International Year of Cooperatives: In Kenya, working hand in hand with the ILO to create cooperatives and jobs

Cooperatives provide some 100 million jobs around the world. Many of these jobs provide for basic human needs, such as the dairy farms of Kenya. Today, some 13,000 cooperatives in Kenya have some 9 million members. As the United Nations launches its International Year of Cooperatives, Anne Holmes reports on how cooperatives are thriving, and the role of the ILO in their growth.

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MACHAKOS DISTRICT, Kenya: ILO Online – As the afternoon sun alights behind the rugged hills of the Machakos district in Kenya's Eastern Province, dairy farmer Peter Ndhuli walks across his idyllic farm towards a large mound.

"This one I made it last year. This is one way of challenging the climate," he says as he lifts the covering to reveal the silage made of sorghum, Sudani grass and molasses.

"The animals they love it," he says as he pulls handfuls of the sweet-smelling compost into a bucket. "We have told some farmers...and I hope this time we are going to make a big one, which can last about 3, 4 years."

A former schoolteacher, Mr. Ndhuli turned to dairy farming as a way to supplement his income when he retired. He joined the Masii Farmers Co-operative Society, a small outfit with only 548 members, and before long, became chairman of the board.

Although the semi-arid region has been affected by drought this year, the co-operatives in the region sensitized farmers to innovative techniques such as silage, hay bulking and rainwater harvesting. Previous droughts, such as the one in 2007 saw a massive decimation of the cattle population. This year, the animals have survived, but milk production will only crest when the rains come in December.

Just 25 kilometres down the road is Wamunyu Farmers Co-Operative Society. Registered in 1976 as a cotton farmers association, the industry collapsed as a result of competition from abroad, and the members turned to dairy farming as an alternative.

At the time, "there were only six dairy farmers and they were producing very little milk, so little, that all the milk would be consumed in the local markets," manager Joshua Wambua says. The demand exceeded supply, in turn inspiring more farmers to take up the practice, and today the co-operative boasts 2,023 members.

As the industry grew, the farmers encountered cooling and transport problems, and observed counter-productive business practices in the market. In the true spirit of the co-operative movement, Wamunyu Farmers approached their major competitor, Masii Farmers, with the idea of joining hands to work toward common objectives. Realizing that they were undercutting each other, they set uniform prices. In their discussions, they discovered a common problem: lack of proper cooling facilities, and together they submitted a project proposal to the ILO.

Starting in 2007, the International Labour Organization began providing grants to co-operatives in eight African nations through its COOPAfrica Challenge Fund facility funded mostly by the UK's Department for International Development (DFID) and the government of Finland, so far allowing for a total of USD 3.7 million in grant disbursements. Kenya has been one of the largest recipients, benefitting from USD 1.3 million for a total of 28 projects from 2008 to 2010.

Through this program, Wamunyu and Masii Farmers were awarded a $55,000 grant, which allowed them to acquire two cooling tanks with a capacity of 3,200 litres each, and a stand-by power generator.

"There were times when we had plenty of milk that could not be stored and it spoiled in the heat," says Mr. Wambua. The cooling facility was launched in May 2011, drastically reducing milk wastage and thus increasing sales. They are currently collecting 1,200 litres per day because of the drought, but when the rainy season comes, that figure should rise to about 2,900.

Some 30 kilometres northwest of Nairobi in Kiambu district, Limuru Dairy Farmers Co-Operative Society provides another example of how farmers have been able to expand their business through the COOPAfrica Challenge Fund. Started in 1961 with just 76 members, it has grown to 9,800 registered shareholders.

At 31 milk collection points in Limuru and four neighbouring districts, local farmers deliver an average of 25,000 litres per day. The COOP also supplies to its own milk processing plant where butter, yoghurt, ghee, and pasteurized milk are distributed to markets stretching all the way to Nairobi proper.

But fluctuating animal feed prices prompted the COOP to apply for a Challenge Fund grant to facilitate the creation of their own production plant. They were awarded $50,000 in 2009, and the resulting Limda Feeds has been fully operational since December 2010, leading to an increase in milk production of about 20%.

These cooperatives are primary examples of the work being funded by the ILO COOPAfrica Challenge Fund. The*Cooperative Facility for Africa*– CoopAfrica - is a regional technical cooperation programme of the Cooperative Programme of the ILO. The programme was launched in October 2007. Since its inception, the COOPAfrica Challenge Fund has funded about 70 projects in Eastern and Southern Africa.

Cooperatives like these are the grass roots examples of a global cooperative movement that today provides jobs for more than 100 million people. During the International Year of Cooperatives, launched on 31 October this year, the ILO will play a special role highlighting the strengths of the cooperative as an alternative business model for furthering socioeconomic development. A wide range of activities and events are planned in addition to making available policy briefs, training materials, guidelines and information materials for the ILO's constituents and other cooperative stakeholders.

At the local level, an important element of this support for cooperatives is a focus on innovative techniques as well as gender equality measures, urging grant recipients to bring women into the fold - a challenge in certain rural areas. In keeping with those objectives, the Limda Feeds plant created 15 permanent employment positions, one third of which were allocated to women.

Judith Nthiga, Acting Executive Director of Co-operative Alliance of Kenya, says the project has seen steady growth over the past several years, with 2,000 new co-operatives registering in the last four years, and counting. The growth of cooperatives in Kenya translates into jobs. Today 63% of Kenyans derive their livelihood, either directly or indirectly from co-operatives. There are some 13,000 registered co-operatives in Kenya with close to 9 million members.

Back at the Wamunyu and Masii Farmers' milk shop in Kitui town, business is booming. “When the milk production peaks, we are thinking of opening a tea shop here” muses Mr. Wambua. “We also have a long-time dream of owning a milk processing plant.” That dream may come true sooner than expected if his plans to join forces with other dairy co-operatives in the region come to fruition.