090	859,999	1,516,803	956,131	7,493,121
Murpka		212,354	154,440	82,301	339,361	277,382	213,636	284,545	320,253	336,663	1,879,567
Gacharage		196,525	136,151	274,334	220,483	267,221	157,272	169,091	350,304	209,070	1,813,195
Irera		120,910	157,488	246,900	209,306	342,409	160,909	154,545	314,242	245,369	1,645,262
Kandara		387,115	343,425	457,223	697,010	679,737	467,272	440,000	793,449	602,732	3,974,330
Kaguindini		155,456	227,595	320,056	365,778	357,650	254,545	348,181	129,935	356,999	1,617,178
Total		3,867,513	5,497,848	5,071,239	9,245,040	7,537,059	4,615,446	9,920,887	9,023,832	7,359,285	60,814,377

Sources: Ministry of Agriculture, Annual Reports, Muranga, 1969-79.

1.4 Net Payment to Societies (kshs)

Society	Year	1967/68	1970/73	1974/75	1975/76	1976/77	1977/78	1978/79
Welthaga		652,315		1,142,230		19,075,261	8,528,702	8,301,145
Kahuhia		279,772		1,520,216		15,680,115	9,622,603	7,562,559
Mugoiri		840,704		4,433,521		43,639,728	21,815,449	21,552,872
Kagina		2,303,899		7,298,332		73,238,177	41,962,192	31,998,449
Iyego		920,851		2,761,576		25,863,521	14,106,000	11,989,555
Irati		451,854		1,515,120		13,413,378	9,242,202	8,218,567
Thangahi		358,246		2,666,334		11,859,580	11,765,427	7,843,943
Njora		192,712		854,999	N/A	3,845,911	4,509,917	4,368,584
Nginda		96,123		242,007		1,554,605	1,610,402	634,965
Kiangoma		104,546		952,385		4,532,284	4,105,437	1,082,153
Gatanga		1,271,304		6,517,772		48,730,268	22,397,653	30,569,950
Muruka		268,480		1,763,973		9,441,874	7,887,707	6,827,980
Gacharage		315,698		1,348,119		12,836,895	5,107,919	7,443,109
Ireru		259,532		1,476,040		9,830,363	595,418	6,456,785
Kandara		645,130		3,630,124		25,801,557	15,895,789	15,995,090
Kaguindini		514,856		1,827,823		11,620,141	10,516,977	6,057,177
Total		9,422,022		35,960,571		330,963,658	189,669,794	176,702,883

1/N/A: not available;

Source: Ministry of Agriculture, Annual Reports, Muranga, 1969-79.

Appendix 2

List of Cooperative Union Services, Muranga, 1980

...Coffee co-operatives are the most active and it is to them that this union renders services most. Services that this union renders to its member societies include:-

1. Providing centralised services (i.e. Accounts clerks whose working centres are here at Murang'a, Thika and Kiria-ini.
2. Providing Management Staff (i.e. Secretary/Manager and Accounts Supervisors) who are appointed and posted to work with the societies' committees in their respective societies.
3. Conducting and financing educational courses for these staff, Committee Members and the general members. Co-operative education is conducted through the employed union Education and Publicity Officer (C.E.P.O.).
4. Co-ordination of all societies Management activities and attending to common problems relating to member co-operatives in the District. This is effectively done through the office of the General Manager and Chief Accountant of the Union.
5. Supplying farming requirements to co-operative members through their co-operative societies. In short bulk ordering minimise cost and control quality of the goods so supplied.
6. Providing savings services and granting loans to our members through their member societies in the District.
7. Providing technical services through our technical department to member organisations. This is more important as at to-day we have over 93 coffee factories in the District and in each factory has an average of 3 - 4 engines and 2-3 water pumps. All these need attention on breakdown and proper maintenance which is rendered by this section.
8. Supply of coffee seedlings for both infilling and extension from the Union sixty (60) acres farm some three kilometres from the Headquarter.
9. Providing crop transportation to coffee mills at Sagana and Nairobi either directly or through reimbursement system or by entering into agreement with other carriers for the transport of the produce and products of the union or its members.

10. To act as agents or brokers and trustees for members and arrange on their behalf for the disposal of their produce in the most profitable manner. (MFCU Handout to the Nordic advisers on the occasion of their visit, 16th June, 1980).

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