THE ROLE OF AGRICULTURAL COOPERATIVES IN RURAL DEVELOPMENT:

A Case Study of Kakamega District.

BY

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A Thesis submitted in 'Part' fulfilment for the Degree of Master of Arts (Planning) in the University of Nairobi.

JUNE 1978
Nairobi, Kenya.
DECLARATION

"This Thesis is my original work and has not been presented for a degree in any other University".

Signed ____________________________
(Student)

"This Thesis has been submitted for examination with approval of University Supervisor.

Signed ____________________________
(Supervisor)
Acknowledgement

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In particular I wish to express my sincere gratitude to Mr. Zachariah Maleche, a senior lecturer in the Department of Urban and Regional Planning, for his tireless efforts. Through his guidance I was able to probe into many aspects of the study.

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ABSTRACT

This study was prompted by the low level of cooperative development in Kakamega district. The generally weak cooperative movement in the area stands out as an obstacle to the success of rural development in the district.

The study examines the role played by the agricultural cooperatives in the development of the area first by considering the use of agricultural cooperatives in development from different countries compared with the current cooperative development policy in Kenya. This review establishes the role of agricultural cooperatives in rural development in general.

The development background of the study area is considered in establishing the existing development problems that can best be answered by cooperative development. Before considering the role of cooperatives in the development of the area, the development of agricultural cooperative societies in the district is given by analysing the factors which have influenced their growth and how the cooperatives are functionally and spatially organised in the district.

The study then looks at agricultural cooperatives in the light of their performance. The current role of cooperatives in the area is established against the background of development needs in the district. This has shown that agricultural cooperatives are limited in their performance in the area due to a variety of problems. It is seen that cooperatives are poorly distributed, most of the existing cooperatives are weak and cover only small number of members. The cooperatives are administered by two different ministries. Their management has remained poor partly due to the existing education pattern for the movement.
The agricultural cooperatives in the study area do not as yet undertake procurement of farm requisites for members, they have only channelled credit to farmers under a special government programme and market a few of the agricultural commodities of the area. Besides, the programmes which have been attempted through these have not been successful.

Towards these problems the study has considered both short-term and long term policy recommendations. For the Cooperatives to be real effective in the development of the area, it is considered that activity, aerial, and membership expansion of the agricultural cooperatives is necessary and that a better coordination of cooperative activities is possible when the cooperatives are put under one administration office. It has also been considered necessary that agricultural cooperatives should broaden their operational scope to suit the all round requirements of the smallscale farmers. Finally it is considered that for successful implementation of cooperative programmes in future, area or community based planning approach should be used.

The study finally winds up by suggesting follow up research in the detailed evaluation of the credit programme, in cooperative management and in area base planning as ways of increasing efficiency in cooperative operations.
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Chapter I - INTRODUCTION

1.1. - Background

Developing countries have given priorities to rural development. The Food and Agricultural Organisation of the United Nations has its third objective in the constitution as "bettering the conditions of rural populations." Hence the need for rural development is of international concern. In African south of the Sahara, this has been justified by the fact that between 85 and 95% of the nearly 310 million people in the area live in rural areas. Most survive on very low incomes, if any, based largely on low productivity agriculture and livestock. Their production oriented mainly towards subsistence needs as agriculture constitutes the largest sector in their gross national products.

By emphasising on rural development, the governments recognise this process as a way of steering of overall economic growth. In rural societies, where a majority stimulus is needed for what is called the 'take off' period, each government has an important role to play in creating the appropriate environment for facilitating this take off in accordance with resources endowment of that nation.

Kenya like other developing countries of the third world, has 90 per cent of her population living in rural areas of which 70 per cent consist of smallholder farmers.
whose gross annual per capita income is more than KShs.500/=, 2 per cent are landless and 12 per cent are seminomads. That the mainstay of the economy is agriculture stress the importance of increasing rural productivity. Consequently there has been increasing consideration given to the rural sector in the drawing of national objectives, as has been reiterated in the National Development Plans.

Both the 1970-74 and 1974-78 Development Plans have stressed that the key strategy is to direct an increasing share of the total resources available to the nation towards development of the rural areas. Philip Mbithi, while giving an insight into the historical perspectives of this strategy, observes that it is due to the cumulation of rural problems that the subsequent tailoring of policies and programmes to remedy these problems that has been a major preoccupation of the independent Kenya Government.

Hence it has been a fundamental objective of the Government to improve the overall standard of rural life by fighting what is commonly regarded as the three evils - Disease, Ignorance and Poverty. These are the very factors that characterise life in rural areas, the ones which rural development strategies have to address themselves to. The rural sector is faced by many problems that are attributed to:

(a) Existence of poor resources for development;
(b) Underdevelopment of resources;

(c) Rapid growth of rural population. National growth rate is 3.3 per cent per annum;

(d) High population densities which reduce agricultural production per capita and

(e) Low income levels that are attributed to:-

   (i) Lack of capital

   (ii) Lack of essential inputs

   (iii) Marketing problems

   (iv) Lack of skills in management and production

   (v) Poor production methods.

The Kenya Government has used several strategies to improve the overall and economic conditions of the rural population. These include the Special Rural Development Programmes, District Development Planning, Rural Water Programmes, Rural Electrification Programmes, Rural Access Road Programmes, Establishment of Cooperative Societies among others.

Cooperatives are socio-economic organisations formed and run by the local people themselves. Cooperatives came to existence basically as resource exploiting entities. For instance, building cooperatives exploit the skilled local labour in construction, mining cooperatives are formed to exploit existing mineral resources while agricultural cooperatives are formed to exploit the agricultural potential of an area. On this basis and considering their rural setting, agricultural cooperatives
also act as significant instruments through which rural areas could be reached by developmental programmes.

Low income levels, as has been stated earlier, is caused primarily by four factors, namely, the general lack of capital in the rural sector, essential farm inputs are lacking, there are marketing problems and the lack of skills in management and production in the rural areas. Agricultural Cooperatives are intended to help overcome these factors accounting for low income levels in the rural areas. It is for this reason that the government has embarked on advancement of cooperative movement as a vital strategy in the developing of rural areas.

1.2. - The Problem

In establishing cooperative societies, the government's intentions has been to uplift the welfare of smallscale farmers in rural areas as a means to effect national growth. Currently these smallscale farmers through their cooperatives handle not less than 90 per cent of the country's pyrethrum production, over 50 per cent of coffee and over 25 per cent of the milk sales. This signifies the part already played by the cooperatives in the production sector of the economy.

The cooperative policy while emphasising on the overall development of the movement, has recently focused on special areas in the development of the movement. In the 1970-1974
Development Plan, the emphasis was improving the efficiency in the movement. Towards this end, the government effected a tight financial and management control of the cooperative societies. During this time also there was a diversification of cooperative activity into many sectors of the economy such as building, mining, savings and credit etc.

In the current 1974-1978 Development Plan the policy introduced specific programmes for developing rural areas. This included projects through which credit facilities, marketing services and other related production assistance were to be availed to the smallscale farmers through their respective cooperatives. For instance, one of the projects aimed at provision of farm credit both in kind and in cash. The receipients did not have to offer title deeds as security since the loans had a cash crop component as a security. The loans were repayable through the sale of the crop.

All the smallholder farmers would have liked to benefit from this programme due to its favourable terms but one basic condition was that prospective loanees had to be members of cooperatives, for it was the cooperative which guaranteed the necessary security for individual farmers. As a requirement therefore these cooperatives had to be financial sound and have good management to administer the programme.
The credit programme thus presupposed the existence of strong and viable cooperative societies. Consequently it is found that in areas where the cooperatives are strongly developed, the programme was implemented with some success but in areas where the cooperatives are weak, inefficient or absent altogether, the programme has been unsuccessful if implemented at all. This is the case in Kakamega district.

While the government sees cooperatives as a significant tool for rural development, through which developmental services can be channelled to the rural sector, the cooperatives themselves are not fully up to the expected standard of handling these services. This arises from the fact that large parts of Kakamega district do not have cooperatives. Elsewhere in the district the cooperatives have collapsed while a number of existing ones are weak and running to dormancy. This has resulted in uneven spatial development of the area.

1.3. **Significance of the Problem**

Due to the poor and weak state of cooperative societies existing in Kakamega district, development programmes through the cooperatives, for instance the credit programme, become ineffective. This culminates in a situation where the smallscale farmers in areas without cooperatives are excluded from benefiting from these programmes. This results in uneven spatial development and general underdevelopment of the agricultural resource potential of the district.
1.4. - Study Objectives

The purpose of this study is to consider the role of agricultural cooperatives in rural development. Towards this end the study considers the following objectives:

(i) To examine the role played by agricultural cooperatives in the development of Kakamega district;
(ii) To identify the main problems related to the operation of these cooperatives and
(iii) To suggest programmes for improvement of the role of agricultural cooperatives in rural development in Kakamega district as well as other similar areas in Kenya.

1.5. - Assumptions

The underlying assumptions for this study are as follows:

(i) The implementation of cooperative programmes in Kakamega district has not been very successful and could be attributed to the following factors:
   (a) inefficiencies experienced in the administration of individual cooperatives;
   (b) the process of formulating policies and guidelines for the programmes and or the government’s bureaucracy at the national and district level and
   (c) the existence of single purpose cooperatives that render only one service to members.

(ii) The absence of strong agricultural cooperatives in larger parts of the district has contributed to the
uneven development of the district.

(iii) A better spatial distribution of cooperatives will result in an even development of the district.

(iv) Emphasis on development of cooperatives would lead to proper utilization of agricultural resources in the district.

1.6. - Scope of the Study

The focus of the study is on the role played by agricultural cooperatives in the production, marketing, supply of farm credit and such related services in major agricultural activities of the district. The study is organised so that the first chapter is devoted to the statement of the problem, its significance, study objectives, assumptions, scope and study methodology.

The second chapter is devoted to a review of the use of agricultural cooperatives in development from different countries compared with the current policy of cooperative development in Kenya. The main purpose of this review is to try and establish an acceptable definition of the role of agricultural cooperatives in rural development. The third chapter examines the background to the development of the study area. The main purpose here is to establish the main development problems and trends in the district and therefore the need for cooperative development. The fourth chapter directly examines the development of agricultural cooperative societies in the district noting the factors influencing their growth.
the current structure of organisation and distribution, and their related problems.

Chapter five looks at respective agricultural cooperative activities in the district in the light of their organisation and performance. The main purpose of this is to establish the present role of agricultural cooperatives and their needs in the development of the district. Chapter six attempts to synthesise the problems identified in previous chapters and their future policy implications. From this alternative policy recommendations are made for the enhancement of the role of agricultural cooperatives at the district level in the study area as well as at the National level. A summary of policy priorities both for shortterm and longterm is finally attempted. The final chapter attempts an overall summary of the whole study and recommendations and conclusions made. An attempt is finally made to identify areas for further research.

1.7. - Justification for Study and Study area

The choice of Kakamega district as the study area was arrived at in appreciation of the fact that it is an area which experienced an early start of the cooperative movement. The first cooperative society registered in the area North Nyanza as it was known then was in 1947. This was only two years after the enactment of the Cooperative Ordinance of 1945 which allowed Africans also to form cooperative.
Thirdly, Kakamega district has the second highest district population density in the country. Such a high population density reduces both agricultural production per capita and income per capita in the area leading to the typical development problems associated with rural areas of this type. This creates a situation ideal for focussing of rural development programmes to increase productivity and incomes as a means to sustain the high population densities. Finally the study was undertaken as a result of the authors working experience in the district.

The significance of agricultural cooperatives in physical planning is twofold. Foremost the cooperatives are instruments for resource utilization. Thus planning for their operation could be associated with planning for the efficient use of agricultural resources. This can be seen as part and parcel of land use planning. Since these cooperatives are organised and run by the local people in rural areas, they present a useful forum for local participation in resource use planning. Consequently the distribution of agricultural cooperatives should be related to the distribution of agricultural resources. Hence the spatial distribution of these cooperatives could be used to measure the level of exploitation of available agricultural resources in the area. Thus development of agricultural cooperatives should also have a spatial dimension.
Agricultural Cooperatives in the context of this study are defined as those cooperatives organised by farmers of different scales - large and small scale - for facilitating their agricultural production activities through a number of cooperative arrangements. These include marketing of their product with or without preliminary processing, supply of inputs such as seed, fertilizers or farm implements and provision of farm credit. These cooperatives may be differentiated from agricultural production cooperatives in the centrally planned economies, in which all factors of production are pooled and the farms therefore no longer operate as independent units - like the Ejidoes of Mexico, Kibbutsim of Israel or Kolkhoz of Russia.

Rural Development

Rural Development is defined as a process of improving of socio-economic conditions of people in rural areas. Many propositions have been advanced as to what rural development is. Philip Mbithi, defines it as a set of action programmes aimed at improving the incomes, the welfare and employment opportunities of rural people. On the same line, Uma Lele considers rural development to be the improving of living standards of the mass of the low income population residing in rural areas and making the process of their development self sustaining. E.H. Jacoby considers rural development as a process which circles round human factor with a chief
objective of providing the rural cultivator with motivations needed to make additional efforts for increased production and the rise of the level of living of the farming population.\textsuperscript{13} All these three propositions seem to agree that rural development is a way of raising the standard of living of people in rural areas. A more comprehensive definition of rural development, while summing up the above propositions and considering the rural situations in East Africa, is given by C.K. Omari. Omari considers rural development as a process embracing the overall societal development which looks not only in one area like agricultural development, political development etc., but at the whole spectrums of rurality.\textsuperscript{14}

1.9. Related Literature

Related literature agricultural cooperatives and their direct effect on rural development is not much but there exists enormous literature on cooperative organisations—particularly on their success, failures etc. Also there has been much work done on rural development \textit{per se}. However, there have been two studies which considered cooperatives and their role in rural development in particular.

Hyden and Karanja have made an attempt into such a study. They undertook a study of two coffee cooperatives in Kirinyaga District of Central Province.\textsuperscript{15} Although this was a microstudy, it elucidates general problems inherent in cooperatives. While arguing that agricultural cooperatives in Kenya are not well developed they fail to give their basis of
of comparison since 'development' of the movement is a relative phenomenon. On the origin of farmer cooperatives, Hyden et al argues that these were formed mainly due to the pressures from the Government agencies involved in rural development. While this might be true in some areas, one still identify the economic needs that motivated the formation of farmer cooperatives in late 1950s and was a response to the Swynnerton Plan drawn in 1954 which aimed at creating surplus on peasant holdings, among other things. The surpluses so created had to be marketed somehow and hence the birth of farmer cooperatives in Kakamega district. Quite a number of cooperatives were prone to mismanagement given the very high level of illiteracy in the rural communities during that time. Consequently a number of cooperatives had to be abandoned not due to false formation as Hyden would like to believe but due to inevitable circumstances like poor management skills, colluded sabotage by Asian traders, thefts, high rates of insolvency and many similar problems.

In their study, Hyden et al found that agricultural cooperatives have succeeded more in areas with a major cash crop that in areas where such a crop is only secondary to a food crop. This is true in Kakamega and possibly other similar districts. This by itself might account for the failure or success of cooperatives in a given area than the idea of cooperative imposition per se. A remarkable similarity
in both Kakamega and Kirinyaga districts is that quite a number of cooperatives formed after independence are based on parochial ties like clan, village etc. so that they are unable to solve the problem which they stand for.

Hans Gsaenger in 'The Role of Cooperative in Accelerating Thailand's Rural Development', observes that for a country with extensive rural poverty development emphasis should be given on the promotion of cooperatives as these are seen as the feasible institutions that facilitate the technical and economic transition of agricultural sector and thereby creating a protective environment for the rural poor. Gsaenger found that cooperative credit programmes in Thailand failed in attracting many farmers due to rigid rules for granting loans and due to the fact that prospective loanees have to mortgage their land. Since most of these smallscale farmers were either tenants or did not have registered land titles, most of these smallscale producers were therefore excluded from the cooperatives credit. The same problem is experienced in Kakamega district on a different dimension. Here the cooperative credit attracts many farmers as it has no rigid rules of farmers having to mortgage land but presupposes the existence of a strong cooperative movement. Since most parts of the district are completely devoid of cooperatives, a large number of smallscale producers find themselves in the same predicament as their Thai counterparts.

Hence Gsaenger relates the failure of cooperatives to procure credit facilities and inputs to recent land policy changes in Thailand. In this situation, the smallscale
producers have failed to identify themselves with the cooperative movement to the effect that it cannot play any role in rural development.

While the Kirinyaga study goes into greater depths in the management aspect of cooperatives and how cooperative service to members can be impaired through wrong management, the study in Thailand considers the aspect of land tenure vis-a-vis the functioning of agricultural cooperatives. In the latter, land tenure is a development constraint similar to the uneven distribution of cooperatives in Kakamega district. These obstacles have rendered the cooperatives ineffective as tools of resource utilization in both areas. Gsaenger has recommended strongly for a change in land tenure to enable the cooperatives redress their objective in rural areas. By the same argument, cooperatives in Kakamega district should be evenly distributed in the area so as to effect development in the district.

1.2.0. - Methodology

The field survey was carried out in the month of August after background preparations which necessitated visits to several libraries and government offices in Nairobi.

The main source of information was secondary. This included information from government offices, cooperative societies offices, from district union office and discussions with the people. These included the administration officers like chiefs and sub-chiefs, agricultural extensions staff, cooperative members and officials and local leaders such as
Members of Parliament, Councillors etc. The idea was to get their views on the topic of the study. This gave the author a broad insight into local impression regarding the role of cooperatives.

The use of a prescribed questionnaire was originally conceived but due to the limited time available, it was not possible to administer a questionnaire survey in a regional study covering an area of 3520 square kilometres within a month. Such an exercise would require more time and more funds besides the normal monthly allowance on which the author had to operate.

However, while in the area the author made visits to a few cooperative societies for detailed analysis. The cooperatives visited included three coffee societies of Isukha, Wamando and Lunyerere. The criterion used here was accessibility. These cooperatives are favourably located on main roads. This represents 50 per cent of the coffee cooperatives in the area. The only dairy cooperative (outside the settlement area) and the jaggery cooperative were visited. Finally the author managed to visit Marama and Shinyaku multiproduce cooperatives. In all 7 cooperatives out of 15 agricultural cooperatives (non-settlement) were visited. This represents 47 per cent of the cooperatives.

With the coordination of the district cooperative union, the author's visits to the cooperatives was made to coincide with the monthly Committee meeting of the cooperatives. This was necessary so as to get the committee members in the cooperative offices. Each Committee has 9 members out of
which 4 were interviewed by the author. Out of a total of 63 committee members for the 7 cooperatives, 28 were interviewed. This represents 44 per cent of committee members as having been interviewed. Each cooperative has an average of 2 full time employees. All were interviewed.

The author attended a special general meeting at the district level in which delegates representing all cooperatives in the area attended to launch a new cooperative venture on 24th August, 1977. Delegates from each cooperative presented their progress reports and these were a significant source of information for the study particularly concerning the cooperatives which could not be visited for interviews.

In areas where a large number of cooperatives have dissolved - like in Mumias, Malava and Lurambi divisions, a different approach was adopted. Here the problem was to identify people who had some knowledge of the dissolved cooperatives. This was a very difficult exercise but with the help of the local chiefs and their assistants, through their barazas, the author was able to interview some few people that had been leaders of the dissolved societies. This gave broad insight into general causes for the collapse of cooperatives in these areas. The problems encountered here were those of getting the people who had prior knowledge about the cooperatives as some were dead or had migrated from the area. The identified people were mostly suspicious and very uncooperative as they suspected the author.
to be a police informer probing into the disposal of cooperative assets after its collapse.

Several limitations were experienced. Transport was the major problem. This restricted visits to cooperatives which were remotely located from main roads on which buses and other passenger vehicles operated. This was a significant problem especially in the settlement scheme where it was only possible to visit the cooperative office. This has resulted in a heavy dependence of the study on records at the district union and government offices for those in inaccessible cooperatives. Nonavailability of information as related to the above problems or due to simply no records being maintained at the cooperative level was experienced. All these problems have definitely reduced the accuracy of the data used in the study.
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Chapter Two

THE ROLE OF AGRICULTURAL COOPERATIVES IN DEVELOPMENT: INTERNATIONAL EXPERIENCE

It has been observed elsewhere that the role of agricultural cooperatives in rural development in Kenya includes marketing of farm produce, channelling of farm credit and supply of farm input to smallholders who comprise the majority of farmers in agricultural sector. In this chapter, experiences are drawn from other parts of the world to arrive at a conception of the general role of agricultural cooperatives in development. In examining the experiences of cooperative development in the various countries, particular emphasis has been placed on the performance and role of agricultural cooperatives under contrasting economic conditions. The countries examined include the Netherlands, Greece, Cyprus, Mauritius and the Sudan.

2.1. The Netherlands

European countries are characterised with long established and highly developed cooperative movements. Taking the example of the Netherlands in North Western Europe, one finds that the most developed cooperatives are the agricultural societies. This is partly explained by the fact
that the Netherlands is relatively poor in non-agricultural resources and for a long time agriculture was the mainstay of the economy which has now given rise to other sectors of the economy, mainly industry and manufacturing.

Agricultural cooperatives in the Netherlands are very specialized and can be subdivided into many groups depending on the agricultural services performed. For instance provision of credit is done by Agricultural Credit Cooperatives. These supply long, medium and short term loans. Previously a farmer had to plead with a lender, such as a trader or a bank to get this type of credit. Hence these cooperatives were formed mainly as a step to bypassing these lenders.

The second group of services comprise those dealing with the supply of agricultural requisites to farmers. These include with purchase of fertilizers, feedstuffs, seeds, agricultural tools and implements and other miscellaneous inputs. These supply cooperatives have strengthened Dutch farmers position on the market by effecting favourably on the prices of various farming requisites. Besides, these cooperatives also run research programmes in determining the suitability of certain inputs in certain localities.

Cooperatives for the marketing of agricultural produce were set up to assist farmers in bargaining with the buyers of their products. These cooperatives handle horticultural products, wool, poulty etc. They operate largely through
organised auctions to facilitate quick selling.

The fourth group of cooperatives are concerned with the processing of agricultural produce. These normally own their processing plants in which members' produce is processed before selling. Unlike the purely marketing cooperatives, these handle only that produce which must be processed before being marketed. These cooperatives at one time processed as much as 80 per cent of the country's dairy products, 80 per cent of potato flour, 62 per cent of sugar, 50 per cent of beef and 50 per cent of bacon and pork.²

Agricultural Service Cooperatives are a special type of cooperatives that provide certain essential services to their members. These have developed out of the fact that with extremely advanced agricultural technology, individual farmers would not be capable to employ such technology unless they worked together as a group. Consequently other types of societies like agricultural machinery cooperatives, which are concerned with hiring out of machines, have developed. Significant to the dairy industry is the development of artificial insemination cooperatives which are concerned with the insemination of dairy cows belonging to members. The rapid development of dairy industry in the Netherlands is attributed to these cooperatives as keeping of bulls by individual farmers is not only expensive but hampers any effective breeding programme.
A remarkable feature of the Dutch agricultural movement is that it sprung up spontaneously about a century ago on an ad hoc basis, originating from the farmers voluntary desires to work together. The government maintained a laissez faire attitude from the beginning and the movement has grown independently of any government intervention. It illustrates a case where the movement is also highly specialised in its services to the farmer.

2.2. Greece

The situation in the Netherlands quite significantly contrasts with the Greek Cooperative Movement. The Greek economy is still depended on agriculture by 54 per cent. Favoured by the Mediterranean climate, Greece exports a lot of fruits and other horticultural products.

The Greek Cooperative Movement owes its origin to the predominance of smallscale farms and to the exploitation of the farmers by middlemen in the absence of cooperatives. This situation was worsened by almost continuous civil wars which resulted in a lot of capital resources being used for reconstruction and military purpose. This led to late economic development in the country and consequently farmers found themselves farming cooperatives for their survival. The movement dates as far back as at the turn of the century.

The agricultural cooperatives in Greece perform several functions for their members. Sale of agricultural produce, storage and processing of some of this produce and supplying
the means of production through provisions of credit and procurement of farm inputs are the main concern of the movement. While the range of services offered by the Greek cooperatives are similar to those offered by the Dutch Movement, with few exceptions, the nature in which they are offered differs. Unlike the Dutch Movement, cooperatives in Greece are multipurpose, that is, a cooperative offers a range of services in an area. In this case marketing of the produce, agricultural credit and supply of farm inputs can all be combined by one cooperative in a locality. Although the Greek Movement is highly autonomous, a trace of government supervision and guidance is observed.

2.3. - Cyprus

In Cyprus, a number of conditions can be identified as having given rise to the development of agricultural cooperatives. Rural indebtedness, excessive taxation and exorbitant middlemen militated for the formation of agricultural cooperatives to protect the farmers. The movement has developed to become a formidable force in the country's national economy.4

Agriculture is the mainstay of the economy in Cyprus with horticulture as the main activity in this sector. This has made citrus, carrots, vegetables, wine and olive as the main agricultural exports. Of these, cooperatives control 70 per cent of the citrus exports, 95 per cent of carrot exports, 84 per cent of vegetables, 95 per cent of olive and 65 per cent of the wine exports. The cooperatives have been
able to develop to this level mainly as a result of government's control. The government has promoted cooperatives through a strong extension service programme, through tax exemption on the movement and a favourable political climate. The main role of Cypriot cooperatives in this export oriented agricultural economy is basically marketing of farm products, largely to foreign markets. To win these competitive foreign markets, these cooperatives have had to be very efficient in their operations. To this end, Cypriot cooperatives have developed highly sophisticated sorting and grading facilities for their products. They have developed efficient storage facilities - mostly cold storage and also run overseas marketing intelligence through researches etc. Cypriot agricultural cooperatives are also concerned with the provision of production credit to farmers. This has enabled many farmers to participate in active agricultural production.

Both the marketing of the principal export crops and the provisions of credit for their production as a role of agricultural cooperatives in Cyprus has led to the development of the agricultural sector. As has been revealed by Pris Andreou in his study of Cypriot cooperatives, this development has been seen through the higher prices that are now being received by farmers. The overall effect of cooperatives has been redressing inequalities in the rural areas. This has resulted in raised standards of living in these areas.

2.4. - Mauritius

Cooperatives have been used in strict monocultural
economies for diversification, as shown by the case in Mauritius. Mauritius economy for a long time depended on a well developed sugarcane industry. A stage was reached when need was felt to diversify agriculture mainly in two areas, by increasing food crop production and production of other products in the hands of smallholders.6

Due to the success of cooperatives in the production, transportation and marketing of sugarcane (they command virtually all the sugarcane production in smallholdings on the island), the Mauritius government sought to diversify agriculture through the cooperatives. It was considered that this would result in increased production of foodstuffs, increased and stabilized prices to better the lot of smallholders in rural areas. A United Nations Commission was called upon to study the possibility of setting up other types of cooperatives in 1970.7 Resulting from this, several agricultural cooperatives were formed in Mauritius.

These cooperatives market the foodcrops and other farm products. They also channel production loans in an effort of boosting agriculture and they supply farm inputs especially seeds and fertilizers for the crops. Presently the economy of Mauritius has been diversified to include production of potatoes, onions, tea and pig breeding. All this has been achieved through the cooperatives.

2.5. - The Sudan

In the Sudan, agricultural cooperatives have developed to
enable farmers effect some production despite the acidity. The history of the Sudanese movement shows that attempts to develop cooperatives was done by the British Colonial officials. This was in recognition of the harsh environment in which the farmers toiled. The colonial government realised that since the cooperatives were based on selfhelp, if introduced, they would influence and educate the population to improve living conditions by their own efforts and by joint responsibility.

The above policy has been adopted by the national government and as a result of which several kinds of agricultural cooperatives have developed. The pump scheme cooperatives are the earliest forms of agricultural cooperatives in the Sudan. These are concerned with purchasing and operating the water pump equipment and the maintenance of irrigational canals for their members. In essence these are concerned with the supply of irrigation water for farming purposes.

In areas with adequate rainfall, the local agricultural cooperatives are concerned with a different aspect of farming. Mechanised crop production cooperatives are found in the wet Blue Nile region. Here farmers have pooled some of their plots for large scale production. The cooperatives are concerned with the raising of funds and buying of tractors and necessary equipment to work on these large scale farms. These are related to Combine Harvester Cooperatives in Gezira Scheme whose purpose is to purchase combine harvesters for wheat harvesting in Gezira Scheme. The machines are on constant hire. In both cases these are machinery hire
cooperatives very similar to the agricultural machinery cooperatives of the Netherlands.

Marketing cooperatives in the Sudan are relatively undeveloped. This is due to lack of state supported marketing boards to which cooperatives could sell their produce. With the absence of marketing boards, which represent a protecting framework within which the marketing cooperatives can develop, marketing cooperatives in the Sudan have failed repeatedly.

The main role performed by the Sudanese agricultural movement is the procurement and use of machinery, and to a lesser extent in marketing and purchasing or in the supply of credit.

2.6.1 - The Cooperative Policy in Kenya

In considering the current role of cooperatives in the national economy, one requires to look into the history of cooperative movement. The development of cooperatives in Kenya has been closely related to and considerably determined by changes in the agricultural development policies. This has been so because the mainstay of Kenya's economy is agriculture and cooperatives developed initially to assist production in the agricultural sector.

The history of the cooperative movement in Kenya can broadly be divided into two phases; preindependence and postindependence periods. Under the colonial administration, the cooperative movement was divided on racial basis and was
confined mainly in the agricultural sector. Under the national government the policy has been to diversify cooperative activity into many sectors of the economy.

2.6.1.1 - Preindependence Period

The beginning of the cooperative movement in Kenya can be traced back to the early days when Europeans were settling in the 'White Highlands'. The European settlers occupied large stretches of land which extended over hundreds of acres. These farmers were backed up by extensive government assistance in form of virtually free land grants, agricultural extension service, establishment of infrastructure and marketing institutions.9

Cooperative societies were among the marketing institutions set up through the enactment of Cooperative Societies Ordinance of 1931.10 This ordinance allowed for the formation of farmers cooperatives for the purpose of marketing members' produce and supplying them with agricultural farm requisites. For a long time these cooperatives were composed exclusively of European farmers only. These have resulted in present day cooperative organisations like Kenya Farmers Association, Kenya Cooperative Creameries, Horticultural Cooperative Union among others.

It was not until after the second world war that a second ordinance was passed. The Cooperative Societies Ordinance of 1945 allowed the formation of cooperatives in African areas. This was a time when the world all over experienced a general
economic depression resulting in decreased food production. To overcome these economic crises, the colonial government undertook the initiative to encourage African peasant farmers into commercial agriculture. The government also encouraged the formation of farmers cooperatives which were to execute the marketing of the peasants' produce. This action was aimed at mobilizing the economic efforts of peasant farmers in rural areas for development purpose.

Consequently a number of cooperatives were registered in the subsequent years. The earliest group of cooperatives were the poultry keepers organisations. These were concerned with the marketing of members' eggs. The members did not need to have produced the eggs on his farm, he might have bought them from his neighbour's. The cooperatives had opened up egg markets in the main towns. The second group of cooperatives to get established in African areas were the coffee cooperatives. Coffee had been introduced as a cash crop in selected areas including the present Central Province, parts of Meru and Kisii districts. The farmers in these areas formed cooperatives for the purpose of marketing their coffee crop.

This period was succeeded by the Swynnerton Plan. This plan was the finding of the Swynnerton Commission of 1953 which was set up to look into how peasant agriculture could be improved. This was a response from political pressure from Africans. The Africans had pressed for greater changes to enable them to participate and benefit more directly in and
The plan launched in 1955 had several proposals; technical, economical and social. Technically the plan envisaged land consolidation in African holdings and issue of land titles to holders. This gave individual development incentives. For instance, farmers would acquire credit facilities for agricultural production. In this way, the plan envisaged a cash enterprise on each farm in rural areas.

The economic proposition of the plan was to transform rural economy from subsistence to commercial farming in peasant holdings. The plan strongly recommended the introduction of cash crops - especially coffee, cotton, sugarcane, pyrethrum on peasant farms. This would result in commercial agricultural and hence cash income in the rural areas. The social objective of the plan was to restrict Africans from moving to towns through creation of employment in peasant agricultural sector. This was seen to speed up social change in rural areas. As an outcome of the plan, two classes of Africans were formed. A class of settled rich African farmers was started. These were the people who were favoured by the plan and therefore developed faster. On the other hand a landless class was formed. These were the people who were displaced in the process of land consolidation.

Thus with land consolidation, registration and introduction of cash crops, the participation of African farmers in the cash
economy increased. This meant the cultivation of major cash crops - notably coffee in African holdings. The crop however required cooperatives for its marketing in the African areas.

Hence many coffee marketing cooperatives were formed in Central Province, Meru, Kisii and Bungoma districts. The general policy during this time was to absorb the smallholder farmer into the national economy. This led to active participation of African farmers in production activities in the agricultural sector. Eventually this led to a gradual merger of the two sets of cooperative movements that existed. The European settler cooperative movement and African cooperative movement, which had been run separately, performed similar functions. One national cooperative movement thus emerged addressing itself to the entire farming activity of the country. This led to the changing of bye-laws of cooperative organisations like K.C.C., K.P.C.U. etc. which hitherto had been exclusively for European settlers. Africans were thus allowed membership and participation of these organisations.

Up to this point the cooperative movement in Kenya consisted of basically agricultural cooperatives. The functions of these cooperatives included processing and marketing of farm produce and acquisition of farm inputs. A classic example of this was Kenya Farmers Association which had gained monopoly in the supply of farm requisites.
2.6.1.2 - The Postindependence Period

Soon after independence the government came out with policy guidelines for future development. This was contained in the Sessional Paper No. 10 of 1965 entitled "African Socialism and the Application to Planning in Kenya." This paper stated the government's view as regards the role of cooperatives. The government viewed cooperatives as the only tangible means of boosting Africans' participation in many sectors of the economy. It was through these public organisations that Africans had to enter the monetary economy of the country by 'promoting producer, marketing and consumer cooperatives and training to run them that large scale opportunities are opened to Africans with limited capital.'

As the policy was for the diversification of cooperative activity into many sectors of the economy, the period immediately after independence was characterised by the formation of several types of cooperatives. These included settlement cooperatives which were formed to assist new settlers in the Settlement Schemes established to settle the landless people in the large scale farming areas previously held by European farmers. This scheme involved settling of about 30,000 African families. Similar to this were the farm purchase cooperatives which were formed for the purpose of purchasing large scale European farms. These were particularly encouraged by the government as they were seen as a quicker process of land transfer.
The government was also instrumental in setting up cooperatives in many other fields including housing, consumer, fishing, crafts and handwork, transport etc. Besides this diversification process, a relatively large number of agricultural cooperatives were formed in the African smallholding areas where none had existed before. The effort of diversification of cooperatives was due to the government's belief of increasing cooperative activity in all sectors of the economy. This was seen as offering a better chance to the citizens in exploiting their country's wealth.

Hence with independence dynamism and with a positive cooperative policy, numerous cooperatives were formed. This formation of cooperatives en masse resulted in many of them becoming dissolved prematurely as many had been formed without much economic considerations. This continued until the enactment of a Cooperative Act of 1969. This enabled a stronger government control of cooperatives. For instance, this enabled frequent auditing of books of accounts of the cooperatives by government auditors since earlier weakness of cooperatives were attributed to poor accounts.

This was followed by sessional paper No. 8 of 1970 entitled 'Cooperative Development Policy'. This paper restated the essence of cooperative movement as

'to maximise income of Kenyans peasant farmers to facilitate the expansion of agricultural credit and technological progress associated with it while adopting measures designed to improve the efficiency of existing cooperatives'
As implied, the cooperative policy was focussed on improvement of cooperative efficiency. Emphasis was put on the strengthening of the movement. The essence of this stress on efficiency was that since the cooperatives were the institutions for uplifting standards of living in rural areas, they are required to be very efficient in order to perform this role.

This paper was succeeded by a second sessional paper on cooperative policy entitled 'Cooperative Development Policy for Kenya' released in 1975. The policy continued to emphasise on the qualitative development of the movement. The government redefined its approach in the control and guidance of the movement. For instance, this time there was increased staff training programmes, recruitment of qualified personnel and above all, the use of overseas advisors and funds for the development of the movement.

The government also sought to promote multipurpose cooperatives. Hi therto only single activity cooperatives were formed. These were cooperatives which only performed one activity for its members and thus were regarded as incomprehensive to the smallscale farmer and his activities. With this type of a cooperative, it meant that a farmer had to be a member of several marketing cooperatives depending on the number of farm products he produced. Therefore as a step to overcome this situation, it was envisaged that by promoting multipurpose cooperatives, that is, cooperatives that could handle different farm products at the same time, would be more appropriate in the smallscale farming sector.
The third area of action was intensifying of agricultural credit programmes. Through this, funds would be channelled to the smallholder farmer members of the cooperative movement. Agricultural cooperatives therefore assisted only in the marketing of produce but had not considered assisting farmers with the means of production. This credit aspect as another activity of marketing cooperatives was believed to lend to increased usefulness of cooperatives and to a greater support for them by the farmers.

2.6.2. - Cooperative Organisation in Kenya

The Kenya Cooperative Movement is seen to have developed into an integrated organisation with primary cooperatives at the grassroots, the district union at the district or regional level and a national federation at the national level. Guiding and supporting this cooperative movement is the government through the Ministry of Cooperative Development. This is done through the direct control of the department or through the essential service cooperative organisations that have been set up.

These organisations include the Kenya National Federation of Cooperatives which acts as the supplier and liaison agent, the Cooperative Bank which finances the movement and the Cooperative College which promotes education in the movement, see chart I. This strong integration has enabled and continues to make possible the cooperative movement a significant instrument for development of the rural areas.
Chart I
Cooperative Organisation in Kenya

MINISTRY OF COOPERATIVE DEVELOPMENT

KENYA NATIONAL FEDERATION OF COOPERATIVES

COUNTRYWIDE ORGANISATIONS
KPCU, KCC, KFA, HCU,
COOPERATIVE BANK

DISTRICT UNION

PRIMARY COOPERATIVE SOCIETY

ORDINARY MEMBERS

PRIMARY COOPERATIVE SOCIETY

ORDINARY MEMBERS
2.6.2.1. - The Department of Cooperatives

The Department for Cooperatives Development was created in 1945 after the enactment of the Cooperative Ordinance of the same year. It was run by a Commissioner assisted by registrars of cooperatives who were stationed in the field. The department has changed over ten ministries in the last 30 years since it has been in operation. It started as part of:

(1) the Chief Secretary and was subsequently housed by ministries of
(2) Chief Native Commissioner
(3) Community Development,
(4) African Affairs
(5) Commerce and Industry
(6) Cooperatives and Marketing
(7) Agriculture and Animal Husbandary
(8) Cooperatives and Marketing,
(9) Commerce, Industry and Cooperatives,
(10) Cooperatives and Social Services and finally it earned itself a ministerial status and became Ministry of Cooperative Development in 1974.

The attainment of a ministerial status reflects the government's commitment in uplifting the lives of the rural people through more organised, better run cooperative societies by the new ministry. The services offered by the ministry go further than services which had been offered by the department. The ministry performs two main functions:-
(1) Enforcement and administration of the Cooperative acts and rules,
(2) General guidance and development of cooperatives and cooperative method.

2.6.2.2. - **Kenya National Federation of Cooperatives (K.N.F.C.)**

This was founded in 1964 as an apex organisation of the cooperative movement in the country. It is a national body which on one hand coordinates and develops the activities of the cooperative movement and on the other, provides communication with the government and publicises the cooperative movement within the country. As a member of International Cooperative Alliance it fosters liaison with other national and international cooperative organisations.

As an overall organisation, Kenya National Federation of Cooperatives has set to fulfil functions of availing resources and rendering of services which would otherwise exceed the seasoned capacity of a small organisation. These include the following:

1. Supply of merchandise in which it is the sole supplier of agricultural inputs to the cooperative organisations.
2. Through auditing Kenya National Federation of Cooperatives is set to achieve an efficient standardised but cheap auditing of the cooperative organisations. Through this, it is also able to maintain statistical data of cooperative operations.
3. Running of insurance schemes for all cooperative organisations.
4. While running education and information activities, Kenya
National Federation of Cooperatives aims at creating and efficient and strong cooperative movement with articulate membership. In this way, Kenya National Federation of Cooperatives trains cooperative instructors, participates in countrywide agricultural shows, publicises a cooperative periodical, conducts courses and seminars for movement and it also prepares weekly radio programmes.

The supply of merchandise to cooperatives is done through the rented several godowns in various areas, auditing and insurance activities are carried on by specialised divisions of the organisation.

The membership of Kenya National Federation of Cooperatives consists of:

(1) six countrywide cooperative organisation as shown in chart I.

(2) All district cooperative unions on behalf of their affiliated cooperative societies. In areas where District Cooperatives Unions do not exist, individual primary cooperatives are allowed direct membership as shown in chart I.

The advantage of Kenya National Federation of Cooperatives to the movement include the fact that the set up cuts off middlemen particularly in the supply of merchandise. The set up enable members to obtain inputs almost at cost. Both auditing and insurance have been a very expensive affair to the movement before the establishing of audit and insurance units within Kenya National Federation of Cooperatives. All these services can be interpreted as reduced costs on the
farmer. By establishing publicity, information and training services, Kenya National Federation of Cooperatives is striving to achieve a qualified personnel manning the cooperative societies. Mostly training is coordinated with the college courses or it is a specialised course, not available locally, students are sent overseas.

2.6.2.3. - The Cooperative Bank

This was registered in 1965 as a cooperative society. Its inception stemmed from the fact that large amounts of cooperative funds were employed by commercial banks without necessary credit facilities to the cooperatives in return. There was an increasing need among the smallholder farmers to have access to banking services. The bank was established to mobilize the financial resources of the cooperative movement and bringing this capital into rotation by distributing credit throughout the country. Presently the bank is a channel for outside financial resources into the cooperative sector and acts as the sole financial institution for the cooperative movement.

The credit facilities availed to the bank members consist of advances offered for the purposes such as crop advances, produce buying, financing of credit programmes and purchase of cooperative assets. The bank's membership is steadily increasing. In 1969 its membership was 307 cooperatives and rose to 350 in 1970. Its membership consist of primary cooperatives unions and a few of the countrywide cooperative organisations.
It is the intention of the government to make membership of
the bank mandatory for all cooperatives. This is seen as a
way of building up of cooperative reserves in the bank.

Cooperative bank works very closely with Kenya National
Federation of Cooperatives. In terms of giving of loans,
the bank will only give loan in cash to a cooperative through
its union but where loans in kind are given, the bank gives
such loans through the Kenya National Federation of Cooperatives
via the district unions.

2.6.2.4. - The Cooperative College

As stated earlier, the cooperative movement faced a very
rapid growth during the early 1960s. This was related to the
independence dynamism which led to formation of cooperatives
en masse. Within a short time most of the cooperatives formed
dissolved. The main reason for this collapse was considered
to be administrative and management ignorance on the part of
the government officers charged with the responsibilities
of running the movement and the cooperative officials and
members themselves. To rectify the situation, the government
contemplated on setting up of a cooperative training institution.

Thus in 1967, the Cooperative College was established as
a wholly government institution to train the department staff,
movement staff and members. The college conducts several
courses all relating to the working of cooperative societies
in the country. For instance, cooperative societies secretary
managers and bookkeepers are offered short courses in different levels of accounts to enable them write up books of account in their cooperatives adequately. A total of over 200 such students are trained in a year. Their selection for training is done by the Department of Cooperatives but the training fee is paid by the cooperative for which he is employed.

Another course offered is coffee factory management. This is a specialised course for cooperative employees concerned with maintenance of coffee pulping factories. The significance of this course is that coffee quality obtained depends on the state and control of pulping machines. Therefore a qualified coffee factory manager is capable of producing high quality coffee than unqualified one. Similarly these students have to be sponsored by their cooperative but selection is done by the district office of the department on the basis of coffee grades obtained by a cooperative. The course takes 40 students per year.

Among the highest course offered is diploma in cooperative management. This is a two year course for form six leavers. Unlike in other courses, the students here are sponsored by the government and on completion, they are posted to administrative divisions in the districts as Assistant Cooperative Officers. They are at a lower level, and therefore more in touch with the cooperatives than the district officials.

For the cooperative members, several committee seminars are organised at the college. Topics for the seminars vary depending on the felt need. This is determined by field reports.
For instance, if a cooperative incurs losses say in milk through contamination etc, it will be recommended that the committee or part of the cooperative committee attend a seminar on handling of milk or such a related subject. Such seminars are conducted with the aim of increasing cooperative efficiency in the field.

2.6.2.6. - *Kenya Planters Cooperative Union (K.P.C.U.)*

Formed in early 1930s, it is registered both as a company and cooperative. Originally it catered for European settlers only but today it handles all the country's coffee.

To smallholder farmers, Kenya Planters Cooperative Union offers three essential services. Through their cooperatives members deliver their coffee to Kenya Planters Cooperative Union stores built strategically in the coffee producing areas. Kenya Planters Cooperative Union also mills the coffee before selling it.

Most significant to the smallholder is that Kenya Planters Cooperative Union as the coffee agency provide members with short term finance for various purposes on demand. The crop advance thus offered is used by farmers to cover expenses like farm operations etc. One condition however is that members have to apply through their cooperative and district union for this advance.
In summing up the cooperative policy, role and organisation in Kenya, it is noted that agricultural cooperatives pioneered in and have remained the majority of registered cooperatives to date in the country. The cooperative policy has been to establish, enhance and develop cooperatives particularly those in rural areas as a way of facilitating economic growth. The significant roles of agricultural cooperatives are marketing of farm produce or products, procurement of farm inputs and supply of credit facilities as an added activity, as discussed earlier on.

To facilitate these roles, a set of interrelated cooperative service organisations have been established for the sole purpose of improving the efficiency of cooperative service at the ordinary members level as indicated in chart I. These include Kenya National Federation of Cooperatives, countrywide organisations like Kenya Planters Cooperative Union, Kenya Farmers Association etc., Cooperative Bank and Cooperative College.

2.7. - Summary

The analysis of the cooperatives show some contrast in the structure of cooperatives in the areas viewed in this study. In considering the origin or the start of cooperatives, it is seen that cooperatives started in two ways - either spontaneously by the people themselves or by the government's initiative. A good case of spontaneous growth of cooperatives is seen in the Netherlands where the forces behind formation of Cooperatives was the voluntary desires of farmers to work together. A similar element of formation where farmers grouped themselves into cooperatives to survive
the economic depressions resulting from continuous civil wars in the country. This pattern of origin of cooperatives differs remarkably from other areas studied where the start of cooperatives was government initiated, as has been seen in the case of Kenya.

The nature of the commencement of cooperative movement in an area reflects the level of government control. In the case of the Netherlands, the movement has grown independently and it required the government to only recognise and institutionalise the cooperatives. These cooperatives have remained operating free from government control. The Greek Cooperative Movement is something of intermediate. The cooperative societies in Greece are highly autonomous but still with slight guidance from the government. The situation in developing countries showed a high government control over the cooperatives. The case in Mauritius goes further to illustrate how the cooperatives have been used by the government in diversifying the national economy. Implicit in these considerations is that the level of government control increases with the decreasing state of development. This becomes necessary in the developing countries where cooperatives are deliberately protected and encouraged and have become significant sectors in which the management of economic affairs is based. This protection and encouragement is seen necessary where the movement is still young and in which cooperators have inadequate experience of business or management of democratic institutions.

A significance difference in the operation of cooperatives
under different economic systems is that in developed

economies as seen in the case of Netherlands, the agricultural

coop eratives are more specialised in their roles. This is

illustrated, for instance, by the existence of Artificial

Insemination or Machinery Cooperatives in the Netherlands.

This contrasts with the type of agricultural cooperatives

in developing countries such as Kenya where they tend to be

broad based and have to cater for two or more farms activities.

This specialisation of cooperatives in developed countries

reflect the high technological level of operation they are

required to perform. This has necessitated their having to

be highly specialised.

Finally, the review also reveals that the type of agricultural

coop eratives formed in any country reflects the nature of

agricultural resources available. This is seen in the case

of Mauritius and the Sudan. Mauritius produces a lot of

sugarcane and cooperatives have developed to mobilize this

resource. In the Sudan, the problem of irrigation has

predominated the agricultural sector. Cooperatives in the

country have developed to facilitate irrigation and other

machinery services.

In spite of this, the experiences from elsewhere

in this chapter, as summarised in chart II, shows that

agricultural cooperatives perform mainly the following

functions:—

(i) **Marketing of Agricultural Produce**

Where the product has to be processed prior to marketing,
## Chart II

### The Role of Agricultural Cooperatives in Development (Summarised)

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>MARKETING</th>
<th>CREDIT</th>
<th>FARM INPUTS</th>
<th>PRODUCE PROCESSING</th>
<th>ANY OTHER</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NETHERLANDS</td>
<td>General Farm Produce</td>
<td>Long, medium and short term</td>
<td>General inputs and Implements</td>
<td>Dairy, sugar, beef, bacon, flour etc.</td>
<td>Agric Service Coops, Machinery Coops, Artificial Insemination Coops.</td>
<td>No government intervention, Coops are highly specialized.</td>
</tr>
<tr>
<td>GREECE</td>
<td>General Produce</td>
<td>Medium and Short term</td>
<td>General farm inputs</td>
<td>Little</td>
<td></td>
<td>Highly autonomous</td>
</tr>
<tr>
<td>CYPRUS</td>
<td>Export of horticultural produce</td>
<td>Medium and Short term</td>
<td>Little</td>
<td>Little</td>
<td></td>
<td>Strong governments intervention</td>
</tr>
<tr>
<td>KENYA</td>
<td>General Produce</td>
<td>Short term</td>
<td>General</td>
<td>Coffee, cotton jaggery</td>
<td>Settlement Coops, Farm Purchase</td>
<td>Strong government control</td>
</tr>
<tr>
<td>SUDAN</td>
<td>Very little</td>
<td>Very little</td>
<td>Machinery</td>
<td></td>
<td></td>
<td>Solely procurement of farm implements</td>
</tr>
<tr>
<td>MAURITIUS</td>
<td>Sugarcane and food-crops</td>
<td>For diversification</td>
<td>Fertilizers and seeds</td>
<td></td>
<td></td>
<td>Strong government control, movement used to diversify the economy</td>
</tr>
</tbody>
</table>
Netherlands, separate specialised processing cooperatives exist. In transitional economies such as Kenya, both the processing and the marketing are done by the same cooperative.

(ii) Provision of Agricultural Credit is another significant role of cooperatives. In the case of the Netherlands, this is done by specialised cooperatives while in developing countries credit is among other functions of the marketing cooperatives.

(iii) Thirdly agricultural cooperatives supply farm inputs. Again in developing economies this is one of the many functions of a cooperative society except in the case of the Sudan which has cooperatives specialising in the supply of farm machineries.

Besides these, there are other roles like those of agricultural service cooperatives of Netherlands or Farm Purchase Cooperatives in Kenya all of which have developed to answer particular local problems in specific areas.

The principal aim of agricultural cooperatives in whatever economic system seems to be the increase of production and therefore development in rural areas. The net result of this is a raised standard of living in rural areas through increased and equitable distribution of incomes among farmers. This seems to be the principal goal of rural development that forms the concern of most developing countries. The three identified roles of agricultural cooperatives and their effect on rural development is conceptualised on chart III. This gives particular reference to Kenya.
CHART III
THE ROLE OF AGRICULTURAL COOPERATIVES (KENYA)

Primary Processing and Marketing the Produce

Agricultural Credit
Increased Production of Smallscale farmer
Raised Incomes
Equitable distribution of incomes among farmers

Access to Social Amenities

Investment in social Projects-Harambee

SOCIAL TRANSFORMATION.

Higher standard of Living (economic and social betterment).

RURAL DEVELOPMENT
A United Nations World Conference on the "Role of Cooperatives in Economic and Social Development" at FAO, Rome in 1972 identified the above as the cardinal roles of agricultural cooperatives and emphasised on their potential particularly in the development of developing countries. A question to be passed here is therefore, to what extent are agricultural cooperatives being used towards this end in Kenya. This is the main concern of this study taking a case study of Kakamega district in Kenya.
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Chapter III

DEVELOPMENT SITUATION IN KAKAMEGA DISTRICT

Kakamega district is one of the three districts of the Western Province of Kenya. It is approximately 3520 square kilometres and is bordered to the east by Nandi district, south by Kisumu district, to the west by Siaya and Busia districts and to the north by Bungoma district. The district headquarters is located at Kakamega town, which is also the Provincial Capital. The district forms one of the most densely populated and cultivated areas in the country. Small scale mixed agriculture is the principal basis of the economy.

3.1. PHYSICAL FACTORS

3.1.1. Relief and Drainage

The district forms part of the plateau gently slopping westwards towards Lake Victoria. The Nandi Escarpment at the head of the plateau demarcates the eastern boundary of the district. These are 1830 meters above sea level. The floor of the plateau is characterised by a number of isolated outcrops such as Maragoli and Bunyore hills, as shown in map I.

The Nandi Escarpment and the adjacent Uasin Gishu Plateau form the main catchment area of the district drainage systems and all rivers have their sources within this
plateau. The two main rivers in the area are the Nzoia and Yala. The Nzoia runs mainly along the western boundary of the district and its tributaries Lusumu and Isukha drain most of the middle parts of the district before joining at a point southwest of Mumias. River Yala drains much of the southern parts of the district including much of the Vihiga Central and Butere divisions and drains directly into Lake Victoria through the Yala Swamp.

3.1.2. - Soil Types

A variety of soil types are found in the district - the three main ones being; red friable loams derived from volcanic and basement complex rocks found in the south and east, orange clay loams derived from sedimentary rocks which is found in Ikolomani, and sandy loams with marrum pans found in the north and west.

As shown on map 2, these three categories are further subdivided into five minor subtypes depending on the varying degree of sand component. To the extreme north are the dark brown sandy loams with red friable clays covering most of the settlement area. Adjacent to these are the dark brown sandy loams which cover most of Malava division. The southwest area of the district consist of dark/yellow brown sandy loams. These form most of Lurambi and Mumias divisions. The southern area has medium humic red friable clays. Soils to the east, the dark red friable clays have outstanding carrying capacities.
3.1.3. - Rainfall and Temperatures

The district experiences very high rainfall. Rainfall range varies from 1270 mm per annum in the southern and northern edges of the district to over 1800 mm per annum in the central parts of the district (see map number 3). The long rains are experienced from March through June while short rains occur from August through November. A typical rainfall pattern is presented in table 4 which compares 2 years rainfall with an average of over 50 years rainfall of a station.

The temperatures in the district are generally high with the average figures of 72 to 74°F. During the dry period, which prevails from December to February, temperatures sometimes reach 80°F. Generally a small temperature range of 6 - 8°F. may be experienced.

3.1.4. - Ecological Zones

Granted the small variations in both rainfall and soil types, the ecology of the district is fairly uniform. The area is covered generally by savanna vegetation of scattered tree grassland type. The heavy rains to the east of Kakamega town account for the existence of Kakamega tropical forest. This gives way to the more open scattered tree grasslands to the west culminating in the open Mumias Plains along River Nzoia. For agricultural purposes, the area is divided into four ecological zones as shown on map 3.
3.1.4.1. - The Kikuyu Grass Zone

This is found at altitudes over 1800 metres above sea level. It covers much of the eastern third of Lugari division from Lesru station northwards. This zone exhibits much cooler climate than the rest of the district.

3.1.4.2. - The Staggrass Zone

This occurs at an altitude range of 1350 to 1800 metres above sea level. Since this is the general elevation over most of the district, staggrass vegetation covers three quarters of the area.

3.1.4.3. - The High Rainfall Savanna

High savanna vegetation is found at elevations of 1200-1350 metres above sea level. This zone is hotter and drier than the other zones and occurs in the district only in Mumias division.

Table 4

Kakamega Station: Rainfall Pattern

<table>
<thead>
<tr>
<th>Month</th>
<th>Mm Rainfall 1959</th>
<th>Mm Rainfall 1975</th>
<th>Mm Rainfall Average of over 50 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>76.5</td>
<td>34.6</td>
<td>55.5</td>
</tr>
<tr>
<td>February</td>
<td>206.6</td>
<td>84.4</td>
<td>97.5</td>
</tr>
<tr>
<td>March</td>
<td>89.0</td>
<td>144.8</td>
<td>152.7</td>
</tr>
<tr>
<td>April</td>
<td>164.0</td>
<td>200.0</td>
<td>254.3</td>
</tr>
<tr>
<td>May</td>
<td>213.0</td>
<td>197.6</td>
<td>260.9</td>
</tr>
<tr>
<td>June</td>
<td>145.5</td>
<td>172.3</td>
<td>186.3</td>
</tr>
<tr>
<td>July</td>
<td>111.2</td>
<td>137.8</td>
<td>165.6</td>
</tr>
<tr>
<td>August</td>
<td>251.7</td>
<td>201.2</td>
<td>234.9</td>
</tr>
<tr>
<td>September</td>
<td>177.5</td>
<td>167.1</td>
<td>181.7</td>
</tr>
<tr>
<td>October</td>
<td>205.5</td>
<td>207.0</td>
<td>132.6</td>
</tr>
<tr>
<td>November</td>
<td>110.5</td>
<td>89.4</td>
<td>115.7</td>
</tr>
<tr>
<td>December</td>
<td>41.6</td>
<td>51.7</td>
<td>86.8</td>
</tr>
<tr>
<td>Monthly Average</td>
<td>149.0</td>
<td>145.0</td>
<td>160.4</td>
</tr>
</tbody>
</table>
3.2. - Economic Factors

The clay and loamy soils found in Kakamega district are very high in nutrient content. They are also free draining. With the presence of heavy rains in the area, these factors have resulted in a rich agricultural economy in the area.

With limited variation in elevation, climate and soil types most of the major crops such as coffee, sugarcane, maize, sunflower, beans can be grown in all areas of the district. The difference is the varying degrees of field of these crops under various ecological zones. Over time, specific crops have been preferred in certain areas. This has resulted in certain agricultural activities predominating in specific areas or zones in the district as shown on map 4.

3.2.1. - Agricultural Zones

Following the above the district is divided into five agricultural zones on the basis of predominatn agricultural activities. Included is the dairying/largescale maize farming zone, sugarcane zone, cotton zone, tea zone and coffee zone.

3.2.1.1. - The Dairying/Largescale Maize Farming Zone

This occupies all the Lugari division including North Kabras location. The area has a mixture of Kikuyu and Stargrass vegetation and receives rainfall amount of between 1100 and 1500 mm per annum. The area is covered with dark red friable clays as shown on map 2.

Due to the altitude of 1800 metres above sea level, this area is cool and thus more suited for dairying activity. The cool temperatures render the area less susceptible to a vast
number of livestock diseases. This zone is the highest producer of milk in Western Province. All the milk produced is sold through cooperatives.

This zone grows the highest amount and hectarage of hybrid maize with the highest yields of 35-40 bags per hectare when compared to other areas of the district. Maize in this zone is grown mainly on largescale basis in comparison to the smallscale maize production in the other parts of the district. With good husbandary measures, yields as high as 50 bags per hectare have been reported. The area is also known for sunflower production. The crop is usually grown during the shortrains.

3.2.1.2. - Cotton Zone

This zone covers the entire Bunyala location which falls within stargrass zone. The area receives a rainfall of about 1500 mm per annum. About half the zone is covered by darkbrown yellow sandy loams while other half is covered by darkbrown sandy loams as indicated in map 2.

Cotton production in this area has not been very encouraging. The many problems which have hampered its production include poor marketing organisations. This has resulted in farmers opting for other convenient crops such as sugarcane.

Other crops grown in the area are beans, simsim, pears, sunflower, rootcrops, groundnuts among others. The area excells in the district in the production of simsim and cassava.
3.2.1.3. - Sugarcane Zone

This zone stretches from Malavo division through Lurambi, Mumias and Butere divisions. The zone receives rainfall amount of around 1500 mm per annum. The zone falls in the stargrass zone and mostly consist of darkbrown sand loams. There are two production patterns in the district; in the Mumias sugar scheme where white sugar is produced and in areas outside the scheme where emphasis has been on jaggery production.

Sugarcane production for jaggery making occurs generally throughout the district but with a high concentration in Malava division. This is the area in the district where sugarcane production is oldest. There are over 15 jaggery factories built to process cane. Some of these were built through cooperative efforts. The jaggery made is sold in as far places as Kisumu, Kericho, Kitale.

The sugarcane growing in this area has gained a new impetus with the establishment of two white sugar schemes in the vicinity. Nzoia sugar scheme being established in the neighbouring locations of Bungoma district has its outgrower areas extending into this division. The establishment of a smallscale white sugar factory in this division has emphasised the shift from jaggery production whitesugar production.

Sugarcane production for white sugar is concentrated within a radius of 15 kilometres around Mumias factory. This factory crashes 2750 tonnes of cane daily. The Mumias sugar scheme was started in 1971 in an area hitherto characterised by subsistence
farming. Production has expanded from 9000 hectares at the inception of the project to the current 18,000 hectares. This rapid expansion of the scheme is due to a continued price increase, developed infrastructure in areas under the scheme and an intensive extension service for the crop.

3.2.1.4. - Tea Zone

Tea grows in the higher areas of the district which have heavy rainfall. It grows in the area bordered by Kakamega forest to the north and Nandi district to the east. The main Kisumu-Kakamega highway demarcates the western limits while the crop extends as far south as Nyangori and Tiriki locations.

Tea crop has expanded to cover 1471 hectares presently and involves over 5,000 farmers. The crop is managed by Kenya Tea Development Authority, who produce and presently pack tea from smallholding farmers. Due to prompt payments - sometimes including bonuses and the high investment in infrastructure in the tea areas, the crop is bound to become the highest income earner in the district. The crop is transported to tea factories outside the district immediately after harvest.

Other crops produced in this zone include coffee, maize, beans, passion fruits and others. The area is significant for horticulture crops as well as keeping of livestock.

3.2.1.5. - Coffee Zone

This zone forms the most fertile area and supports a varied range of agricultural activities. It occurs in Emuhaya, Vihiga, Hamis and Central divisions of the district. The zone
falls within the stargrass ecological zone and has friable clays with an average of about 1700 mm of rain per annum.

Coffee production involves 5200 registered farmers. Although it is one of the most important crop in the district, coffee yields have continued to drop in quality and quantity. Present hectarage is 710 and the crop is marketed and pulped by cooperatives.

Other crops produced in the zone include tea, maize, banana, beans, pawpaw, passion fruit and citrus among others. The area excels in the horticultural crops. Commercial level production of pawpaws has been commenced with the establishment of a latex or pawpaw juice factory at Gamboge. Passion fruit production has reached a commercial level mainly in central division where the fruits are collected periodically and sent to Sotik for processing. Livestock activities in the area include pig and poultry keeping though not on a large commercial scale.

3.2.2. - Major Agricultural Activities

Following the above analysis of the agricultural zones in the area, emphasis is now given to the agricultural activities in relation to their conditions of production, current trends in earnings and quantities and marketing conditions for these activities.

3.2.2.1. - Tea

Tea in Kakamega district is grown on smallscale farms. There are about 4500 growers with a total of 1362 hectares of
tea in the area. Tea production in the area is under Kenya Tea Development Authority. This is a statutory body wholly responsible for promoting tea crop on small-scale farms.

The present trend of production as shown in Table 5 indicates that average yield for years 1974, 1975, and 1976 is 1336 kilogrammes of green leaf per hectare. This yield is somewhat lower than the estimated optimal yield of 1500 kilogrammes per hectare. In terms of land potential use, tea production is below the optimal level (see Table 5).

Production of tea is hit by high labour costs which result in much leaf overmaturity. There is also the lack (or expenses) of fertilizers for top dressing and there are generally poor husbandry practices by some farmers. The tea scheme is managed by Kenya Tea Development Authority who process and presently pack tea from smallholder farmers. Due to prompt payments, sometimes including bonuses and the high investment in the infrastructure in the tea areas, the crop is bound to become the highest income earner in the district.

The marketing arrangements by the Kenya Tea Development Authority have increased the popularity of the crop. This has been due to heavy infrastructural investment in the area. Reliable roads in the tea growing area is a necessity considering the promptness with which green tea must be delivered to the processing factory before much loss of weight after picking. Local tea factories are located outside the district and this has resulted in the development of good road connection between the fields and the factories. In cases where terrain proves
a problem in the maintenance of a road, such spots have been
tarmaced to facilitate all weather use of the roads.

Lack of factories in the growing zone of the district
has let to the underdevelopment of all the potential land for
tea growing. This is exemplified in the fact that presently
tea is not allowed to be grown on the western side of the
Kisumu-Kakamega highway, despite the potential, because of the
distance to the factory. The construction of a factory in the
area would be a step towards exploiting the full potential of
tea production in the district.

3.2.2.2. - Coffee

As reviewed, coffee has been the major cash crop in the
district. The crop is grown by about 5200 registered farmers
and presently covers about 762 hectares. Coffee is produced on
small-scale basis and marketed through cooperatives.

Current production trends as shown in table 5 indicate
yield per hectare is 853 kilogrammes. This is based on 1974,
1975 and 1976 production average. These yields are low when
compared to the national averages which are 2000 kilogrammes
per hectare as low, 5000 kilogrammes per hectare as medium and
10000 kilogrammes per hectare as high. Kakamega district is
above average in production potential for coffee. Thus it is
expected to produce at least 5000 kilogrammes of cherry per
hectare. This works to a gross income of Shs.4,000/= per
hectare in contrast to a gross income of Shs.682/= per hectare
as of now.
Table 5

<table>
<thead>
<tr>
<th>CROP</th>
<th>HECTARAGE</th>
<th>NO. OF GROWERS</th>
<th>REVENUE KE</th>
<th>YIELD/HA</th>
<th>GROSS RETURNS/HA</th>
<th>OPTIMAL YIELD/HA</th>
<th>OPTIMAL RETURNS/HA</th>
<th>DIFFERENCE IN SHS/HA</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUGARCANE</td>
<td>12,200</td>
<td>4,300</td>
<td>6,490,400</td>
<td>80 tonnes</td>
<td>2,750/= (Net 10,640/=)</td>
<td>100 ton.</td>
<td>3,591/=</td>
<td>-2,670/=</td>
</tr>
<tr>
<td>MAIZE</td>
<td>72,920</td>
<td>-</td>
<td>1,057,005</td>
<td>34 bags</td>
<td>1,510/=</td>
<td>45 bags</td>
<td>2,925/=</td>
<td>-1,415/=</td>
</tr>
<tr>
<td>TEA</td>
<td>1,362</td>
<td>4,736</td>
<td>56,873</td>
<td>1,336 Kgs.</td>
<td>1,336/=</td>
<td>1500 Kgs.</td>
<td>1,500/=</td>
<td>-164/=</td>
</tr>
<tr>
<td>COFFEE</td>
<td>762</td>
<td>5,336</td>
<td>50,547</td>
<td>853 Kgs.</td>
<td>682/=</td>
<td>5000 Kgs.</td>
<td>4,000/=</td>
<td>-3,318</td>
</tr>
<tr>
<td>COTTON</td>
<td>1,233</td>
<td>-</td>
<td>36,960</td>
<td>250 Kgs.</td>
<td>500/=</td>
<td>400 Kgs.</td>
<td>800/=</td>
<td>-300/=</td>
</tr>
</tbody>
</table>

Source: Annual Report 1974-1976
Ministry of Agriculture Kakamega

Figures based on three year average and excluding settlement schemes figures.
Green harvested tea
All coffee produced in the area is pulped and marketed by six cooperative societies. This include Idakho in Idakho location, Isukha in Isukha location, Bunyore in Bunyore, Wamondo in South Maragoli, Lungere in North Maragoli and Jebrok in N’angori location. Overtime there has been a decline in coffee production. Anumber of reasons have been given by both agricultural staff and cooperative officials. Uprooting of coffee by some farmers in the area has been experienced. This is related to the fact that there was initially heavy deductions on farmers earnings by the cooperatives - particularly Isukha cooperative. The cooperative officials argued that such a deduction was necessary as they had to pay back the development loan with which they had built the coffee factory. Somehow this was not communicated properly to the farmers who had not understood the reasons for deductions. A number of farmers lost confidence in the cooperative as a result of this and thus either uprooted their coffee crop or neglected it altogether. Inevitably this resulted in reduced coffee yields.

Another reason accounting for the low quality coffee is that cooperatives have not recruited skilled persons with the required technical knowhow in processing and pulping machinery maintenance. Coupled with the price of inputs, these factors have resulted in poor quality coffee. The world market price fluctuations was at its lowest in 1973/74 season and therefore farmers received relatively small payments from their crop. Out of 9 coffee grades, that is, from 1 to 9, the highest grade attained during any year in the district is grade 4. The varying
proportion of coffee produce of grades 4 - 6 from 1973 to 1976 was as follows: - 88% in 1973/74 season, 94% in 1974/75 season, and 92% in 1975/76 season.

Thus the analysis on quantity produced and quality produced reveal that coffee production potential is far from being satisfactory. This means that with proper husbandary and processing, coffee production in the district is capable of increasing five times to reach the optimal level of production.

The cooperatives have been instrumental in the marketing of the crop. Procurement of farm inputs such as fertilizers has been however entirely the responsibility of the farmers. Lack of this service by the cooperatives may have contributed to the low production of the crop. Given that only few farmers can acquire fertilizer on their own, due to lack of capital and the distance involved, the level of application of fertilizer to the crop must have been very low. This could have thus resulted in such low yields - quality and quantity. The situation would have been different if the fertilizer was supplied by the cooperatives.
Maize is the staple good crop and is grown throughout the district. There are two scales of maize farming in the district, the smallscale farming which is on a smallholder basis for both subsistence and commercial purposes, and largescale farmers of which is purely for commercial purposes.

Smallscale maize farming is carried out in all areas of the district. The average district yields is 34 bags of 90 kilogrammes per hectare. See table 5. This earned a farmer a gross income of 150/= per hectare. Given the existing good ecological background, with good husbandry practices maize rates in the area can be increased to as much as 45 bags per hectare.

Marketing of maize produced on smallscale level is done by individual farmers but a fraction of the crop is marketed through the multiproduce cooperatives Bunyala, Lianda, Butnotoo Shinyalu, Marama and Kabras. These cooperatives have been recently formed to assist the marketing of maize and other produce.

Largescale maize production is concentrated in Lugari division. This area grows the highest amounts and hectarage of hybrid maize with the highest yields of 35 to 40 bags per hectare. The good husbandry measures, yields as high as 50 bags per hectare have been reported.

Maize produced in the settlement area is all marketed through the settlement cooperative societies. The problem experienced in this connection is that cooperatives are not
able to purchase all the maize crop from farmers. This has led farmers to sell their crop privately outside the cooperatives. This has had the negative effects of having to reduce the cooperative earnings from maize.

3.2.2.4. - Cotton

Cotton production is centred in Bunyala location and for the period of three years, 1974-1976, the average cotton production per hectare was 250 kilogramme per hectare as shown in table 5. The table as indicated shows that the area is capable of producing 400 kilogrammes per hectare. This would give gross returns of Shs.800/= per hectare instead of the current gross income of Shs.500/= per hectare to the farmer.

These low yields are indicative of the production problems facing the crop. The cotton area in Kakamega district is a continuation of developed cotton areas of Busia and Bungoma districts. While the marketing of the crop in the neighbouring districts is organised by cooperative societies which sell the crop to Cotton and Lint Marketing Board, there is no organised marketing system for cotton in Kakamega district.

This has resulted in irregular and late planting. Pest control programmes undertaken by only a few farmers in the area have proved futile. The unattended plots, whose owners may not afford buying the pesticides, always harbours pest. Under these circumstances the pests cannot be eradicated from the crop in the area. Secondly there is no storage and transport facilities organised for the marketing of the crop. In these
circumstances middlemen have sprung up to handle the cotton and much to the disappointment of farmers, payments for their crop is irregularly made with substantial deductions. These three factors have led to a decreasing production in cotton as more farmers are opting for the cultivation of other crops. The present production level leaves the land potential for the crop very much underutilized.

The problems facing cotton production would be easily solved by producing the crop through the cooperatives. Through cooperatives pest campaigns would be launched and every farmer given pesticides to spray the crop. Cooperatives could streamline the buying, storage and transportation of cotton. In this way, the present middlemen who seem to be contributing to the total collapse of the crop in the area, would be undermined by the cooperatives. This would reestablish the popularity of the crop and hence optimal production would be possible.

3.2.2.5. - Sugarcane

Sugarcane production in the district falls on two lines, for jaggery in vast areas of the district and for white sugar processing in areas around Mumias.

Production of sugarcane in areas under Mumias sugar scheme is on average of 80 tonnes per hectare. This is below the optimal level of 100 tonnes per hectare. This would fetch a gross returns of Shs. 13,300 in comparison to the gross returns of Shs.10,540/= that is being earned by farmers as of now, as shown in table 5.
The apparent high gross margins per hectare earned by farmers has attracted them from cultivation of any other crop apart from sugarcane. This has drastically reduced the amount of foodcrops produced in the area, resulting in the sugarcane monoculture in Mumias area. Lack of adequate food being produced in the area has resulted in several problems. According to the local administration, the rates of crimes like arson, thefts and thuggery have increased. Health hazards like child malnutrition have been reported.

In Mumias scheme, all sugarcane production operations are undertaken by the company. They include ploughing, seedcane supply, fertilizer supply and application, weeding, harvesting and transporting of farmers cane. In reality all operational services are offered by the company and in most cases a farmer may have no part to play in the real production of sugarcane.

The company charges per hectare as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development and survey</td>
<td>40.00</td>
</tr>
<tr>
<td>Ploughing</td>
<td>306.00</td>
</tr>
<tr>
<td>1st and 2nd harrowing</td>
<td>301.00</td>
</tr>
<tr>
<td>Furrowing</td>
<td>103.00</td>
</tr>
<tr>
<td>Seedcane supply</td>
<td>1,154.00</td>
</tr>
<tr>
<td>Weeding</td>
<td>444.00</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>871.00</td>
</tr>
<tr>
<td>Harvesting and transportation</td>
<td>3,492.00</td>
</tr>
<tr>
<td>Other miscellaneous charges</td>
<td>1,168.00</td>
</tr>
<tr>
<td>Total deductions per hectare</td>
<td>7,880.00</td>
</tr>
</tbody>
</table>

Gross margins per hectare = 80 x 133 = 10,640.00

Less total deductions 7,880.00

Net returns per hectare 2,760.00
as shown out of the total gross returns of Shs.10,640/= the amount deducted for services is Shs.7,880/=. This represents 73%. The net returns per hectare remaining at Shs.2,760/=, a mere 27% of the gross returns per hectare.

There are some advantages with this type of production where farmers have to contract with the company so that it undertakes all production operations from beginning to the end. One is that production would not reflect farmers inefficiency, it would not also reflect farmers ignorance. The farmers farming acumen would not be reflected in production. The biggest advantage is that land productivity is maximised. This has resulted in Mumias area excelling in sugar production. At the farmers level, this system of production does not involve him in farming task. He only keeps guard of the farm and waits for the harvest day to appear for payment.

However, there are many disadvantages to this kind of production. Here a comparison is drawn with a production system in Nyanza sugarcane growing area where farmers are individually and actively involved in the production of sugarcane on their plots. In Mumias, as discussed, the production of the cane is organised such that all farm operations do not involve the farmer at all. His is to contract with the company and sit back and wait for two years for payment from sale of the crop produced on his farm. This definitely does not allow for any technological innovations to be adopted by the farmers, and therefore fails to address itself to the process of rural
development in which adoption of technological innovations is an important part. Besides all operations are highly capital intensive, for instance, the use of herbicides or mechanical loaders in the field. This system of operation has resulted in excessive and unnecessary charges on the side of farmers.

Cane production in Nyanza sugarbelt is organised on cooperative basis. The farmers have several cooperatives through which inputs such as seedcane, fertilizers etc are supplied to them. These cooperatives are organised under a union - sugarbelt cooperative union which owns and runs machinery equipment on behalf of the cooperatives. The difference between this type of production and the one found in Mumias area is that in the former, the farmer is involved in actual production process of his cane. He has to cultivate, to plant, weed and cut his own crop before delivering to the cooperative. He is not kept aloof from involvement in actual production activities. He thus has a greater chance of adopting technological innovations etc. in production than his counterpart in Mumias area. Through the cooperatives he also bargains for the prices.

The basic difference however is seen in percentage farm returns received by farmers in these two areas. While a farmer in Mumias receives 27% of the gross returns as net incomes, a farmer in the Nyanza sugarbelt receives 80%, at least, of the gross returns. Using production figures in Mumias, this would be as shown.

Production per hectare = 80 tonnes x 133/= = Shs.10,640/=  
Cooperative society commission of $\frac{20\%}{100} = \frac{20}{100} \times 10640 = 2,128.00$  
Therefore net returns per hectare = 8,512.00
Under the cooperative production, this simple analysis shows that Mumias farmers could earn more returns per unit of land than the present production system. The cooperative society commission of 20% is used as the highest possible commission chargeable. By constitution, the cooperatives are supposed to charge much less as a commission. Ordinarily it is 12%.

3.2.2.6. - Livestock

Livestock in the district is varied. Except for Lugari settlement scheme where the dairy cattle predominate, the rest of the district has a higher number of local animals. These include cattle, pigs, poultry, sheep and goats.

There are about 200,000 zebu cattle in the district. These are kept for beef, milk and in many parts ballocks are used for oxploughing. Milk production in Zebu cattle has remained very low. The on going artificial insemination project aims at increasing the quantity and quality of both milk and beef in the predominately zebu cattle area.

Dairying is the chief activity in the livestock sector. The area excels in milk production in the entire province. Outside the settlement area, milk on commercial scale is produced in Malava division.

On the whole there are about 6020 grade milk cows distributed in the district - outside the settlement area but with a majority in Malava division. Milk is marketed through a cooperative. It collects milk from farmers at different points along Kakamega-Webuye road every morning and delivers to a dairy in Kakamega town where the milk is sold. Some milk is sold to other centres
like Mbale, Chavakali, Majengo and Mumias.

With an average yield given as 10 litres a day and assuming that of the present 6020 cows in the district, 50% of them are in milk at any time, this would give a yearly milk output of 10,986,500 kilograms. This would fetch about Shs.131,838,000/= to dairy farmers in the area. This potential production can be contrasted to the attained production of 690,385 kilograms in 1976. This current production is not only below the market demand of milk but also far below the possible optimal production.

In the settlement area, milk production is faced by the problem of marketing. Not all cooperatives have delivery trucks so that quite a number of them have to hire private transporters. This has proved expensive to the cooperatives and therefore to individuals with results that some members sell their milk privately outside the cooperatives.

Outside the dairy enterprise, grade poultry and pig keeping has been attempted. There are smallscale producers of these in central and Vihiga divisions. Due to marketing problems experienced in these enterprises, it has become prohibitingly expensive for individual farmers. However considering that they require very little land, they could fit in very well in the populous areas of the district. Production could be organised on cooperative basis to enable farmers earn economies of scale.

As a concomitant factor to the livestock enterprise, dips have been constructed in the area for improving the livestock. Previously dips have been poorly maintained, a factor which has contributed to the high mortality rate of livestock, especially
grade cattle. This has resulted in the district not been self-sufficient in milk. With the taking over of the running of all dips in the district, the central government's gesture is seen as a direct involvement in the promotion of livestock, and particularly milk industry in Kakamega district.

3.2.3. Road Network

For any effective economic growth, a developed cheap, reliable and efficient transportation system is necessary. Areas which exhibit communication problems are cut off from any type of development characteristic. Thus communication network - including road, railway and air transport systems are significant factors of development.

The principal forms of transport in Kakamega district are roads and railway. The majority of roads are passable. This great improvement has been possible as the maintenance responsibility was transferred from local authorities to central government in 1970. In this way, all the major roads have been classified and maintained by specific grants by Ministry of Works as shown on map 7. Except for rural access roads, maintenance and road development are done under one umbrella. This has helped to raise the standard of roads in the area.

Kakamega district is served by the Mombasa-Uganda railway line which enters the district at Turbo up to Webuye. This line is particularly significant to the large scale maize growing area of Lugari division, through which it passes. The evidence of this can be seen by the presence of large produce depots
in railway stations in these areas. A second line in the district is from Kisumu. This passes through the populous southern locations and terminates at Butere. This also serves as a produce outlet in the area. Most of the produce exported from the district passes through Butere which has similarly large produce depots.

The district has two landing strips ideal for light aircraft. The one at Kakamega town is used for purely administrative purposes mostly. The newly constructed Mumias airstrip serves mainly the business executives of the sugar mill.

Main modes of travel and transportation are buses, matatus lorries and in some cases bicycles. The principal motor transport modes such as buses and matatus tend to be concentrated on the main roads in the district. The pattern of travel is generally towards or from the main centres in the district. These include Kakamega, Butere, Mbale, Mumias and Kaimosi.

Road connection in the area is shown on map 7 which is self explanatory. A point to be noted is that the general distribution of secondary and minor roads in the district, four specific areas of better developed road network emerges. These are the settlement schemes which have had to invest heavily in infrastructural development for the purpose of resource exploitation in terms of production, produce marketing and supplies distribution.

The settlement scheme have a highly developed and maintained network of roads. The maintenance of these roads is the concern
of the Ministry of Lands and Settlement. It is envisaged that the success of the settlement scheme depends on the ability of farmers acquire supplies and dispose off their produce as fast as possible. This factor has emphasised on an efficient transportation system in these areas.

In Mumias area, the local roads have been greatly improved and more opened up due to sugarcane scheme in the area. It has been and remains the concern of the local sugar company in conjunction with bodies such as District Development Committee to open up more feeder roads to reach more farmers. Maintenance of these roads has been kept very high considering the weight of the giant machines plying on them. Sometimes the company has had to tarmac some essential stretches.

Roads in the former Vihiga Special Rural Development Programme were of very high standards and adequately maintained. Many were opened using labour intensive techniques as part of the programme strategy. Most of these roads have remained in good form since the programme ended. They have facilitated rapid communications in this otherwise populous parts of the district. The tea area similarly has very highly developed roads as discussed earlier on.

The relatively improved road networks in these four areas have been achieved through special efforts of different agricultural schemes. This has given a clear distinction from other parts of the district outside these schemes. Areas outside these schemes such as Bunyala, Butsotso and Kisa areas offer generally poorly developed road system that is
almost impassable in the wet season. This has hampered agricultural activities and led to underdevelopment of some of these areas where accessibility is difficult and people are cut off from reaching development services particularly during wet season.

The improvement required in this case is development of access roads in these areas. This would require the District Development Committee to focus their development efforts towards access roads improvement to link farmers to their nearest centres. As shown in map 7, urban centres, rural centres and market centres are generally well connected. The problem however lies with the local centres. The significance of these centres is that they are the immediate centres within easy reach of farmers. They are the centres which could be most reliable in the supply of the necessary farm requisites and they are the most local level of marketing centres to which farmers sell their produce. The emphasis here is that if these centres are served by an improved road network, they will be in a position to offer more effective agricultural services as discussed. This will save both the farmers time and transport costs for inputs or produce. Their role will thus contribute towards agricultural development of the district.

In areas where the centres are insufficiently connected by roads, the services offered by such a centre are poor.
This forces a farmer to travel far off to acquire farm requisites and to sell his farm produce. Apart from the time wasted on the way, a farmer incurs greater transport costs than would otherwise be possible if these services were to be availed at his nearest trading centre. Such journeys are not possible during the wet season so that farmers are practically cut off from reaching significant trading centres from which they can buy or sell their goods. This situation results in reduced production and therefore under development of agriculture in these inaccessible areas. Areas most hit by these conditions are to be found in Butsotso e.g. stretches between Bukura and Shianda, some parts of Kabras and Bunyala locations.

Agricultural cooperatives normally locate on some trading centre where in some cases it may have an office-cum-store where the members deliver their produce. They also receive supply of farm requisites from such centre. Similarly this would be their focal point for meetings etc. The implication of such a centre being inaccessible to the farmer is that he will not be able to receive his farm supplies in time, he would not be able to transport his farm produce to the cooperative store nor would he turn up for cooperative meeting regularly.

The net effect could be seen as overall reduction in production and therefore income. The proper functioning of a cooperative is thus linked to trading centres and road networks in that the success of a cooperative could directly
depend upon the existence of a good network of roads.

3.3. - SOCIAL FACTORS

3.3.1. - Demographic Characteristics

Kakamega district has a total of 19 locations forming 9 divisions as shown in map 5. The district in the 1969 census had 783,000 people living on land area of 3520 square kilometres. This gave an average population density of 222 persons per square kilometre. This ranked as the second area of highest population density to Kisii district which had a population density of 307 persons per square kilometre.

The district presents a picture of decreasing population density as one moves northwards. The southern parts are the most densely populated areas with a maximum density 753.3 persons per square kilometre in North Maragoli location. The density decreases in central areas like Butsotso and Bunyala locations which have a medium density of 178.2 (Butsotso) persons per square kilometre. The density gets very low in the north. South Lugari location has the least density of 84.0 persons per square kilometre as shown in table 6 and map 6.

In 1962, the district had a population of 600200 which after eight years in 1969 had grown to 783000. This represents a growth of about 3.5 per cent annual increase. Using this rate of growth over the 1969 census, one finds that in 1975, the district had 965,296 people with an average
## Table 6

Population Density and Distribution

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>AREA IN SQ. KM</th>
<th>1969 POPULATION</th>
<th>DENSITY</th>
<th>1975 POPULATION</th>
<th>DENSITY</th>
<th>1978 POPULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH MARAGOLI</td>
<td>116</td>
<td>71,052</td>
<td>612.5</td>
<td>87,380</td>
<td>753.3</td>
<td>96,901</td>
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<tr>
<td>SOUTH MARAGOLI</td>
<td>92</td>
<td>49,661</td>
<td>539.5</td>
<td>61,073</td>
<td>663.8</td>
<td>67,756</td>
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<tr>
<td>EAST BUNYORE</td>
<td>80</td>
<td>42,465</td>
<td>530.8</td>
<td>52,223</td>
<td>652.8</td>
<td>58,544</td>
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<tr>
<td>TIRIKI</td>
<td>112</td>
<td>56,416</td>
<td>503</td>
<td>69,380</td>
<td>619.5</td>
<td>76,922</td>
</tr>
<tr>
<td>WEST BUNYORE</td>
<td>52</td>
<td>23,175</td>
<td>445.7</td>
<td>28,501</td>
<td>548.1</td>
<td>31,600</td>
</tr>
<tr>
<td>NYANGORI</td>
<td>52</td>
<td>23,175</td>
<td>445.7</td>
<td>28,501</td>
<td>548.1</td>
<td>31,600</td>
</tr>
<tr>
<td>KISA</td>
<td>140</td>
<td>55,018</td>
<td>393</td>
<td>67,661</td>
<td>483.3</td>
<td>75,017</td>
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<tr>
<td>IDAHO</td>
<td>144</td>
<td>53,340</td>
<td>370.4</td>
<td>69,598</td>
<td>455.5</td>
<td>72,731</td>
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<tr>
<td>ISUKHA</td>
<td>242</td>
<td>72,662</td>
<td>300.3</td>
<td>89,360</td>
<td>369.3</td>
<td>99,075</td>
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<tr>
<td>MARAMA</td>
<td>210</td>
<td>48,444</td>
<td>230.7</td>
<td>59,576</td>
<td>283.7</td>
<td>66,053</td>
</tr>
<tr>
<td>SOUTH KABRAS</td>
<td>224</td>
<td>39,145</td>
<td>174.8</td>
<td>48,141</td>
<td>214.9</td>
<td>53,375</td>
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<tr>
<td>SOUTH WANGA</td>
<td>153</td>
<td>26,069</td>
<td>170.4</td>
<td>32,060</td>
<td>209.5</td>
<td>35,545</td>
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<tr>
<td>BUTSOTSO</td>
<td>221</td>
<td>32,019</td>
<td>144.9</td>
<td>39,377</td>
<td>178.2</td>
<td>43,657</td>
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<tr>
<td>NORTH KABRAS</td>
<td>248</td>
<td>35,062</td>
<td>141.4</td>
<td>43,119</td>
<td>173.9</td>
<td>47,807</td>
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<tr>
<td>BUNYALA</td>
<td>167</td>
<td>22235</td>
<td>133.1</td>
<td>27,345</td>
<td>163.7</td>
<td>30,318</td>
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<td>EAST WANGA</td>
<td>163</td>
<td>20,608</td>
<td>126.4</td>
<td>25,344</td>
<td>155.5</td>
<td>28,099</td>
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<tr>
<td>NORTH WANGA</td>
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<td>34,255</td>
<td>121.9</td>
<td>42,127</td>
<td>149.9</td>
<td>46,706</td>
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<td>NORTH LUGARI</td>
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<td>23,743</td>
<td>90.3</td>
<td>26,324</td>
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<tr>
<td>SOUTH LUGARI</td>
<td>307</td>
<td>20,962</td>
<td>68.3</td>
<td>25,779</td>
<td>84.0</td>
<td>28,582</td>
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<tr>
<td>KAKAMEGA FOREST</td>
<td>237</td>
<td>2,313</td>
<td>9.8</td>
<td>2,845</td>
<td>12</td>
<td>3,155</td>
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<tr>
<td>KAKAMEGA TOWNSHIP</td>
<td>8</td>
<td>6,244</td>
<td>780.5</td>
<td>7,679</td>
<td>959.9</td>
<td>8,514</td>
</tr>
<tr>
<td>MUTILAS TOWNSHIP</td>
<td></td>
<td>697</td>
<td>-</td>
<td>857</td>
<td>-</td>
<td>950</td>
</tr>
<tr>
<td>BUTERE TOWNSHIP</td>
<td></td>
<td>286</td>
<td>-</td>
<td>352</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td>KAKAMEGA DISTRICT</td>
<td>3558</td>
<td>782,586</td>
<td>220</td>
<td>962,296</td>
<td>248.5</td>
<td>1,029,621</td>
</tr>
</tbody>
</table>


+ 1969 population census

Calculations based on a rate of 3.5% per annual increase over the 1969 population census.
population density of 249 persons per square kilometre. North Maragoli ranked high with a population of 87380. The location has a maximum of 11500 hectares of agricultural land. Assuming an average family size of 6, the average holding per family is about 0.8 hectares. This contrasts remarkably with the size of holdings in the least densely populated areas of south Lugari location. On the same basis an average holding per family of six is 7.15 hectares.

A true picture of this farm sizes in the area is seen in table 7. Farms under one hectare are 28823 in number, making a 26.7 per cent of the total available farm land. Farms over 10 hectares in size number on 1943 or 18 per cent of the total farmholdings in the district. The majority of the farms are under 2 hectares in size. This form a 55.1 per cent of the total agricultural land in the area. This confirms that the district is a smallscale farming area.

3.3.2. - Land Carrying Capacity

Total agricultural land in the district amount to 325000 hectares. This receives well over 857.5 mm of rainfall per annum and therefore according to national classification, it is all high potential land. Besides the work done by Department of Physical Planning on Agricultural Potential reveals that the district has soil categories of 1 and 3, the district has a productive capacity of between £50 and £100 per gross hectare and the total potential gross farm produce amount to £23,300,000. All these factors establish
the fact that the district has a high land potential

The district has 268,800 hectares of farmland divided into 107,952 small-scale farms – see table 7. Out of this an average of 136,543 hectares of land was cultivated yearly between 1969 and 1971 as shown in table 8. This means that 132,257 hectares of high potential land remained uncultivated during the period, therefore only 50.8 per cent of the cultivable land was used. Assuming that the 136,543 hectares cultivated was sufficient to support a population of 782,586 at that time, then an individual required 0.175 hectares for support.

If 0.175 hectares could support 1 person, then there was an additional potential capacity of land to support an additional population of 107,4556, other things being constant. Population projections at a growth rate of 3.5 per cent per annum increase reveal that by the end of 1980, the population in the area will be nearing 1,083,000. This population mark corresponds to the capacity the district can support assuming same rate of outmigration and cost of living experienced several years ago.

A more elaborate analysis of the account was done by Department of Physical Planning on agricultural potential of the area. This revealed that the projected agricultural population in the year 2000 at a growth rate of 3.3 per cent per annum would be 1,950,000. The potential population capacity of the district at £25 per capita farm income is 932,000. This overspill is the excess population which the district
will be unable to support at the given per capita farm income of £25.

With this continued population increase in the face of a fixed available agricultural land, only programmes geared to increasing land productivity are relevant. This entail doubling or tripling of the output per unit piece of land. This would result in increasing per capita farm incomes. Only in this way can the extra population be fed. Earlier on it was indicated that the current levels of production in various agricultural activities were much below the land potentials.

This was true in the case of sugarcane where the current level of production is 80 tonnes while the ideal level of production is 100 tonnes per hectare. Coffee is the most underproduced with the current levels of 853 kilograms in comparison to 5000 kilograms per hectare. This represents only 17% exploitation of coffee potential in the district. The problem of suboptimal production exists in nearly all agricultural activities in the district.

With a strategy of increasing productivity, the land potential in Kakamega district is capable of containing the rapidly growing population. The problem therefore is on how to increase agricultural productivity of the area. It is towards this end that agricultural cooperatives are thought to be instrumental. By marketing of farm produce, by procurement of farm inputs and by channeling farm credit to smallscale farmers, agricultural cooperatives emerge as ideal forces for
increasing agricultural productivity in the district. As to whether they have been performing this role, it is the matter of the subsequent chapters.

Table 7

<table>
<thead>
<tr>
<th>SIZE GROUP Hectares</th>
<th>Number</th>
<th>Percentage</th>
<th>Hectares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00 - 0.99</td>
<td>28823</td>
<td>26.7</td>
<td>17203</td>
<td>6.4</td>
</tr>
<tr>
<td>1.00 - 1.99</td>
<td>30658</td>
<td>28.4</td>
<td>42202</td>
<td>15.7</td>
</tr>
<tr>
<td>2.00 - 2.99</td>
<td>18676</td>
<td>17.3</td>
<td>44083</td>
<td>16.4</td>
</tr>
<tr>
<td>3.00 - 4.99</td>
<td>15869</td>
<td>14.7</td>
<td>59136</td>
<td>22.0</td>
</tr>
<tr>
<td>5.00 - 9.99</td>
<td>11983</td>
<td>11.1</td>
<td>82522</td>
<td>30.7</td>
</tr>
<tr>
<td>Over 10.0</td>
<td>1943</td>
<td>1.8</td>
<td>23654</td>
<td>8.8</td>
</tr>
<tr>
<td>Total</td>
<td>107952</td>
<td>100.0</td>
<td>268800</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Statistical Abstract 1970
Table 8

Crop Area in Kakamega District 1969 - 1971

<table>
<thead>
<tr>
<th>CROPS</th>
<th>Hectarage 1969</th>
<th>Hectarage 1970</th>
<th>Hectarage 1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>65,191</td>
<td>128,891</td>
<td>58,306</td>
</tr>
<tr>
<td>Pulses</td>
<td>11,000</td>
<td>14,300</td>
<td>20,833</td>
</tr>
<tr>
<td>Industrial temporary Crops</td>
<td>13,319</td>
<td>21,422</td>
<td>17,171</td>
</tr>
<tr>
<td>Other temperary Crops</td>
<td>6,716</td>
<td>7,721</td>
<td>11,460</td>
</tr>
<tr>
<td>Permanent Crops</td>
<td>8,526</td>
<td>13,967</td>
<td>10,806</td>
</tr>
<tr>
<td>TOTAL</td>
<td>104,752</td>
<td>186,301</td>
<td>118,576</td>
</tr>
</tbody>
</table>

Source:
Annual Reports 1969 - 1971
Ministry of Agriculture
3.4. Basic Development Problems in Agriculture

Analysis of the development situation of Kakamega district indicates that the area is richly endowed with agricultural resources. These result mainly from the high rainfall the district receives and the fertile and highly productive soils of the area. Consequently agriculture is the main economic activity in the district. The agricultural activities are many and varied. The principal crops and products include sugarcane, coffee, tea, maize and milk production. Looking at the agricultural sector as a whole, several agricultural development problems have been identified.

Low production vi-a-vis land potential ranks out as the leading problem. As indicated earlier, several agricultural products are produced at suboptimal levels. These included coffee, cotton and milk.

The district has a very high population density of 248.5 persons per square kilometre. At the present growth rate of 3.5 per cent per annum, the agricultural resources in the area cannot support this population for a long time. On the other hand with land resources not utilised to the full, increased productivity per unit of land must be sought to support this ever increasing population in the district.

Several development projects in the district have resulted in a reliable system of road network in specific areas of the district with a relatively poor road system in the other parts of the district. The settlement scheme area, the tea growing
the Mumias sugarcane scheme, and the Vihiga S.R.D.P. area are the areas with good roads. Elsewhere in the district the roads are poorly developed. This has resulted in the underdevelopment of commercial agriculture in areas outside these four schemes. These areas are characterised by a high level of subsistence economy despite the land potential. This has resulted therefore in uneven development of the district.

In the marketing organisation, some produce are marketed through established channels. This include tea through Kenya Tea Development Authority, coffee and milk through cooperatives and sugarcane which is milled by the company. Marketing is still a problem as concerns cotton. With no ginnery in the area, the individual farmers are left at the mercy of middlemen. The price received by farmers is so low that many have opted for other crops. Marketing of cotton requires to be organised on group basis - preferably as a cooperative which will collect, store and sell the crop on behalf of the farmer. It is only through this kind of organisation that the crop can regain its popularity.

Although the sugarcane scheme in Mumias has resulted in increasing land productivity in the area, sugarcane monoculture has emerged as a side effect of the scheme. The farmers have foregone foodcrop cultivation to earn the high gross margins in sugar production. Every available piece of land has thus been dedicated for sugarcane cultivation. This has resulted in health hazards like malnutrition and social problems of thefts,
thuggery and general disorder in the area. As it has been shown, sugarcane farmers in the scheme have not been actively involved in the actual production of cane. As of now, all production operations and services are undertaken by the company. Consequently the farmers have been excessively charged for services they could have carried out themselves. This has resulted in their getting 2% only of the gross returns per hectare. The charges would be much lower if production had been under a cooperative organisation.
Reference

1. Western Province Regional Physical Development Plan
   Town Planning Department, Ministry of Lands and Settlement.


   Ministry of Agriculture.
CHAPTER IV

THE DEVELOPMENT OF COOPERATIVE MOVEMENT IN KAKAMEGA DISTRICT

4.1 Background

The chapter attempts to trace the development of the cooperative movement in Kakamega district from its inception to the present day. It considers the current structures, spatial distribution and the organisations of the cooperatives in the study area.

The background relating to the establishment of African cooperatives is unclear. Some propositions hold that the present cooperative structure was imposed on Africans by the Government. Those holding this opinion have used failures in the movement as a support to this point. Goran Hyden in support of this thought notes that¹

"Whatever way these cooperatives have been formed, they have, with only a few exceptions, been modelled on Western cooperative institutions, there has in most cases been lack of 'fit' with the local environment". Although the 'fit' is not specified, it is assumed to exist and apparently has accounted for the failures in the movement.

The second school of thought considers the emergence of African cooperatives as a consequential outcome arising from a situation. After the second world war, the country was beset with many economic and social problems.² There was a depression in agricultural production and its consequences resulted in intergration of peasants monetary economy. In this way peasants were allowed to grow cash crops. Also about this time, the exservicemen who had accumulated some capital during the war years resorted to farming.
Thus in 1947, the earliest African Cooperatives were registered in the present Nyanza and Western Provinces. The original ones were poultry cooperatives that were concerned with collecting and selling of eggs. Musanda poultry keeper was first cooperative in Kakamega district.

Sometime elapsed before the formation of produce marketing cooperatives. This was due to the fact that Asian middlemen had established themselves as produce buyers and were exploiting the farmers through produce underpayments. The situation continued until a statutory marketing board for handling maize and other produce under the name of Maize Marketing Board was formed. The statutes of the board gave priority for purchasing of cooperatives produce first. This was a direct encouragement of formation of marketing cooperatives.

Hence this market protection was followed by formation of several cooperatives in the area. Among the first ones to be formed was Eshikulu Farmers Cooperative, located at Shikulu Market in Western Idakho location. This was registered in 1950. Up to 1954, seven more similar societies had been registered. All these were produce marketing cooperatives and each operated on a market where both members and nonmembers produce would be purchased and sold to the marketing board. The area of operation of each cooperative was between six to ten kilometres in radius and once registered, a new cooperative could not be formed in that area where one existed already in order to avoid possible overlaps and business rivalry.
4.2. - Swynnerton Plan and its Effects

The year 1955 was a turning point in the agricultural farming patterns in the whole country and particularly in the area resulting from Swynnerton plan. This was a commission set up in 1953 to look into means and ways of intensifying peasant agriculture. This was necessitated by the political presence from the Africans for greater changes to enable them to participate and benefit more directly in and from the national development.

The plan formulated had four main considerations; technical, economical, social and political. Technically the plan envisaged a cash enterprise in each farm. A prerequisite of this was land consolidation in African holdings and issuing of land titles to holders that gave individual development incentives. This did access to credit facilities by farmers, the proper animal and crop husbandary practices like crop rotation, ley farming etc.

The economic considerations of the plan was mainly to transfer the African economy from subsistence to commercial farming in peasant holdings. Cash crop farming was thus introduced. This resulted in marketable farm products in the African rural areas. In this way, cash income was earned in these areas, increasing rural demand and consumption for nonagricultural goods.

The social objective of the plan was to decrease rural urban drift and speed up social change in rural areas by
actively engaging African on farms. The political motive was the creation of a rich class of African farmers who could support the colonial policies. This was to deviate peasants aspirations from the white highlands.

While the plan had differing repercussions in several parts of the country the implications of it were conspicuous in Kakamega district. The plan helped to increase agricultural development in the area. Individual farmers, mainly those who were keen, or groups of farmers joined hands into what was called 'better farmers' clubs' and ventured into new enterprises of planting new crops. This is the time when coffee was introduced in the district. Arabica coffee was introduced in the hilly southern areas of Maragoli, Bunyore, Idakha, Tiriki and Nyangori locations while robusta was introduced in Mumias - Kabras areas. The latter has given way to more lucrative crops while the farmer still persists. Sugarcane crop was also introduced during this time. Many farmers especially in Kabras locations planted much of this crop. They grouped into companies and cooperatives and constructed numerous jaggery factories in the area. Other crops like cotton, simsim etc. and new farming techniques like use of shamba hedges, construction of cattle bomas etc. were introduced.

Behind all these endeavours were incentives given by the colonial administration. Cotton sales Fund and Agricultural Betterment Fund among other programmes were initiated as part of the plan. These turned out to be the core of the
intensification of African agriculture. With increasing production of crops, a cess from the sale of the produce was put aside into the fund. Rewards were then drawn from the funds to individual farmers with excellent shambas. The rewards would include free services like bush clearance, ploughing, weeding etc. Rewards for a group of farmers who had distinguished themselves in, say, maize production would include the registration of such a group as a cooperative. Apart from marketing of members produce, such a cooperative also purchased produce from non members and sold to the marketing boards.

In essence the Swynnerton Plan resulted in formation of many agricultural cooperatives in Kakamega district as shown in Table 10. These were service cooperatives that provided economic services to their members in the fields of purchasing, storage, processing and marketing of members' farm products. Some operated jaggery factories, coffee pulping factories while others were plainly for marketing. As shown in Table 10, cooperative formation increased from 13 in 1955 to 45 in 1960 - i.e. a 246% rise following to the Swynnerton Plan.

Formation of cooperatives in Kakamega district is summarised in Table 10 and Chart IV. The formation of cooperatives is divided into five chronological periods. In the early period from 1947 to 1954 a total of 7 pioneer cooperatives were formed in the district. This period was succeeded by the Swynnerton Plan period which ran from
1955 to 1960. Indeed this was the time when the highest number of cooperatives were formed in the district. A total of 38 cooperatives were registered within this period. The period following this was a time of political transition immediately before and after independence in which 13 cooperatives were formed. The reason for this was the political uncertainty during this independence period. Up to this time a total of 58 cooperatives had been registered in the district.

This period was followed by the publication of sessional Paper No.10 of 1965 and first National Development Plan - 1966 - 1970. As discussed in chapter two the policy was to diversify cooperative activity but with a tight control on the existing ones. During this period from 1966 to 1970, only 5 new cooperatives were formed. Most of them were settlement cooperatives. From 1970 to 1974, a total of 15 cooperatives were registered. The policy during this time was spelt out by Sessional Paper No.8 of 1970 and the second National Development Plan (1970-1974). The policy aimed at development of cooperatives in areas where they did not exist and a continued diversification of cooperative activities. This was the time when different types of cooperatives such as mining construction etc. were formed in the district.
Table 10

Formation of Cooperatives in Kakamega District

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>YEARS</th>
<th>NO. FORMED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Period</td>
<td>1947-1954</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Swynnerton Plan Period</td>
<td>1955-1960</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td>Independence Period</td>
<td>1961-1965</td>
<td>13</td>
<td>58</td>
</tr>
<tr>
<td>First Development Plan</td>
<td>1966-1970</td>
<td>5</td>
<td>63</td>
</tr>
<tr>
<td>Second Development Plan</td>
<td>1971-1974</td>
<td>15</td>
<td>78</td>
</tr>
</tbody>
</table>

Source: Ministry of Cooperative Development NAIROBI.
FORMATION OF COOPERATIVES IN KAKAMEGA DISTRICT

The formation of a cooperative involves the election of a management committee, usually consisting of nine members, in a general meeting by members. The working of the committee is likened to the board of directors in a private firm. Its duties include decision-making, management of operations, budgeting and overall control of the cooperative society.

The committee is elected on a competitive basis every year. In some cooperatives, the committee is elected at an annual general meeting. The area is divided into nine areas based on the basis of rivers, ridges or natural landforms, and new areas are brought in by election of members. Each area elects one representative, who acts as the chairman, the secretary and honorary secretary. The remaining four members are elected without a special office.

In most cooperatives, these committees meet once a month. This is when issues are discussed and minutes of these meetings are sent both to the cooperative secretary and the executive office so that if anything contrary has been decided upon, the minutes can be settled in time. In this way, the committee members represent defined areas, they ensure protection and control over resources, and they work to ensure that the合作社 members can be consulted on the ground, and that in case of a situation arising in which the committee has to act, the members are the ground parents. A special general meeting is held for that particular
4.3. - Functional Structure of Cooperatives

4.3.1. - Cooperative Management

The working of a cooperative centres on the annually elected management committee. This is the decision making body. It consists of nine members all elected democratically in a general meeting by members. The working of the committee is likened to the board of directors in a private firm. Its duties include decision making, recruitment of workers, budgetting and overall management of day to day affairs in the cooperative society.

The committee is elected on constituenty basis during an annual general meeting. The area within the jurisdiction of the cooperative is roughly divided into nine areas on the basis of rivers, ridges etc. and members from these nine areas bring in their elected representatives. The nine representatives choose their chairman, vice-chairman, treasurer and honorary secretary. The remaining four become committeemen without a special office.

In most cooperatives, these committeemen meet once a month. This is when issues are discussed and minuted. These minutes are sent both to the cooperative unions and district cooperative office so that if anything contrary has been decided upon, the two offices receiving the minutes need to advise. As the committeemen represent defined spatial areas, they bring problems and views of members in their respective areas to the meeting. In the case of a situation arising in which the committee has to consult or advise the general members, a special general meeting is called for that particular
reason. In most cases the local departmental staff and possibly the local agricultural extension staff will be invited to advise during such a meeting. The decision made by the general meeting is final and the committee has only to comply with it.

This pattern of organisation allows the general member communication both ways. Through his representative, his problems and desires can reach the committee and a decision made to that respect. More important is the fact that the general members are consulted on major issues of their cooperative through general meetings. These meetings therefore involve the individual member/farmers in decision making in the cooperative activities. This can be seen as a forum for involvement of memberfarmers in resource use planning for the area.

4.3.2. - Finance and Control of Cooperatives

As commercial organisations, the sources of finance opened to cooperative societies are threefold, shares, membership fees and commission charged on services offered. Membership fee is that amount of money paid by a person when registering to become a member. This is normally very low and for agricultural cooperatives, it has remained Shs.5/= It is low so that many farmers can enter the cooperative movement. Shares has been the main source of cooperative capital. At the moment a share in an agricultural cooperative is about Shs.20/= An individual is not restricted in the number of shares he can acquire.
The magnitude of share capital raised/membership fee paid depends on the membership of the cooperative. A cooperative with fewer members has limited capital reserves than a cooperative with a larger membership.

Another source of cooperative funds is the commission charged on services rendered to the members. This include marketing, transport etc of farm produce. The implication of this is that an active cooperative which renders a range of services to members is in a position to earn more commission on services thus offered. The commission generally varies from one to about 12 per cent depending on the activity itself and the financial state would not only be expensive to the farmers but would also kill the spirit for cooperatives since the farmers returns would be heavily slashed by the cooperative.

The expenses that a cooperative incurs involves cost of services for members as discussed above, capital investment and payment of salaries and wages etc. The ability of the cooperative to incur all these costs depends on sources of funds available to the cooperative. This in turn depends on the magnitude of the membership, in terms of raising share capital, membership fees etc. Therefore the ability of the cooperative to run services partly depends on the size of its membership. Interpreted thus, larger cooperatives have more funds for investment or for hiring more qualified personnel than small ones.

As public organisations, there are ways in which
cooperative funds are controlled. First there is budgetting. This is done by the secretary manager of the cooperative in consultation with the committee and with the advise of the Departmental staff qualified in accounts. This is the cooperative employee charged with the responsibility of keeping society's books of account.

The essence of budgetting is to allocate the cooperative resources that are available into essential uses. Once the budget is made, it is approved by the Commissioner for Cooperative Development first before expenses are incurred. Financial transactions that follow thereafter are in strict accordance with the budget. To effect this, the Chairman and Treasurer of the cooperative must sign on all cheques and countersigned by the cooperative officer. This procedure, although detested by many cooperative personnel, was begun in 1969 as a way of tightening control over cooperative financial matters. This is seen mainly to curb overexpenditure by the cooperatives, given their limited funds, and to stop embezzlement of cooperative funds by staff or committee members.

This structure of cooperatives lend itself to many problems but mainly there is the question of sitting allowance. This is a small amount of money given to a committee man for having attended the committee meeting. In poor societies, sitting allowance has not been paid to the committee and this has resulted in some boycotting these meetings. This has resulted in direct dormancy of the cooperative for
no meeting will take place until a quorum of two thirds is set. Relating to this is the question of personnel emolument. Young cooperatives or more generally poor cooperatives find it hard to recruit qualified bookkeepers or factory managers due to the low salaries they offer. This has been the problem of many cooperatives for their books are poorly kept. Similarly they cannot afford to train their own people because still such a course will require their having to sponsor employees at the Cooperative College.

4.4. - Cooperatives in the District

4.4.1. - The District Cooperative Union

The development of the cooperative movement at the district level centres on the district union. This is the focal point of cooperative activity. The district union is a federation or an amalgamation of primary cooperatives at the district level. It is a secondary cooperative institution connecting the primary societies at the grassroots level to the national organisations and the ministry of Cooperative Development as shown in chart V.

The present Kakamega District Cooperative Union was formed after the collapse of Shirere Union and Malave Union. The former was a coffee union which was hampered by management problems that eventually dissolved it. Malava Union was a cereal produce union with several maize cooperatives in Kabras and Bunyala locations. This also dissolved due to similar problems. Thus formation of Kakamega Union was encouraged to take over the secondary functions of the cooperatives.
Nearly all cooperatives in the district are affiliated to the Union. These include the agricultural cooperatives, building and construction and consumer cooperatives as shown in chart V. There are a number of cooperatives however which are not affiliated to the union. These include mining, development and savings and credit societies. The government policy is that all cooperatives where a cooperative union exist should be affiliated to it. This is seen to facilitate communication and channeling of services to and from national cooperative organisations, the Ministry and the cooperatives at grassroot level if they are affiliated to the union. For instance, the cooperative union orders, transports and stores farm inputs on behalf of its affiliated cooperatives. This reduces both time and cost involved if each cooperative were to handle these services for itself.

In performing its secondary role, some of the services offered by Kakamega District Cooperative Union include:

(i) Promotion of education among members and staff of cooperative movement in Kakamega district;
(ii) Channeling of credit facilities to the primary societies in the area. It offers the security for these farm loans;
(iii) Transporting and storage of inputs and produce or products to and from the cooperatives and
(iv) Marketing arrangement for the produce or products and input supplies for the cooperatives.

The union does not offer these services to nonaffiliates, which is tantamount to their being excluded from cooperative development programmes.
CHART V

INTERRELATION OF COOPERATIVE MOVEMENT

MINISTRY OF COOPERATIVE DEVELOPMENT

KAKAMEGA DISTRICT COOPERATIVE UNION

(Affiliated)

Building & Construction

Agriculture 15

Coffee 6  Dairy 1  Multi Produce 7  Jaggery 1

Consumer 1

Mining 1
The situation in the settlement cooperatives is different. There is no settlement union and therefore each cooperative has to strive for the services individually. At the same time the cooperatives are not affiliated to the local union. Their nonaffiliation to the local union exists as a result of differences in ministerial organisation. While the cooperatives in the other parts of the district are under the Ministry of Cooperative Development, the settlement cooperatives are part of the Ministry of Lands and Settlement, under the jurisdiction of settlement cooperative office as differentiated from the district cooperative office in charge of the cooperatives in nonsettlement area. The two offices are not coordinated in any way as the former reports to the office of Assistant Commissioner for Cooperative Development, Ministry of Lands and Settlement headquarters while the other office reports to the Provincial Cooperative office in Kakamega. The cooperative movement in the area has thus been compartmentalised into different administrative and operative framework as shown in chart V.

The management of the cooperative union is a replication of the cooperative management model. The Union is managed by a nine member committee. This makes the decisions which are implemented by a manager and his staff. The Union Committee is composed of primary cooperatives representatives. In most cases they are committee members of their cooperatives. In essence the Union Committee members serve on two committees concurrently. If they lose their membership in the primary
cooperative committee then they cease to be union committee members but they can lose union committee and still continue as committee members at the local cooperative.

In this way, all cooperatives or cooperative areas are represented in the Union Committee. The spatial significance of this is that if cooperatives covered the entire district, this kind of representation would effect even development of the area, which is a significant assumption of the study.

The union committee has monthly meetings and one annual general meeting like the primary cooperatives. Sources and control of finance is the same as that of primary cooperatives. Kakamaga Cooperative Union has a total of 51 employees working in six sections that enable the performance of the above services. All the sections are housed in their newly bought KShs.0.6 million building as shown in plate4.

4.4.2. Agricultural Cooperatives

These form the original group of cooperatives in the district. They form the majority of cooperatives in the area. This group is further subdivided into four classes of agricultural cooperatives as shown in chart V. Each class of these cooperatives specialise in a different agricultural activity or function.

Among these, coffee cooperatives are predominant. These are concerned with marketing of members coffee. These are six and between them they own and run tea coffee factories. The members deliver their coffee cherry to these factories where
it is weighed, pulped and dried. Transportation to Nairobi is done through Kisumu railway station mainly. As an additional service to members, the cooperatives purchase bulk insecticides which is then passed on to individual members to spray their coffee crops. Presently these class of cooperatives have a membership of 7000 as shown in table 11.

There is one dairy cooperative in the district (excluding the settlement area). This is formed by dairy farmers in Malava division. The cooperative has two vans which collect members milk along the Kakamega–Webuye road. This milk is delivered to the cooperatives new dairy in Kakamega town. The dairy has a modern cooler and is capable of safe keeping of milk for a considerable period. Most of the milk is sold in Kakamega town. New markets have been opened in other centres such as Chavakali, Mbale, Majengo and Mumias. During the time of milk surplus, which always corresponds to the wet season, milk is separated into cream and skim milk at the dairy. Cream is sent to K.C.C. factories outside the district while the skim milk is distributed to nursery schools in the area through UNICEF programme. As shown in table 11, the cooperative has 400 members and the turnover for 1976 was KShs. 831,200/=.

The jaggery activity is carried on by Shamberere Cooperative Society. Shamberere cooperative owns two jaggery factories which crash members canes into jaggery lumps that are important in the confectionary industry. The cooperative own two tractors which haul cane from members farms to the factories. Members are paid after the jaggery lumps
are sold. Of late the cooperative is experiencing hardships resulting from its very old tractors which cannot feed the factories with cane at a required rate. The cooperative has a membership of 430 and had a turnover of KShs.36,400/= in 1976.

There are seven multiproduce cooperatives newly registered in the district. These include Shinyalu, Butsotso, Lianda, Bunyala, Harem, North and South Kabras – see map 8. These have been formed with the purpose of assisting farmers in various parts of the district to market their miscellaneous produce. Each cooperative handles more than one farm produce including maize, beans, sunflower, groundnuts etc. These cooperatives have been used to channel farm credit to their members. Their total membership in 1976 was 1900 with a turnover of KShs.157,300/=.

Table 11
Cooperative Activities in Kakamega District 1976

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>NO. OF COOPS</th>
<th>MEMBERSHIP</th>
<th>KSHS. TURNOVER</th>
<th>KSHS. SHARE CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>6</td>
<td>6,996</td>
<td>2,816.6</td>
<td>290.9</td>
</tr>
<tr>
<td>Sugarcane (Jaggery)</td>
<td>1</td>
<td>430</td>
<td>36.4</td>
<td>107.0</td>
</tr>
<tr>
<td>Dairy</td>
<td>1</td>
<td>401</td>
<td>831.2</td>
<td>48.6</td>
</tr>
<tr>
<td>Savings + Credit</td>
<td>(4 x)</td>
<td>594</td>
<td>73.9</td>
<td>408.4</td>
</tr>
<tr>
<td>Building</td>
<td>1 x</td>
<td>23</td>
<td>1,125.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Multiproduce</td>
<td>7</td>
<td>1,899</td>
<td>157.3</td>
<td>40.0</td>
</tr>
<tr>
<td>Settlement</td>
<td>(11)</td>
<td>4,025</td>
<td>1,842.5</td>
<td>110.6</td>
</tr>
<tr>
<td>Union</td>
<td>1</td>
<td>-</td>
<td>4,029.5</td>
<td>8.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>32</td>
<td>14,378</td>
<td>10,895</td>
<td>1018</td>
</tr>
</tbody>
</table>

Source: Ministry of Cooperative Development Annual Report 1976

X - nonagricultural cooperatives
X - not affiliated to the Union
4.4.3. Settlement Cooperatives

Between 1963 and 1968, the majority of cooperatives registered in Kakamega district were settlement cooperatives in Lugari division. This area was formally occupied by European farmers who after independence left the country. Lugari settlement scheme, alongside other ten similar schemes, was started with the aim of settling landless people from the neighbouring areas. Most of the new settlers were drawn from Kakamega district itself—notably from the areas of high population density such as Maragoli and Bunyore location.

The farmers were expected to maintain the agricultural production of the area despite the subdivision. Towards this objective, improvement and development loans were provided to the new settlers by the government through Land Settlement Trustee Fund.

Cooperative membership was obligatory for every new settler. The entire farming operations are done through cooperatives. While land is individually farmed, the cooperatives provide marketing facilities, maintain and upgrade agricultural standards by acting as the collecting agents and providing services to farmers such as tractor cultivation, crop preparation, produce transportation, dips, artificial insemination and other related services.

The area is divided into several schemes and each scheme is served by a cooperative. A total of eleven cooperatives, operate in the area. While these cooperatives
are basically agricultural, they differ from the other type of agricultural cooperatives found in the other parts of the district on two grounds. Membership is obligatory and secondarily they are multipurpose in nature. Settlement cooperative undertake the marketing of farmers’ maize and milk. These two functions would be carried on by two totally different cooperatives in the other part of the district. On the whole, settlement cooperatives have emerged as the strongest cooperative movement in the district in terms of administration, financial control and output.

4.4.4. Development Cooperatives

This is a new category of cooperatives. Traditional agricultural cooperatives have restricted themselves to production and marketing activities. They have disregarded the social environment of farmers who effect the agricultural production and therefore to a certain extent, these cooperatives have not been completely addressing themselves to the requirements of smallholders in rural areas.

For this reason, development cooperatives have been set up with a multipurpose approach in development of rural areas. The main objective in this approach is to increase incomes by raising farm production and providing social services on a cooperative basis. Thus development cooperative projects not only encompass agricultural activities of production and marketing but also health services like maternal and childcare services, community development and social services like nursery schools, social welfare
services, adult education and women activities etc.

Although Kakamega district pioneered in the establishment of this kind of cooperatives with Lirhembe Cooperative being registered in 1971 and Shigokho in 1973, they have remained dormant. In practice these cooperatives have not worked. Their problems apart from management have been mainly politics. Despite their wonderful structures and equipment, they have remained dormant (see plates 3, 5 and 6). Lirhembe is currently being used as a girls boarding school while Shigokho remains unused.

4.4.5. Other Cooperatives

So far we have dealt with agricultural cooperatives. Although these are the concern of the study, a mention is given to other forms of non-agricultural cooperatives to give a complete picture of the cooperative structure in Kakamega district. Non-agricultural cooperatives are very few in comparison to agricultural cooperatives in the area as shown in chart V.

Savings and Credit Cooperatives

These are thrift organisations encouraged among employed persons for the accumulation of savings. These cooperatives make a significant contribution towards providing local development capital and thereby reducing the need for borrowing from outside the country. These cooperatives offer soft loans to members to invest in such activities such as housing, farming, trading etc.

These are four savings and credit cooperatives as
indicated in Table 11. These are formed by salaried employees of Mumias Sugar Company, Kakamega County Council, Kakamega Municipal Council and a newly formed teachers cooperative in the district. In total they have a membership of 594 with a turnover of KSh. 73,900/=.

**Building and Construction Cooperative**

This was formed with an aim of encouraging local people to enter into the building and construction industry. Maseno Builders is the only building and construction cooperative in Kakamega district. It is formed by 23 young graduates of a local village polytechnic in masonry and carpentry.

The group has carried out rural projects involving co construction of clinics, health centres, assembly halls, offices etc. Their biggest ventures have been the construction of the cooperative dairy building in Kakamega town and the construction of a 3.3 million shillings Kabras white sugar factory in 1976.

**Mining Cooperative**

Kakamega Mining Cooperative was formed for the purpose of prospecting and mining of alluvial gold that is believed to be in existence after the closure of the mining enterprises in the early 1930s. The government has encouraged this particular cooperative in realizing that the mining industry has been dominated by foreign firms. Formation of a group like this gives an opportunity to the citizens to exploit the country's wealth.
Due to lack of appropriate tools, the group has confined itself to riverbed sieving and with the little alluvial gold they have found, they have set up a small laboratory for cleaning and quantifying the mineral.

Consumer Cooperative

Mukongolo Consumer Cooperative is the first of its kind in the district. Registered in 1976 and with a membership of about 100 people, the cooperative operates a shop in which it retails to the community around the needed commodities like foodstuffs and other domestic requirements.

However, in considering that the cooperative is situated in a good farming area but without any reach of agricultural cooperatives, the society has diversified its activities to reflect the local requirements. The cooperative sells seed, fertilizers and other minor farm requisites to farmers in the locality. Ordinarily this is a service to be performed by an agricultural cooperatives.

The cooperative also markets members garden products like vegetables, beans etc. It has gone further as to provide farm credit to its members. During the 1977 season a total of KSh.16,192/50 was given to 56 members as loans. Mukongolo, although young in establishment has set itself to provide three essential roles in agricultural production namely, retail activity, marketing of farm produce and channelling of farm credit to members. Under proper management this cooperative is better addressed to the problem of smallscale farmers in rural areas. This comprehensive approach by the cooperative is more helpful in
the agricultural productions in the area.

4.5. - Spatial Distribution of Cooperatives

Kakamega district has a total of 26 active agricultural cooperatives including the settlement cooperatives in Lugari Division. As cooperatives are resource use factors, the formation of different types of agricultural cooperatives in an area has been roughly determined by the agricultural resources of the place. In this way, coffee cooperatives, dairy cooperatives etc have been formed in respective agricultural areas of the district.

The actual distribution of cooperatives and their membership by division is given in table 13. The table is self explanatory. The point noted here is that except Lugari division, the other divisions have an average of one cooperative. It is also indicated that before the formation of the new multipurpose cooperatives between 1974 and 1975, there were no cooperatives in the whole of Mumias, Lurambi and Busia divisions of the district.

A close examination of the distribution pattern of agricultural cooperatives is given in table 13. This analysis is based on division cooperative membership. As shown in table 13, agricultural movement in the district numbered 13079 farmers. Out of this, Lugari division ranks the highest with 30 per cent while Busia division has the lowest divisional membership of 2.5 per cent of the total district membership.
A better picture on cooperative distribution is given in the fourth column of table 13b. This gives the division cooperative membership as a percentage of the total division population. Lugari division has 30 per cent of the population in the cooperative movement. This high figure has been possible due to the fact that the division is a settlement scheme in which small-scale farmers have been settled for farming purposes. The farmers are obligatory members of cooperative societies as all their farm produce or products have to be channelled through the cooperatives. A total of 11 cooperatives with a membership of 4025 farmers operate in the division. The 11 cooperatives market farmers milk and maize.

Vihiga division has 20 per cent of her population as members of cooperative movement. The division has two giant coffee cooperatives of Wamondo and Lunyere where combined membership is 2550. Wamondo is in south Maragoli while Lunyere is in North Maragoli. These are the oldest coffee cooperatives in the district.

There are 4 cooperatives in Malava division. This include Shamberere, Kakamega dairy, North and South Kabras. Shamberere is a jaggery cooperative situated in the sugarcane growing parts of the division. Kakamega dairy cooperative draws its membership in the entire of Malava division. There are two newly formed multiproduce cooperatives. North Kabras and South Kabras cooperatives have been formed to develop the area through provision of credit facilities, marketing of produce like beans, maize etc. Their reason
for formation was that the existing dairy and jaggery cooperatives were somewhat specialised cooperatives and therefore the area lacked a general farmers cooperative. Cooperative membership in the division is 1641 people, making the division to have 12.9 per cent of the population as cooperative members.

Central division has 4 active agricultural cooperatives Isukha, Idakho, Lianda and Shinyalu. The first two are coffee cooperatives each with a coffee factory. Lianda and Shinyalu are now and concerned with the marketing of beans, peas, passion fruit and sunflower. The division has numerous proposed development cooperatives. Total cooperative membership is 1947. This forms 11.5 per cent of the division population.

Ilamisi division has only one cooperative - Jebrok cooperative. This has two coffee factories, one at Jebrok market and another one at Senende market. The cooperative has a membership of 1300 farmers covering the entire division. This represents only 10 per cent of the division's population.

Both Lurambi and Butere divisions have been without cooperatives for a long time. This became the concern of the government and with the collaboration of local politicians, Bunyala, Butere and Harama cooperatives were formed. All these were formed to assist farmers in marketing their miscellaneous farm produce. Bunyala cooperative is supposed to cover the entire location of Bunyala. Butsotsos
for Butere and Horama for Harama. The latter exclude Kisa which apparently has no cooperative. The whole of Huruma division also has no cooperative societies.

The implication of this analysis is that cooperatives are unevenly distributed in the district. The two areas getting the lion's share of the cooperatives activities are Lugari division and Vihiga division which accounts for 30 and 20 per cent of the district's cooperative membership respectively.

A comparison of map 8 of distribution of agricultural resource potential and map 4 of agricultural zones in the district reveals that not all areas of high agricultural resource potential are served by cooperatives. This is seen by the exclusion of high potential areas such as Kaimosi, Kisa, large parts of Bunyala from cooperative service. Hence the present distribution pattern of cooperatives does not relate to the land potentials of the area.

Implicit in the analysis is also that development programmes which have been channelled through the cooperatives have been concentrated in areas covered by cooperatives which has resulted in uneven development of the district.

Another feature brought out by table 13 is the level of cooperative development in the district. As shown, only 1.4% of the district's population belongs to agricultural cooperative movement. This is a very low level when compared to other places like Kisii which has a value of
2 for the same figure.

Table 12

Types of Agricultural Cooperatives by Division

<table>
<thead>
<tr>
<th>Division</th>
<th>Coffee</th>
<th>Dairy</th>
<th>Sugar</th>
<th>Settlement</th>
<th>Multi purpose</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vihiga</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Emuhaya</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Huisi</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Central</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Maleva</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Lugari</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Butere</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Lurambi</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>DISTRICT</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>11</td>
<td>2</td>
<td>26</td>
</tr>
</tbody>
</table>
(q) Growth of Membership by Division

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>1970/71</th>
<th>1975/76</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yihiga</td>
<td>2,920</td>
<td>2,650</td>
</tr>
<tr>
<td>Emuhaya</td>
<td>1,197</td>
<td>1,134</td>
</tr>
<tr>
<td>Hwisi</td>
<td>1,353</td>
<td>1,300</td>
</tr>
<tr>
<td>Central</td>
<td>1,344</td>
<td>1,100</td>
</tr>
<tr>
<td>Malava</td>
<td>1,100</td>
<td>831</td>
</tr>
<tr>
<td>Lagari</td>
<td>3,981</td>
<td>4,025</td>
</tr>
<tr>
<td>Butere</td>
<td>-</td>
<td>311</td>
</tr>
<tr>
<td>Lurambi</td>
<td>-</td>
<td>565</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11,995</td>
<td>13,079</td>
</tr>
</tbody>
</table>
Table 13 (b)

Agricultural Cooperative Membership by Division

<table>
<thead>
<tr>
<th>Division and No. of crops</th>
<th>Division Population as % of District Population</th>
<th>Division Membership in % of District Membership</th>
<th>Membership in % of Total District Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vihiga 2</td>
<td>15.4</td>
<td>20.3</td>
<td>0.23</td>
</tr>
<tr>
<td>Bumuya 1</td>
<td>8.4</td>
<td>3.7</td>
<td>0.12</td>
</tr>
<tr>
<td>Hamisi 1</td>
<td>10.1</td>
<td>9.9</td>
<td>0.14</td>
</tr>
<tr>
<td>Central 4</td>
<td>16.1</td>
<td>10.8</td>
<td>0.16</td>
</tr>
<tr>
<td>Malava 4</td>
<td>9.5</td>
<td>12.9</td>
<td>0.18</td>
</tr>
<tr>
<td>Lurambi 2</td>
<td>6.9</td>
<td>4.3</td>
<td>0.06</td>
</tr>
<tr>
<td>Butere 1</td>
<td>13.2</td>
<td>2.3</td>
<td>0.03</td>
</tr>
<tr>
<td>Lugari 11</td>
<td>5.2</td>
<td>30.3</td>
<td>0.42</td>
</tr>
<tr>
<td>Mumias</td>
<td>10.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>4.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>26</td>
<td>100</td>
<td>100</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Source: Ministry of Cooperative Development, Nairobi.
4.6. **Summary**

Kakamega district is basically an agricultural area. The first cooperative resulting from the Swynnerton Plan were agricultural and the majority have remained thus. This is exemplified by the fact that in table 11 in which out of 32 active cooperatives in the district, 26 are agricultural. The total cooperative membership in the district is 14,378 out of which 13,079 are members of agricultural cooperatives. This represents a 94 per cent of the total. The turnover of KShs.9,695,000/= in agricultural cooperatives in comparison to the district cooperative turnover of KShs.10,787,800/= represents a majority of 88 per cent and show that agricultural cooperatives are the basis of the cooperative movement in Kakamega district.

These agricultural cooperatives in general perform two roles. One group is concerned with the processing and marketing of farm produce. Included in this group are the coffee cooperatives which pulp and market members coffee. The jaggery cooperative crashes cane and processes it into jaggery lumps for sale. The dairy cooperative collects and sells milk. Settlement cooperatives are included in this group. It is only Mukongolo Cooperative which combines retail, produce marketing and supply of farm credit to its members.

The cooperative organisation is centred on the district cooperative union but problems arise when some cooperatives
remain unaffiliated to the union. This results in lack of coordination in the movement. It was also seen that the cooperatives in the district are administered by two separate ministries with very little coordination at the district level. This has resulted in a disintegrated movement at the district level. Settlement cooperatives run are organised and as separate as possible from non-settlement cooperatives as illustrated in chart V.

The district has uneven distribution pattern of cooperatives. Programmes have been focused in areas only covered by the cooperatives with the results of uneven development of the area. At the same time the level of cooperative development in the district is very low. Only 1.4% of the population belong to the movement. This is explained by the presence of one cooperative in a location, like in Bunyala or Butsotso, one cooperative in a division - like in Butere, and Emuhaya or the absence of cooperative altogether like in Mumias division.

The dormancy of development cooperatives of Lirhembe and Shigokho has remained a problem. Built on very good objectives of combining both agricultural and social activities, despite the colossal overseas development funds made available to them, the cooperatives have remained non-operational purely on political and management problems.
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Rural Cooperative and Planned Change in Africa
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4. J.N. Swynnerton

A Plan to Intensify Peasant Agriculture

5. Hans Ruthenberg

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Sessional Paper No.14 1975

Plate 2. (Below): The milk counter of the dairy.
Plate 3:— Front view of the KShs.1.8 million Lirhembe Development Cooperative now used as a Girls School. Note the disused tractor and trailer on the right.

Plate 4:— The new headquarters of Kakamega District Cooperative Union
Plate 5:-- The newly completed Shigokho Development Society complex. Note the twigs in the inner court depicting lack of use.

Plate 6:-- The machinery shade of Shigokho Development Cooperative. Note the dismantled equipment.
CHAPTER FIVE

THE ROLE OF AGRICULTURAL COOPERATIVES IN KAKAMEGA

As established in Chapter II, the role of agricultural cooperatives in general is threefold - channelling of farm credit, marketing of farm produce and procurement of farm inputs. In this chapter an attempt is made to look at how agricultural cooperatives in the district fulfill these three roles. This is done in an effort to establish the present role of agricultural cooperatives and their needs in the development of the district.

5.1. Cooperatives and Farm credit

As seen earlier, the financial base of most cooperatives breaks-even with the cost incurred thereby leaving no much accumulation of capital that could be used as credit to the farmers. This has contributed to the persistence of poor production methods, lack of essential inputs all which have resulted in reduced agricultural production per capita and thus low income levels in the smallscale farming community.

In Kakamega district this has been the picture. There was no credit given to members of the movement from any cooperative on its own. Cooperatives have recently taken to handling credit only through government aided programmes in the area as discussed below. The programmes are as a result of governments' understanding that left on their own cooperatives would not effectively expand agricultural production due to shortage of capital.
Addressing itself to the question of expansion of agricultural production in the small-scale farming sector, the government initiated a crop credit programme in 1970. In this programme, loans are channelled to farmers through their primary cooperatives. The assumption in their programme is that the recipient farmers would increase their output, either by putting more land under cultivation, or through the use of additional inputs per unit of land. This assumption held a number of presuppositions:

- That farmers have no further liquid resources that could be employed for farming,
- That any additional production credit would be used for farming and
- That such use would lead to an increase in net income for the borrowing farmer.

Although the programme was started in 1970 in different parts of the country, it was not until 1975/76 season that it was commenced in Kakamega district. The programme is operating under two schemes in the area through Cooperatives covering only some parts of the district. These schemes are the Smallholder Production Services and Credit project and the Integrated Agricultural Development Project. These are two of the four schemes in the programme that have been started in Kakamega.

5.1.1. The Cooperative Credit Programme:

The cooperative Credit Programme in Kakamega district involved two projects; The Smallholder Production Services and Credit Project (SPSCP) financed by USAID and The Integrated Agricultural Development Project (IADP) financed by World Bank. The two projects were for all intent and purpose similar. The objective of the project was to provide comprehensive production to smallholders who have a potential for increasing their production but have not previously benefited from such services.
The SPSCP commenced in 1975/76 session while IADP in 1976/77 session. Both the Ministry of Agriculture and Ministry of Cooperative Development were responsible for organising and implementing the projects. This involved selection and delivery of inputs required for these crop combinations and training of farmers in the use of these inputs as necessary ground preparations.

The target group of farmers for these projects was subsistence farmers who have been cut off from such assistance. Selection criteria included those who
- have agricultural holdings of 20 acres or less
- have not been able to receive gross per capita real farm income in excess of Kshs.800.00
- have the potential to earn gross per capita real farm income in excess of Kshs.800 p.a.
- have not received, other than under these projects significant production credit from other sources.

Kakamega district, along with other similar districts in the country, was selected for the implementation of these credit projects. Kakamega was chosen due to its very high population densities resulting in small farm holdings as discussed in Chapter III and its relatively underdeveloped cooperative movement. In these crop loan projects the bulk of the loan was given in kind. The crop package recommended for the area included at least a combination of any three of the following crops - maize, groundnuts, sunflower, beans and cotton. A farmer involved in the projects had to accept the growing of three different crops - preferably two food crops i.e. maize, groundnuts, or beans besides a cash crop of either cotton or sunflower depending on his locality. The cash crop in the deal was primary security to be a source of cash for loan repayment.
The food crops used could also yield cash returns for sales over home consumption.

Diversification of the crops was a safeguard against environmental risks like climate, diseases of a particular crop etc. so that the deal as such had ample credit security.

The SPSCP scheme was split into two types of loans, each going to a different calibre of farmers. Part C as is popularly known required a farmer to have fully satisfied the above conditions. This part of the loan catered for the very smallscale producers as required of the regulations. To this effect 1146 farmers were trained in the use of these inputs from a target of 910 of whom only 392 were selected finally to participate in the scheme. The remaining 754 got disqualified somehow but most of them were considered for loans in the subsequent year.

The sum originally allocated for the scheme was Shs. 971,640.00 of which only Shs. 267,777.45 was used. A number of reasons have been given for this underuse of the loans. They range from late farm input supply to purely technical reason like lack of loan guarantors or farmers having filled loan application forms wrongly.

As shown in table 14, the loans were distributed over twelve cooperatives with an average of Shs. 23,897.60 shillings each and was given to 392 farmers with an average of 684.60 shillings per loan. As of November 1977, over 60% of this loan had been repaid.

In the second year of the project, 808 farmers received the loans through 7 cooperatives in the district. This time the farmer target was about 1000 but here again, recruitment fell below this target.
A total of shillings 696,833.65 was used. This gave an average of 862.40 shillings per farmer and 99,547.65 shillings per cooperative. The total SPSCP loan in the initial years was 964,617.10 that was shared between 1200 smallholders through their 19 cooperatives as shown in table 14.

**TABLE 14**

DISTRIBUTION OF SPSCP LOANS IN KAKAMEGA DISTRICT (1976-1977)

<table>
<thead>
<tr>
<th>COOPERATIVE</th>
<th>LOANEES</th>
<th>LOANS IN 1976</th>
<th>LOANS IN 1977</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUNYALA</td>
<td>258</td>
<td>40,789.00</td>
<td>204,878.00</td>
<td>245,667</td>
</tr>
<tr>
<td>SHINYALU</td>
<td>48</td>
<td>31,789.00</td>
<td>-</td>
<td>31,588.80</td>
</tr>
<tr>
<td>IDAKHO</td>
<td>17</td>
<td>12,003.70</td>
<td>-</td>
<td>12,003.70</td>
</tr>
<tr>
<td>WAMONDO</td>
<td>27</td>
<td>17,768.70</td>
<td>-</td>
<td>17,768.70</td>
</tr>
<tr>
<td>MARAMA</td>
<td>23</td>
<td>16,240.30</td>
<td>-</td>
<td>16,340.30</td>
</tr>
<tr>
<td>JEBROK</td>
<td>119</td>
<td>19,060.60</td>
<td>55,655.35</td>
<td>74,715.95</td>
</tr>
<tr>
<td>LIANDA</td>
<td>25</td>
<td>16,452.50</td>
<td>-</td>
<td>16,452.50</td>
</tr>
<tr>
<td>LUNYERERE</td>
<td>26</td>
<td>6,306.00</td>
<td>9,629.80</td>
<td>15,935.80</td>
</tr>
<tr>
<td>ISUKHA</td>
<td>60</td>
<td>43,434.60</td>
<td>-</td>
<td>43,434.60</td>
</tr>
<tr>
<td>BUTSOTSO</td>
<td>48</td>
<td>33,892.80</td>
<td>-</td>
<td>33,892.80</td>
</tr>
<tr>
<td>BUNYOLE</td>
<td>37</td>
<td>25,336.70</td>
<td>-</td>
<td>25,336.70</td>
</tr>
<tr>
<td>KEGOYE</td>
<td>8</td>
<td>4,903.75</td>
<td>-</td>
<td>4,903.75</td>
</tr>
<tr>
<td>SOUTH KABRAS</td>
<td>170</td>
<td>-</td>
<td>119,802.00</td>
<td>119,802.00</td>
</tr>
<tr>
<td>NORTH KABRAS</td>
<td>169</td>
<td>-</td>
<td>178,606.00</td>
<td>178,606.00</td>
</tr>
<tr>
<td>KAKAMEGA DAIRY</td>
<td>103</td>
<td>-</td>
<td>112,070.00</td>
<td>112,070.00</td>
</tr>
<tr>
<td>MUKONGOLO</td>
<td>56</td>
<td>-</td>
<td>16,192.50</td>
<td>16,192.50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1200</td>
<td>267,777.70</td>
<td>696,833.655</td>
<td>964,617.10</td>
</tr>
</tbody>
</table>

Source: Ministry of Co-operative Development.
In the coffee growing areas, there are smallholders who are fairly experienced in farming and own coffee farms. To this class of farmers SPSCP loan was split into a part B which went to coffee growers through their six cooperatives. These are experienced farmers that the regulations governing the SPSCP loan in general had to be dropped so that they were given the loan on the strength of their coffee crop which acted as a security instead of growing other cash crops as specified in the crop package. Again it was not found necessary for this category of farmers to go for a training in this type of farming as required by the loan conditions.

Thus part B loan of SPSCP was a local adjustment to suit knowledgeable coffee farmers without necessarily adhering to the original loan conditions which would have otherwise excluded them. Under this subset of the SPSCP loan, a total of 1802 farmers received loans amounting to 966,079.10 shillings issued through six cooperatives to coffee growers, as shown in table 15.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>LOANEES</td>
<td></td>
</tr>
<tr>
<td>JEBROK</td>
<td>8780.00</td>
<td>369775.25</td>
<td>19060.60</td>
<td>55655.35</td>
<td>-</td>
<td>897</td>
<td>453271.20</td>
</tr>
<tr>
<td>WAMONDO</td>
<td>35120.00</td>
<td>257987.50</td>
<td>17768.70</td>
<td>-</td>
<td>-</td>
<td>397</td>
<td>310876.20</td>
</tr>
<tr>
<td>LUNYERERE</td>
<td>51055.00</td>
<td>104364.70</td>
<td>6306.00</td>
<td>9629.80</td>
<td>-</td>
<td>468</td>
<td>171355.50</td>
</tr>
<tr>
<td>BUNYORE</td>
<td>33167.70</td>
<td>39916.50</td>
<td>25336.70</td>
<td>-</td>
<td>-</td>
<td>124</td>
<td>98420.90</td>
</tr>
<tr>
<td>ISUKHA</td>
<td>9424.00</td>
<td>-</td>
<td>43434.60</td>
<td>-</td>
<td>91009.70</td>
<td>209</td>
<td>143868.30</td>
</tr>
<tr>
<td>IDAKHO</td>
<td>22081.40</td>
<td>38869.90</td>
<td>12003.70</td>
<td>-</td>
<td>40592.10</td>
<td>183</td>
<td>113547.10</td>
</tr>
<tr>
<td>BUNYALA</td>
<td>-</td>
<td>-</td>
<td>40789.00</td>
<td>204878.00</td>
<td>-</td>
<td>258</td>
<td>245667.00</td>
</tr>
<tr>
<td>SHINYALU</td>
<td>-</td>
<td>-</td>
<td>31588.80</td>
<td>-</td>
<td>83300.20</td>
<td>141</td>
<td>114889.00</td>
</tr>
<tr>
<td>MARAMA</td>
<td>-</td>
<td>-</td>
<td>16240.30</td>
<td>-</td>
<td>204955.65</td>
<td>290</td>
<td>221225.95</td>
</tr>
<tr>
<td>LIANDA</td>
<td>-</td>
<td>-</td>
<td>16452.50</td>
<td>-</td>
<td>69501.00</td>
<td>84</td>
<td>85953.50</td>
</tr>
<tr>
<td>BUTSOTSO</td>
<td>-</td>
<td>-</td>
<td>33892.80</td>
<td>-</td>
<td>367380.95</td>
<td>375</td>
<td>401223.75</td>
</tr>
<tr>
<td>SOUTH KABRAS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>119802.00</td>
<td>-</td>
<td>170</td>
<td>119802.00</td>
</tr>
<tr>
<td>NORTH KABRAS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>178606.00</td>
<td>-</td>
<td>169</td>
<td>178606.00</td>
</tr>
<tr>
<td>KAKAMEGA DAIRY</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>112070.00</td>
<td>-</td>
<td>103</td>
<td>112070.00</td>
</tr>
<tr>
<td>MUKONGOLO</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16192.50</td>
<td>-</td>
<td>56</td>
<td>16192.50</td>
</tr>
<tr>
<td>KEGOYE</td>
<td>-</td>
<td>-</td>
<td>4903.75</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>4903.75</td>
</tr>
<tr>
<td>TOTAL</td>
<td>159628.10</td>
<td>806451.00</td>
<td>267777.45</td>
<td>696833.65</td>
<td>856769.60</td>
<td>3932</td>
<td>2791926.10</td>
</tr>
</tbody>
</table>

Source: Ministry of Co-operative Development.
The Project target of IADP which commenced in 1977 was for 1550 farmers but only 930 farmers ended up by getting the loans through their six co-operative as shown in Table 16. Out of the estimated value of Shs.2,940,350.00 only Shs.56,769.60 was used during this season. This gave an average of Shs.920 per loanee and Shs.142,795 per cooperative.
### Table 16:

**Implementation of Credit Programme**

<table>
<thead>
<tr>
<th>Loan Scheme</th>
<th>Allocated Amount</th>
<th>Anticipated Loanees</th>
<th>Used amount</th>
<th>Participated Loanees</th>
<th>Unused amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part C</td>
<td>1,974,640/-</td>
<td>2,146</td>
<td>964,617/-</td>
<td>1,200</td>
<td>1,010,033/-</td>
</tr>
<tr>
<td>Part B</td>
<td>-</td>
<td>-</td>
<td>966,079/-</td>
<td>(1,802)</td>
<td>-</td>
</tr>
<tr>
<td>IADP</td>
<td>2,940,350/-</td>
<td>1,550</td>
<td>856,770/-</td>
<td>930</td>
<td>2,083,580/-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,911,990/-</td>
<td>3,696</td>
<td>2,787,466/-</td>
<td>2,130</td>
<td>2,124,524/-</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Co-operative Development
In the settlement scheme, the cooperatives are advanced with loans for purchasing of Maize. The amount involved varies from year to year depending on the magnitude of the loans requested. Table 17 shows the loans advanced to settlement cooperatives in 1976 and 1977 by the Cooperative Bank. As shown, not all Cooperatives got the loans. In 1976 out of the eleven settlement Cooperatives only 6 got loans and again in 1977 some other 6 got the Cooperative Bank Loans as shown in table 17.

Table 17

Loans for Maize-Purchasing in Settlement Co-operatives
(in shillings per year.)

<table>
<thead>
<tr>
<th>COOPERATIVE</th>
<th>1976</th>
<th>1977</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sergoit</td>
<td>80,000</td>
<td>700,000</td>
</tr>
<tr>
<td>Springfield</td>
<td>60,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Lamakanda</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Chekilini</td>
<td>20,000</td>
<td>-</td>
</tr>
<tr>
<td>Mbagare</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Chemoset West</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Nzoia</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Mlimani</td>
<td>-</td>
<td>70,000</td>
</tr>
<tr>
<td>Mabusi</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>TOTAL KSHS.</strong></td>
<td><strong>310,000</strong></td>
<td><strong>1,110,000</strong></td>
</tr>
</tbody>
</table>

Source: Settlement Cooperative Office, Lumakanda.

The problem experienced in the purchasing of maize with loans from the Cooperative Bank is that these loans are hard to come by. Only a few cooperatives get these loans. Again these loans are inadequate since the area is a major maize producer that can greatly benefit from large loans.
5.1.2. The Effect

The concept of crop loan and its implementation through the cooperatives was a devise separating production credit from a farmers real assets. This differentiates this system of loaning from loans given to farmers through institutions like the Agricultural Finance Corporation for instance, which finances agricultural production based on a farmers real assets. This programme then aimed at mobilizing the small-holders, who would not qualify for any financial support through mortgaging their smallholdings, into production. It has attracted this level of farmers, who make the majority of rural areas, into active agricultural production as all were eligible, irrespective of the sizes of their holding, insofar as they were members of a cooperative.

While the essence of this crop programme was to motivate development through agricultural production its short term objective was the boosting of agricultural production in the area. This can be said to have been achieved in two ways. First, more land in the area was put under cultivation. Records to this effect indicate that during the 1976/77 season a total of 5127 hectares (11,281 acres) of land were cultivated as a result of this programme. There was an increased use of more farm inputs according to the requirements of the programme. In the same year, a total of 1079 tonnes of quality seed was used in the district in the programme. This corresponded with 1026 tonnes of different fertilizers that were used during that season. Together with these there were other miscellaneous inputs in form of insecticides that were used.
The Credit programme had some impact at the cooperative society level. First and foremost was that a number of Cooperatives in the district had to be formed a little earlier on basically for the purpose of utilizing this programme. These include the newly formed or reorganized multiproduce cooperatives like Marama, Bunyala, Butsotso, Lianda, North and South Kabras societies which were all formed or reorganized in 1975 for the main function of channelling this credit to their members. Related to this was the second factor of increased cooperative membership. The programme sparked off cooperation in areas which hitherto did not have any cooperatives by formation of the above mentioned societies. Even in the long established cooperatives, the inclusion of credit to members as a new activity led to more farmers registering as members, as is indicated in the table 18. The membership jumped from 8326 to 11960 within a period of 2 years. This represents a 44 per cent increase in cooperative membership in the district that is attributed to the credit programme.

Table 18

<table>
<thead>
<tr>
<th>Activity</th>
<th>1975 No. of Coops</th>
<th>1975 Membership</th>
<th>1977 No. of Coops.</th>
<th>1977 Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>COFFEE</td>
<td>6</td>
<td>6996</td>
<td>6</td>
<td>7514</td>
</tr>
<tr>
<td>SUGARCANE</td>
<td>1</td>
<td>430</td>
<td>1</td>
<td>550</td>
</tr>
<tr>
<td>DAIRY</td>
<td>1</td>
<td>401</td>
<td>1</td>
<td>1001</td>
</tr>
<tr>
<td>MULTIPRODUCE</td>
<td>3</td>
<td>500</td>
<td>9</td>
<td>2894</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
<td>8326</td>
<td>17</td>
<td>11959</td>
</tr>
</tbody>
</table>

Source: Ministry of Co-operative Development.
So far it can be argued that by putting more land under-cultivation and increasing the use of farm inputs in the area, the credit programme has succeeded on the basic assumption made at the beginning of this Chapter. The assumption that the recipient farmers in the programme would increase their output, either by putting more land under cultivation or through the use of additional inputs per unit of land.

Such an assumption is not realistic and is over generalized particularly at the farmers level. A discussion with several cooperative committees revealed that the credit programme was not very successful at the grassroot level. Cases were cited where none cooperative members fictitiously got loans after purporting to be cooperative members. Such people even went further to sell the fertilizers, seeds etc that they had received in kind to traders. The none members of cooperatives cunningly managed to get loans since selection of prospective loanees was largely the responsibility of local agricultural staff. Generally these have very little coordination with the cooperatives and did not take the trouble of ascertaining farmers membership to the cooperative movement.

Even in cases where loans were given to cooperative members, not all were put to the right use. The committee men complained of some of their members misusing the loans. There were cases where members cheated the cooperative and misused the cash received as part of the loan. Some of this cash was used for drinking and in other lavish ways. The inputs offered to such members were sold and money used for similar purposes. There were also natural disasters which impaired the effectiveness of the programme.
A hailstorm struck most of Central Division in 1976 thereby destroying a lot of crops grown under the programme. Although this was a natural disaster but nothing could be done in way of exempting the affected farmers from repayment.

As stated by the chairman of Kakamega district co-operative union, which had given the security for the crop, the credit programme was a burden as it increased the cooperative societies indebtedness. This is seen in view of the fact that whatever the mistake made, whether it is giving loans to fictitious members, misuse of cash, reselling of fertilizer or mere crop destruction, the respective cooperatives gave the security for the credit and will have to repay in full plus interest on all the loans borrowed.

Therefore it is not surprising that the implementation of the programme has been poor. The cautious leaders in the cooperatives feel that giving out loans as anticipated in the programme is tantamount to mortgaging the cooperative if the funds are continuously misused. This could end up in complete dissolution of the cooperative due to indebtedness as a result of the programme. This attitude of the lenders explains why, for instance in the case of 'Part C' loans only 56 per cent of the anticipated loanees obtained the loans. In the same way only 60 per cent of the recruited farmers obtained IADP loans. About 59 per cent of money involved in this scheme remained unused (see table 16).

In effect, the implementation of this programme in Kakamega district has not been very successful. This agrees with the first assumption made in the study.

An interview with the cooperative officials revealed that several reasons accounted for this low level of implementation. These included selection of farmer recruitment by the agricultural staff. Some farmers who were not cooperative members were selected for training and afterwards received loans through cooperatives despite their not being members. This might not have arisen if selection was left to the cooperative committee.
A number of farmers were dropped from the programme for having simply filled loan application forms wrongly. Recruited farmers who failed to turn up for 1 week's training at Bukura Farmers Training College were not eligible for the loans. A number of farmers despite their selection after training still failed to get the loan due to late arrival of inputs. There are other similar parochial reasons given which all hinges heavily on the programme policy. This confirms the assumption that the poor implementation of the credit programme is partly due to the process of formulating policies and guidelines for this programme.

In the settlement area as seen earlier on, the problem relates to the inadequacy of loans for purchasing of maize. The loans given are so little that firstly they do not cover all cooperatives (see table 17) and where they are given, the cooperatives are not able to buy all the farmers' maize. This has resulted in more members selling their crop privately outside the cooperatives.

Despite the problems involved in implementation of the credit programme, the programme was implemented only in some areas of the district. Out of the 15 locations in the district, 4 did not participate as shown in Chart VI. The excluded locations are Kisa, North, East and South Wanga locations.

The main reason for their exclusion is lack of cooperatives. Assuming that the credit programme has initiated developments in areas where it has been implemented, the areas outside its reach have remained undeveloped. It can therefore be said that the absence of strong agricultural cooperatives in parts of the district has contributed to the uneven development in the district. This confirms the second assumption of the study. The corollary of this is that a better spatial distribution of Cooperatives will result in an even development of the district and therefore emphasis on development of cooperatives would lead to proper utilization of agricultural resources in the district.
Before achieving the above, the present spatial distribution of cooperatives possess a planning problem that calls for re-examination of the policies governing the credit programme or rearranging the cooperative structure in the district. In either case, this would be a remedy to the existing development trend in the district so as to have developments distributed throughout the area.
CHART VI

DISTRIBUTION OF COOPERATIVES CREDIT PROGRAMME BY
(a) LOCATIONS  (b) DIVISIONS IN KAKAMEGA DISTRICT.

a) LOCATIONS

Excluded Locations
N. Wanga
S. Wanga
Kisa

b) DIVISIONS

Excluded Divisions
Mumias
5.2. Cooperative in Marketing of Farm Produce

In Kakamega district, as discussed in Chapter IV, the earliest cooperatives in the area were agricultural and they developed mainly to market farm produce. The main cooperative activities at that time were coffee, sugar-cane and maize. Coffee has remained a major cooperative activity, sugarcane is becoming less and less of a cooperative activity while maize has also decreased in importance as a cooperative activity. Dairy has gained importance as a cooperative activity. The picture is more clear when each of these activities is analysed in details.

5.2.1. Coffee

Coffee is produced on small scale basis by numerous farmers belonging to cooperatives. The crop has developed to be a major cooperative activity in the area. It is marketed through 6 cooperatives. These own and run 10 coffee factories where the crop is processed and dried ready for shipment. Table 19 and chart VII show the development of coffee production for the last 7 years in the area. Both the table and the chart show that since 1972/73 season, coffee output has been above 140 tonnes except in 1973/74 season when there was a low output of 72 tonnes and a turnover of 0.7 million shillings. This decline was attributed to coffee berry disease which hit the district during the season. Otherwise the yields and turnover have become encouraging overtime. The latter has developed from 1.2 million shillings in 1972/73 season to 5.4 million shillings in 1976/77. Part of this increase is attributed to increase in coffee prices on world market. The good prices have hence attracted more coffee production especially among members who had neglected their shambas.

In spite of this role in processing and marketing of coffee by cooperatives, coffee production in the area still faces some problems. As discussed earlier on, coffee is not produced at optimal levels - it is still very low.
Some members are said to have contributed to this by uprooting their plantations due to excessive cooperative charges, some have neglected their crop for the same reason. Lack of qualified personnel in coffee processing and pulping machinery maintenance at the cooperative factories was given as another reason by the agricultural office. This problem faced the smaller cooperatives who could not afford to remunerate such personnel accordingly from their meagre resources. The third problem concerns the supply of services through the cooperatives. Delayed payments and delayed supply of insecticides were a big problem in the smaller cooperatives like Isukha and Idakho than for instance in Wamondo. All these factors have resulted in low quality and quantity coffee being produced in the area.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>69/70</th>
<th>70/71</th>
<th>71/72</th>
<th>72/73</th>
<th>73/74</th>
<th>74/75</th>
<th>75/76</th>
<th>76/77</th>
</tr>
</thead>
<tbody>
<tr>
<td>TONNES</td>
<td>135</td>
<td>115</td>
<td>105</td>
<td>144</td>
<td>72</td>
<td>280</td>
<td>143</td>
<td>158</td>
</tr>
<tr>
<td>KShs '000</td>
<td>968</td>
<td>647</td>
<td>683</td>
<td>1,262</td>
<td>652</td>
<td>2,442</td>
<td>2,980</td>
<td>5,374</td>
</tr>
</tbody>
</table>
CHART VII

DEVELOPMENT OF COFFEE TURNOVER IN KAKAMEGA DISTRICT

KSh.000. TONNES.

5.2.2. MILK

Milk production for commercial purposes is produced in two parts of the district: Lugari settlement scheme and in Malova division. The Lugari area excels in milk production in the entire province. All milk is marketed through the cooperatives. The cooperatives collect members' milk, transports it to Eldoret or Kitale KCC factories on behalf of the farmer. Chart VIII shown the development of milk activity in the settlement area. The officials of the cooperative movement in the area related the general decline in milk production to problems that have been facing milk production in this area of late. These included high transportation cost involved in delivering members milk to either Eldoret or Kitale since most of the cooperatives have to rely on hired transport. Cooperatives have problems in the maintenance of cattle dips. Due to high costs involved in buying of dip chemicals most cooperatives were unable to recharge their dips so that cattle diseases increased resulting in low milk yields.

Outside the settlement scheme there is one dairy cooperative society drawing its membership in Malova division mainly. Kakamega dairy cooperative has a pick-up which collects members milk at Kabrengu and Malova collecting points. The milk is cooled in their modern dairy recently completed in Kakamega town. The milk is sold to the town residents and some is supplied to big institutions around town. Another milk outlet is centres such as Chavakali, Mbaile, Mumias and Majengo where the cooperative has kiosks for selling milk. In the wet period when the cooperative has surplus milk, it is separated in the dairy into cream which is sent to Kitale KCC factory. The skim milk left is supplied to nursery schools in the area.
SETTLEMENT COOPERATIVES TURNOVER 1967-71 & 1976

- **Milk**
- **Maize**

**TOTAL TURNOVER**

KSh 000

<table>
<thead>
<tr>
<th>Year</th>
<th>Milk</th>
<th>Maize</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Cooperative production record for the last six years is presented in table 20 and chart IX. Both these indicate an increasing production and turnover overtime. This is related to the construction of the new dairy which has minimised milk loses. There are two problems facing the cooperative. There is a general low production of milk in the area. This forces the dairy to work under capacity and is further indicated by KCC having to supplement milk supplies every morning in major centres in the district. Milk production fluctuates very highly especially in the dry spell occurring in January and February. Table 21 and chart X are computed on milk intake and sales on the average of three years production. Chart X portrays milk production fluctuations effectively in the background of the indicated dairy capacity. This indicates that the dairy works under capacity for six months in a year.
### TABLE 20

DEVELOPMENT OF MILK PRODUCTION BY KAKAMEGA DAIRY COOPERATIVE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kilogram</td>
<td>157981</td>
<td>494942</td>
<td>644244</td>
<td>576006</td>
<td>644402</td>
<td>690385</td>
</tr>
<tr>
<td>K. Shs. 000</td>
<td>520</td>
<td>488</td>
<td>709</td>
<td>694</td>
<td>820</td>
<td>813</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture

### Table 21

ANNUAL MILK INTAKE

<table>
<thead>
<tr>
<th>Period</th>
<th>Milk intake KG</th>
<th>Sales in K. Shs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN-MAR</td>
<td>117 219</td>
<td>149,795.05</td>
</tr>
<tr>
<td>APR-JUN.</td>
<td>181 441</td>
<td>193,460.65</td>
</tr>
<tr>
<td>JUL-SEP</td>
<td>193 561</td>
<td>218,312.85</td>
</tr>
<tr>
<td>OCT.-DEC.</td>
<td>192 785</td>
<td>257,976.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>644 402</td>
<td>819 554.05</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture.
MILK INTAKE FLUCTUATIONS.

[Diagram showing milk intake fluctuations from January to December with specific months and their corresponding milk intake values.]

[Note: Text not visible in image.]

[Diagram note: Dairy capacity indicated with a dashed line.]
5.2.3. Maize:

Maize crop is produced all over the district but on large scale level in Lugari division where it is all supposed to be marketed through the cooperatives.

The settlement cooperatives use Cooperative Bank loans to buy farmers' maize every season. Records to this effect show that loans are not normally enough to purchase the available crop. Therefore the cooperative being unable to buy the entire crop, farmers have resorted to selling their maize to private dealers. This undermines the efforts of the co-operative societies in that the cooperatives are not able to earn their commission from the transaction.

Table 22 shows the development of maize activity in Lugari division. The figures used are for five of the eleven cooperatives. Chart VIII also portrays the maize activity in the settlement area for the period of ten years. The apparent decline in maize activity as shown is a result of farmers selling their crop outside their cooperatives. This has effected a drop in settlement cooperative turnover.

Marketing of maize through cooperatives has been a problem for a long time both in the settlement and other areas in the district. The co-operatives along other maize agents are permitted to deliver bulk maize to Maize and Produce Depots in Butere, Lugari etc. It so happens that private maize dealers are able to off-load their maize from the lorries into the depots easily. Maize from Cooperatives always gets rejected for one reason or another. The reason behind it is that private dealers offer tips to the board personnel but cooperatives cannot since every cent spent must be accounted for.
This has been a big discouragement to the maize farmers, many of whom have turned to selling their maize privately.

The situation has been temporarily overcome by the selling of cooperative maize directly to Unga Limited in Nairobi. This situation has been temporarily overcome when the cooperative Union on behalf of all nonsettlement maize cooperative contracted with Unga Limited of Nairobi. The latter were the sole buyers of the Maize crop produced through the cooperatives. Under this arrangements 3325 bags of maize had been sold to Unga at the total price of 282.635/- as at December 1977.

**TABLE 22**

Development of Maize Activity in Settlement Cooperatives.  
(Value of sales in shillings)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sergoit</td>
<td>117,930</td>
<td>645,570</td>
</tr>
<tr>
<td>Nzoia</td>
<td>26,753</td>
<td>638,020</td>
</tr>
<tr>
<td>Lumakanda</td>
<td>11,606</td>
<td>110,941</td>
</tr>
<tr>
<td>Spring field</td>
<td>76,710</td>
<td>85,327</td>
</tr>
<tr>
<td>Chekalini</td>
<td>34,010</td>
<td>50,436</td>
</tr>
<tr>
<td>TOTAL KSHS.</td>
<td>197,009</td>
<td>1,530,294</td>
</tr>
</tbody>
</table>

Source: Settlement Cooperative Office, Turbo
5.2.4. Sugarcane:

Sugarcane produced in the area is used either for jaggery or white sugar production. The former is handled by a cooperative and several private local companies while the latter is done by an international company.

Sugarcane for white sugar production is cultivated by individual farmers with the aid of Mumias sugar company. As discussed in Chapter II, these farmers are underpaid for their cane production than they would if production was organized on cooperative basis. Secondly if the cooperatives existed in this area, they would be effective in diversifying the economy of the area as explained earlier on.

There is one jaggery cooperative in the district. Shamberere cooperative has two jaggery factories which accepts farmers cane, crashes it into jaggery and sell the lumps. The jaggery activity however is on the decline. This is well illustrated in table 23. The activity has dropped from a two factory enterprise with 862 members and 282084/- turnover in 1969 to a membership of 430, turnover of 36400/- and one factory only running as at December 1975.

This drop in jaggery activity has been necessitated by a number of factors. A sugarcane disease has emerged in the area which has decreased yields in the area. The cooperative on the other hand has no qualified bookkeeper or accounts clerk. Auditors reports read that alot of money has been lost through improper bookkeeping. The success of the cooperative depends on its ability to collect cane from farmers shambas but an inventory at the cooperative showed the existence of one 1962 tractor that was out of the road most of the time.
As explained by the chairman, there was no possibility of any replacement of the tractor due to inadequate resources. The outcome of this situation has been that the cooperative has been unable to collect farmers cane. This hit Chegulo factory most which has been stagnant for over 5 years now.

Members have presently refused to deliver their cane to the cooperative. Instead the cane is sold to private dealers and the local white sugar factory which effects payment on delivery.

**TABLE 23**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Kshs.</td>
<td>282,084</td>
<td>114,563</td>
<td>95,594</td>
<td>36,400</td>
</tr>
<tr>
<td>Membership</td>
<td>862</td>
<td>802</td>
<td>700</td>
<td>430</td>
</tr>
</tbody>
</table>

Source: Ministry of Cooperative Development.
5.2.5. **Other Crops**

The role of agricultural cooperatives in the district is generally confined to coffee, dairy, maize and sugarcane activities. Outside these, there is very little else produced through the cooperatives. However in the credit programme, some beans and sunflower were produced. As of August 1977, 1942 bags of beans worth 383,890/- and 218 bags of sunflower worth 18,530/- had been sold by the cooperatives through the District Union. The beans were supplied to local government institutions while sunflower was sold to edible oil processing firms.

5.3. **Cooperatives and Supply of farm inputs**

The existing cooperatives developed to assist farmers in the processing (where applicable) and marketing of farm products but it has been a farmers responsibility to acquire the necessary farm requisites privately outside the cooperative.

It was only under the credit programme that several cooperatives in the district received farm inputs, for their members. Through this programme the following were supplied - 78 tonnes of hybrid maize seed, 18 tonnes of beans seed and 9 tonnes of sunflower seed. This was complimented with 1026 tonnes of fertilizers during the 1975/76 and 1976/77 seasons.

Hitherto it was only coffee cooperatives which supplied members with insecticides. This activity commenced in 1974 when the coffee yields suddenly dropped as shown in table 19. Pressure from both the local administration and Ministry of Agriculture put the responsibility of supply of insecticides and the spraying equipment to the Cooperatives. The big coffee cooperatives like Jebrok are able to hire casual labourers for the purpose of spraying members coffee plantation. The smaller cooperatives which are not in a position to offer this kind of service normally buy the insecticides and call in farmers to collect their
share of the chemical to spray their crop with. Outside the supply of farm inputs under the new credit programme and supply of insecticides in the coffee cooperatives, there is no supply of farm inputs by co-operative societies in the area. If anything this function is the most undeveloped in the movement in the district. Lack of these agricultural cooperatives in undertaking supply of farm inputs as a basic function reflects the colonial administrations idea of establishing Africans cooperatives with a single purpose of being mere outlets for African produce. They did not consider cooperatives as inlets into increased production. These cooperatives have been a one-way ticket and they have remained so. However for them to be truly effective in increasing rural productivity, supply of farm inputs is a must. It is only in this way that these cooperatives will be addressing themselves to the farming environment of small-holder farmers who need both the assistance in procurement of farm inputs and in the marketing of their farm produce.

5.4. Problems Identified

In summary, a number of problems have been identified as reducing the effectiveness of the role performed by Agricultural cooperatives in the development of the district.

In the distribution of farm credit, a number of problems are being experienced. First is the question of the level of implementation of credit programme through the cooperatives. As it turned out, the programme was poorly implemented with very low project targets being attained. Several reasons have been given which all stem from one - the formulation of programme policy.
The policy of credit programme was rather inflexible and stressed on trivial issues such as the need for a full week residential course for participants so that in the long run, many prospective beneficiaries were excluded from the programme. In this way much funds went unused.

In the settlement area, the credit problem relates to the inadequency of loans issued for the purpose of purchasing maize. Over a period of two years, i.e. 1976 and 1977, only half of the cooperatives have been able to secure these loans. Besides, the amount given is so small that many cooperatives are unable to purchase all the maize belonging to the members. This has resulted in farmers selling their maize outside the cooperative.

The present pattern of distribution of cooperatives in which large parts of the district do not have cooperatives has meant the focussing of cooperative development programmes only in specific areas of the district. This has resulted in uneven development of the district.

For cooperatives to be effective insofar as handling of farm credit is concerned, the above three problem areas need to be resolved first. It is only then that cooperative programmes will be implemented accordingly. More members' maize will be purchased in the settlement areas and more even development of the district effected.

In relation to marketing of farm produce, agricultural cooperatives have been more involved particularly in the processing and marketing of coffee in the district. They have the monopoly of the crop in the area. The crop produced is of both low quality and low quantity. This has been attributed to lack of qualified factory personnel, delayed services like spraying etc. More significantly is the need for cooperatives to supply members with farm inputs related to increasing coffee production.
In the marketing of maize by cooperatives, the problem relating to loans for purchasing the crop in the settlement area has already been discussed. There is a problem relating to the selling of cooperative maize to Maize and Produce Board. The officials of the latter have over years rejected maize from cooperatives for wanting tips. This has resulted in some cases where tonnes and tonnes of cooperative maize is refused entry by the board.

Most cooperatives in the settlement area experience hardships in selling their milk. Most depend on hired transport for delivering their milk to Kitale and Eldoret KCC depots. This has proved very expensive and unreliable. Both factors have resulted in reduced earnings from milk. On the other hand, Kakamega dairy cooperative, the only milk cooperative outside the settlement area is not able to meet the market demand of milk. This is because milk produced is low and fluctuates highly from season to season. The cooperative dairy runs undercapacity.

As regards the jaggery production, marketing is still a problem since the cooperative has not yet recruited a qualified bookkeeper. Failure of collecting farmers cane is due to the dilapidated condition of the tractors. These have resulted in the cooperative being seriously indebted. Consequently members have opted to selling their cane to private dealers who pay cash or delivery.

The effectiveness of the cooperatives has been lowered by lack of supply of farm inputs to members. This has hit the coffee cooperatives most where low quality coffee is obtained due to nonavailability of fertilizers to farmers. It is the responsibility of individual farmers to obtain his own fertilizers and the like outside the cooperative.
The cooperative becomes significant only when at marketing time. It is hoped that by these cooperatives undertaking additional role of supply of farm inputs - i.e. going multipurpose, they will considerably increase the crop and other products currently being handled by cooperatives.

It suffices to say that corrective measures addressed to this problem will enable the agricultural cooperatives in the area to perform their expected role more effectively.
CHAPTER SIX

FUTURE COOPERATIVE POLICY IMPLICATIONS

The study set out to consider the role of agricultural cooperatives in rural development. To do this consideration was given to assess what agricultural cooperatives do in many parts of the world. This was for the purpose of establishing the definition of the role of agricultural cooperatives in development. In this respect it was observed that agricultural cooperatives have three fundamental roles - marketing of farm products, supplying of farm inputs and channelling of farm credit to farmers. In all areas observed, these were the major roles of agricultural cooperatives. Many countries, especially in the third world, have come to consider agricultural cooperatives as a very appropriate tool for developing their economies.

Kenya is an example of where cooperative development is greatly emphasised. With 90 per cent of her population surviving on agricultural activities in rural areas, development of cooperatives is seen as a direct development of these areas. To this effect several development programmes have been initiated through cooperatives. This can be seen as the government's appreciation of what agricultural cooperatives can do in the rural areas.

The history of cooperative policy in Kenya has been subjected to many changes over time. The earliest cooperatives in the country were for settler farmers. With mounting economic and political pressures, cooperatives for Africans were formed. For sometime these two sets of cooperatives were administered separately, although nearly all were farmer organisations. With independence around the corner, racial barriers in the movement was scraped to give way for one integrated movement.
Whereas services of the earlier cooperatives were mainly marketing of farm products and supply of farm requisites, the integrated movement under the national government experienced diversified cooperative activities into many sectors of the economy. Included were building and construction, housing, transport and many others in which cooperatives were formed to participate. Similarly cooperatives spread into new territories in the country.

In the area of study cooperatives developed on the same lines as at the national level. The very early cooperatives formed in the area were agricultural cooperatives for the purpose of marketing of farm products. These have remained the predominant cooperatives in the area up to the present as revealed by the study.

In analysing the functions of the agricultural cooperatives in the area, it has been proved that there are visible evidence in the development of the district attributed to the cooperatives in the area. This is seen in areas and sectors with active agricultural cooperatives. For instance, it was revealed that the entire coffee crop produced in the area is under cooperatives. In the settlement area, it is due to the early establishment of co-operative societies as a major part of the settlement programme that farmers in this area have come out as the best farmers in the district particularly in the fields of large scale maize production and dairy farming.

It was also noted that colossal amount of production services through the recently started credit programme has been poured in the district through cooperatives. This has involved nearly Shs.2 millions, several tonnes of both fertilizer and seed going into the area. The cooperative sector has thus become the main driving force in the economy of the district.
A number of problems were also revealed pertaining to the operations of cooperatives in the area. These are the problems which have hampered the proper functioning of cooperatives in the district. They can be generally classified into three broad categories — distribution, organisation and functional problems.

6.1. Problems identified

6.1.1. Distribution of Cooperatives

It was revealed that cooperatives which are financially sound and on a high level of management are found only in two parts of the district — that is, the settlement area in the north and in the southern divisions of Hamisi Vihiga and a limited part of Central division. The other parts of the district have either no cooperatives at all like Mumias division or have weak and inactive cooperatives, such as Butere and Lurambi Division.

This pattern of distribution in which agricultural cooperatives operate in less than a half of the district has resulted in a generally low level of cooperative development in the district. This in turn has resulted in uneven development of the area. This has emanated from the fact that only those areas with strong cooperatives have been able to benefit from the ongoing cooperatives programmes. This statement confirms the assumption made at the beginning of the study that the absence of strong agricultural cooperatives in extensive parts of the district has contributed to the uneven development of the area.

This pattern of cooperative distribution has also resulted in low level of implementation of cooperative programmes. This can be seen from the point of view that the programmes were only implemented (or attempted) in areas with strong cooperatives.
The existing cooperatives are not adequately distributed in relation to size of membership. It was shown that in average there is one cooperative per location in the district. This means that even in areas where cooperatives exist, there is a great need for expansion of cooperatives through expansion of membership. It is therefore recommended that more cooperatives be formed in areas of known resource potential as a means of alleviating the existing pattern of distribution of cooperatives. It is also recommended that in areas where cooperatives exist expansion of membership should be undertaken in all existing cooperative societies as another way of strengthening the effectiveness of the movement by covering more people in an area.

6.1.2. Organisational Structure

It was revealed that some cooperatives in Kakamega district are under the Ministry of Cooperative Development while others are run by the Ministry of Lands and Settlement. It was further revealed that while there is a district cooperative union in the area to co-ordinate all the cooperative policy programmes, a large number of agricultural cooperatives in the area remain unaffiliated to the Union. The implication of this is that development programmes administered through the Union according to the policy excludes these unaffiliated cooperatives in the area. The nonaffiliated cooperatives are those in the settlement area and the 'development' cooperatives.

The effect of this has resulted in the area experiencing a slow cooperative development and low level of implementation of cooperative programmes. A specific case of this is that owing to the non affiliation of the settlement cooperatives to the union, the settlement area has been excluded from the ongoing cooperative credit programme.
Another case to this division in the organisation of cooperatives is seen in the marketing of milk. Settlement cooperatives export Milk to other districts while in the southern area, milk has to be imported as far off as Sotik.

All these problems emanate from the fact that cooperatives are run by two different ministries. As a result of this set up, cooperative activities in the two areas are least coordinated at the district level. Thus the present picture of cooperative administration is highly compartmentalized.

It is recommended that cooperatives in the district should be run by one Ministry - that is, Ministry of Cooperative Development. In line with this, all settlement cooperatives be affiliated to the present district Union to effect a more coordinated co-operative structure at the local level.

6.1.3. Functional Structure.

As analysed, functional structure of agricultural cooperatives has four components. These are credit, procurement of inputs, marketing of farm product and management as the supporting base. It was noted that due to limited funds in the cooperatives of the area, the supply of farm credit from individual society's funds has not been possible. Credit to farmers has only been handled by cooperatives in government aided programmes. Even in government aided credit programmes, cooperatives have not been very successful.

The programmes were found to be inadequately implemented. This was partly due to the existing distribution pattern of cooperatives so that only few areas did implement the programmes. Furthermore most farmers recruited and trained still did not succeed in getting the loans.
It was revealed that this level of implementation was caused by several factors. The programme was inflexible to adopt to the local conditions. For instance, a target number of farmers to be trained over a period of time was over and above the capacity of the local training institution. The programme assumed an efficient interministrial coordination which did not exist in the area. It also assumed instant comprehension by cooperative officials at the society level of the conditions for administering the programme. Consequently the programme has been poorly implemented.

With the experiences learned from the first two years of the credit programme in the district, it is recommended that the programme must be flexible and to consider the local situation of the area. This confirms the assumption we made at the beginning that the process of formulating policies and guidelines for these programmes has led to poor implementation of the programmes in the district.

The study noted that several major agricultural products were faced with marketing problems. Maize in the settlement area is sold privately to traders in large quantities. This has lessened the commission earned by cooperatives if the crop was marketed through the cooperative.

The cause of this is that cooperative maize delivered to Maize and Produce Board depots gets rejected for fictitious reasons. The truth of the matter as found out was that cooperatives were unable to bribe the depot officials to have their maize accepted. It was also learned that private maize dealers influence the depot officials to reject cooperative maize so as to give these dealers opportunity to buy the same maize from cooperative members privately, thereby making heavy profits.
This tendency has resulted in heavy maize losses and has encouraged cooperative members to sell their produce outside their cooperatives. It is therefore recommended that either another alternative outlet for cooperative maize be sought or restructuring of the Maize and Produce Board management.

In the respect of marketing of milk, it was revealed that many farmers sold their milk to private hawkers in the settlement area outside their cooperatives. This selling of milk outside the cooperative, like in the case of maize, does not allow the cooperative to handle the product, therefore the cooperative earns no commission from the commodity. This results in the weakening of the cooperative and could ultimately result in its collapse.

This is caused by some milk cooperatives having to rely on hired transport to deliver milk to Eldoret and Kitale which is both expensive and unreliable. This has resulted in the reduced payments received by farmers. These prices are below what hawkers pay and therefore have attracted farmers greatly. In view of this, it is recommended that a better organised marketing system for milk be sought. This could be either cooperatives pooling their milk transportation or another milk market outlet.

In function of supply of farm inputs to members, the study revealed near nonexistence of this service. The effect of this has been low level of production of all major production of coffee in the area has been attributed to lack of coffee cooperatives in procurement of farm requisites. The realities of this has been that farmers in need of fertilizers etc. for their crop have had to travel far to get these items. Considering that not all farmers are capable of doing this the level of crop husbandary has remained very low and therefore low level of production.
It is therefore recommended that agricultural cooperatives diversify their activities as to include procurement of farm requisites for their members. Their present pattern of serving members on only one aspect of agricultural production does not consider the farming requirements in totality.

It was also revealed that cooperatives recruited unqualified personnel. This was the case in factory management in coffee cooperatives where the low quality of the crop was partly attributed to poor maintenance of the factory by factory managers. Poor book-keeping in specific cooperatives was also attributed to the unqualified secretary managers recruited by the cooperatives. The effects of these has been generally poor performance by the cooperatives affected. This has contributed to the under development of co-operatives in the area.

The cause for this has been that cooperatives do not have enough funds to recruit highly qualified secretary managers. The alternative has been to make do with unqualified managers. It is recommended that a way be sought in which primary cooperatives get the services of qualified managers. This could be by secondment from the department or from the union.

6.2. Recommendations

The third objective of the study was to suggest programmes for improving the role of agricultural cooperatives in the light of the above problems which have hindered their expected performance. In the light of the above identified problems and the broad policy recommendations indicated above as desirable, an attempt is made here to state in some detail the alternative policy measures needed to effect improvement in the district.
6.2.1. Distribution of Cooperatives

It was revealed that agricultural cooperatives are concentrated mainly in two areas of the district and this has resulted in uneven development of the area. It was therefore recommended that more cooperatives should be established in areas where they do not exist and strengthening cooperatives in areas where they are weak and ineffective.

Formation of new cooperatives in new areas would require the cooperation of the administration and Ministry of Cooperative Development at the district level. With the help of local leaders including politicians, chiefs and their assistants through their barazas and other gatherings, people would be convinced to form cooperatives. This can be achieved if they are made to understand the current development policy which stresses on credit programmes through cooperatives. This approach has been used and succeeded recently in establishing Bunyala, Butsotso and Kabras Cooperatives. Similarly in areas with weak cooperatives, these could be revitalized by reorganization of the cooperatives.

The existing weak cooperatives would be strengthened mainly through campaigns for increasing their membership. This would result in raising cooperative capital through the buying of more shares and registration fees from the new members. Increase in membership could be attained through various barazas as outlined above. Significant however is that a new committee must be installed to convenience the community around that the cooperative is being reorganized. This approach has also been used in the district of late when Lianda was reorganized out of Kambiri co-operative. This entailed even changing names. The new cooperative has a higher number of members, thus a high share capital than its predecessor.
The need for forming new cooperatives is particularly felt in the sugarcane and cotton production in the district. Although sugarcan yields in Mumias area are claimed to be the highest in the country, the analysis has shown that the farm returns to the farmer are relatively low. As much as 73% of the gross returns are deducted by company. In effect the company continues to make colossal profits at the expense of the farmers, a situation which does not conform to sustaining of development in rural areas. Analysis drawn from sugarcane producing area in the neighbouring province where production is organised on cooperative basis show that if farmers in Mumias area were organised into cooperatives, they would be earning a net farm income of thrice the value of the present rates.

Marketing of cotton in the district is not organised in anyway. There is no intermediate body or organisation for purchasing farmers cotton and selling it to Cotton Board. In the absence of this, cotton production in the area is declining very sharply despite the potential for the crop in the area. Again comparing to the production systems of cotton in the neighbouring districts of Busia and Bungoma in which cotton is produced on cooperative basis, it shows that the only way to regain the production of this crop is through cooperatives. The farmers engaged in cotton production need to form cooperatives which will be responsible for all the production and marketing aspects of the crop in the area.

The immediate outcome of this would be an even distribution of cooperatives in new fields such as cotton and sugarcan production which have been facing problems. This would result in increased level of agricultural production and increased cooperative development in the district.
This would be in line with current development policy of development through cooperatives. This results in an even distribution of cooperatives and leads to an effective development of the district. With this pattern of distribution, emphasis on development of cooperatives would lead to proper utilization of agricultural resources in the district.
6.2.2. Organisation Structure

The present pattern of organisation of cooperatives in the area has shown how the cooperatives are run by separate ministries and the resulting negative effects of this. It was recommended that the cooperatives should be administered by only one ministry and that all the agricultural cooperatives which have not been affiliated to the cooperative union to do so.

To effect these recommendations, it would require a parliamentary enactment to transfer settlement cooperatives from the Ministry of Lands and Settlement. This would be a long term objective.

As a step towards this objective, the short term objective should be affiliation of settlement cooperatives to the district union. This is one thing that can be done at the district level only. Already there has been talk in the Settlement cooperative wanting to either form their own union or joining the existing one. Given that formation of a new union would be a very expensive affair these cooperatives should be encouraged to join the existing one. To start with one or two settlement cooperatives could be convinced to join the union, financially this means paying 200/- each for membership. Assuming that these pioneer cooperatives from the settlement area to join the Union will benefit from the union services they could be used for demonstration effect to the remaining settlement cooperatives in affiliating to the cooperative union.

The advantages of such a move include; increased cooperative activities in the area that leads to faster cooperative development, close coordination of cooperative activities in the district. This affiliation would be a positive step towards the long term objective of putting cooperatives under one ministry.
6.2.3. Functional Structure.

A number of recommendations have been made in regard to the functioning of cooperatives in the area.

It was revealed that the implementation of cooperative credit programme was unsuccessful in Kakamega district. This was partly due to the programme policies and partly to the individual weaknesses of cooperatives that operated the programme. The recommendations were that the programme policies had to be flexible to allow minor local adjustments.

A close examination of these programmes revealed that they were formulated by overseas donor agencies. As a result, most were theoretically formulated, a fact which resulted in their incompatibility during implementation with the local situation. One would expect that formulation of such programmes should be done with the help of the local technical officers of various ministries and of the cooperative union. These are the people who have for a long time been responsible for implementation of several other programmes in the area and know what is possible to be implemented in the area. Their experience should be used in the formulation of implementable programmes.

Besides, this would be a step towards the national policy of area base planning on the lines similar to district development planning whose objective is to involve local people in planning for their areas.

The poor implementation of the Programme, as explained by some committeemen, stemmed from the attitude of farmers that they had to adhere to the government needs by being involved in the programmes. Granted that the origin of the cooperative movement was as a result of direct government encouragement or what Hyden called government imposition of cooperatives on the people, it has become a stage when the cooperative movement should be encouraged to develop on its own.
In this respect, instead of bringing in incompatible programmes, formulated by donor agencies, it would be better for cooperatives to be guided in identifying their own requirements which then can be funded by overseas agencies. This would be towards the area base planning and would be a turning point from the present trend of imposition of programmes to cooperatives. After all, the cooperatives are headed by a commissioner whose objective is to develop the cooperative movement to a level when the movement becomes both self developing and self sustaining. At the present trend of guidance, the movement has not been given a chance towards this direction as it appears that there has been too much spoonfeeding of the movement.

In marketing of some significant agricultural commodities, certain recommendations were sought to alleviate the present problems. As regards marketing of maize, alternative recommendations were either to make changes in the Maize and Produce Board or to seek for another outlet for cooperative maize.

Alternative 1 suggests the reorganisation of Maize and Produce Board management so that the local officials of the Boards depots do not continue to frustrate cooperative Maize. This would require a complete reshuffle of the boards officials so that the new officers in these depots work accordingly. Such a move is likely now that the boards inefficiency and corruption has been discussed in parliament.

Alternative II would involve seeking for new maize outlets other than Maize and Produce Board. As an effort towards this, Cooperative maize produced in the district has been sold to flour milling firms in Nairobi.
In practice alternative I is hard to achieve. Given that the board has been reshuffled from time to time with no improvements whatsoever in corruption. As it takes two people to effect a bribe, changing of board officials and bringing in new officials does not solve any problem since the private maize dealer will still bribe the new officers and the practice will persist. Alternative II is much better bearing in mind the proposed construction of a Cooperative flour mill in Kakamega town. This giant mill with a daily consumption of 190 tonnes of maize daily should give priority to maize marketed through cooperatives. This will not only boost maize production in the area, but will earn more commission for the cooperatives thereby strengthening the cooperative societies.

In marketing of milk, two alternatives were recommended. First recommendation was the pooling of transport activity by settlement cooperatives through which their milk could be commonly transported to the present markets. This would require the cooperatives jointly buying two or three trucks for the purpose of milk delivery only.

Second alternative recommendation was that the milk produced in settlement area be sold to new markets in the southern parts of the district. This activity could be linked with the present operations of Kakamega dairy cooperative in the south which has underused dairy and a developed system of milk distribution. The advantages of this outcome would be making the district self sufficient in milk production, engage/ the dairy in Kakamega town full capacity and lessen transport problems currently experienced by settlement cooperatives.
Alternative one requires the existence of inter-cooperative enterprises which is normally done by a union which does not exist in the settlement area. In the long term this would be the objective but as of now alternative two is much better as it is geared towards bridging the existing gap between the two sets of cooperatives. First the cooperatives will have to be joined to the existing dairy cooperative in the south. With the use of the latter's facilities i.e. trucks and dairy milk produced in settlement area would be sold to the south. This is in line with the earlier recommendation made about the affiliation of these cooperatives to the union.

In the long run assuming an increase in milk production in the district and assuming the affiliation of these cooperatives to the union, a transport section could be started by the union. This means that the union buys and manages delivery trucks on behalf of the cooperatives which will be delivering milk to other possible markets outside the district. This long term objective assumes the exhaustion of the local milk market in the district.

The study revealed problems pertaining to cotton marketing to which a recommendation of formation of new cooperatives to undertake cotton activity was given. The short term objective here is to either form new cooperatives where they do not exist or incorporate cotton activity in the existing cooperatives wherever the crop is capable of being produced. This would lead to increasing production of the crop in the district.

The long term objective of this, which assumes an increased production of cotton on the above recommendations, will be construction of a cotton ginnery in the area. This could be constructed by Cotton and Lint Board or preferably by the cooperatives themselves using credit facilities from Cooperative bank which are within their reach.
It was revealed that the cooperative serve their members only on a single purpose basis - for instance marketing of produce. As a result of this cooperatives have not been very effective in effecting a high level of agricultural production. Towards this it was recommended that agricultural cooperatives should be diversified to undertake more than one service to members. The study particularly emphasises the need to procure farm inputs as an added service of marketing cooperatives. This will enable cooperatives to operate as multipurpose organisations.

Diversification of cooperative activity can be effected at the local level. The department with the help of committees could convene general meetings to pass a resolution to the effect of going multipurpose by these cooperatives. With the help of a new scheme - Farm Input Supply services - now being initiated, the cooperatives could stock all the necessary farm requisites for members. This would mean that farmers require to only walk to their cooperatives to get their farm requirements. This will enable an increased agricultural production and enable cooperatives address themselves better to local situations.

Finally, on the question of management particularly regarding the problem of qualification of personnel, it was recommended that either the Union employs all the managers of the cooperatives as an alternative or the department to second staff to weak cooperatives.

The latter alternative of seconding a departmental staff to work as a manager of a cooperative could only be temporary. Eventually the officer would be withdrawn and the condition reverts back to lack of qualified personnel to work in the cooperatives.
The second alternative of having union employees working as managers of primary societies is more workable. The situation in Kakamega showed that due to their meagre funds some cooperatives are unable to recruit competent managers. In this case it was recommended that the Union employ managers and send them to work in Cooperatives. This incidentally happens in other districts in the country.

The outcome of this is that cooperatives are manned by competent people, it will eradicate the tendency of chairman recruiting their relatives i.e. nepotism in the cooperatives since these managers will not be answerable to the chairman or the committee but to the union. Also the fact that the union could transfer these employees between different cooperatives would enable them to be more impartial in their duties.

Financially this would mean an increase in union commission paid by cooperatives from the present 5 per cent. In the long run this will be worth it because it is the only way of increasing efficiency in the cooperative. This would result in improved services to farmers and therefore faster agricultural and cooperative development in the area.

To effect this centralization of services will require that all agricultural cooperatives be affiliated to the union. Then through a joint delegates conference, a resolution could be passed to this effect. Calculations on the commission payable by the cooperatives and salaries for managers must be clearly explained to delegates before the resolution is fully endorsed.

Regarding the development of cooperatives which have remained dormant despite the heavy overseas grants, the study has recommended that the cooperatives and particularly their assets such as farm implements and buildings be put to some cooperative use.
The tractors given to Lirhembe and Shigokho should be repaired and operated as cooperative tractor hire service. These tractors could be hired out to other cooperatives or to individual farmers. As this would require strict management it is recommended that the services of a departmental official be assigned to these cooperatives to revitalize the cooperative activities which are at present not in existence. The cost of repair for these implements could be funded by a Cooperative Bank loan.

It is specifically recommended that Lrhembe Cooperative Society be amalgamated to Idakho cooperative. The essence of this is that the societies operate in the same area. This would enable members of Idakho cooperative to use the Lirhembe facilities including building for their meetings etc. This would mean shifting of the cooperative office from Shitali, which is almost inaccessible during rains, to Lirhembe which is favourably located. Lirhembe would benefit from this amalgamation since this will be a step towards preventing the official liquidation of the cooperative which is due soon. The cooperative is now under inquiry pending liquidation which would mean selling of the assets owned by the cooperative. This could be a blow to the local community and could injure the cooperative spirit in the area.

In the same way, Shigokho should be amalgamated to Mukongolo. Since the former is consumer - cum - agricultural cooperative some of its activities like selling of farm inputs could be carried on in Shigokho cooperative which apart from the building has nothing achieved as a cooperative. This move would assist in availing farm inputs and other related services to the population around Shigokho which is removed from the main road.
Part of the management inefficiency as shown in the study was attributed to lack of cooperative knowledge on the employees, committeemen and general members of cooperatives. An analysis in the cooperative education activities showed that the union has only one officer who is supposed to travel to all these cooperatives and carry out rather undefined cooperative education. Records of attendance at his education meeting in various cooperatives are very discouraging. Most of his meetings fail to start due to lack of quorum.

It is therefore emphasised that the Ministry of Cooperative Development, in conjunction with the cooperative union devise an action oriented programme in teaching cooperative education to members. It is also noted that the present 1 week committeemen seminars at the Cooperative College are not only expensive to the cooperative which have to meet transport costs for their committees, but also it is unrealistic in its super modern environment at the college to a committeeman who sometimes has to borrow shoes to come to the college with.

It is therefore recommended that down to earth shortterm training at the society or union level be initiated by the Ministry. This would teach officials, employees and members of cooperatives in their own environment rather than centralising cooperative education at the Cooperative College in Nairobi. Perhaps Farmers training Centres could be used for teaching of general cooperative education such as members and committeemen seminar at the local level and only highly technical courses such as accounts etc. be taught to Cooperative employees at Cooperative College.
6.3. Priorities

Following the recommendations which have been made, a few specific ones are considered as priorities. These are the ones that have to be effected as the shortterm and long term objectives.

In the shortterm the following are necessary:

i) All agricultural cooperatives be affiliated to the cooperative union for effective administration and coordination of cooperative activities.

ii) There is an urgent need of formation of new agricultural cooperative society in new areas to undertake new activities for an even development of the district.

iii) In line with the above there is need to expand cooperative membership per cooperative to move away from the present pattern of having only a few people in an area being members. This will increase cooperative development in the district.

iv) There is need for decentralization and enhancement of low level cooperative education. Only professional teaching to be done at Cooperative College but committee seminars etc. be carried out at the district level.

v) The district cooperative union to recruit all primary societies managers as a way of curbing nepotism at the Cooperative level.
The following are necessary in the long term.

i) There is need to broaden the functional scope of agricultural cooperatives in the area from the present role of serving their members with only one aspect of production - for example marketing of produce, to a more comprehensive approach of serving members on many aspects of agricultural production such as supply of inputs, credit and marketing of the produce all combined by a cooperative.

ii) There is need for participation of people through their cooperatives in policy formulation. This will be a step towards making the cooperative development more self sustaining.

iii) In the long run, specific cooperatives are envisaged for specific agricultural activities. This would lead to cooperative specialization and therefore efficiency. For instance, sugarcane cooperatives once formed could specialise only in sugarcane and form a sugarcane cooperative union.

iv) In the long run, it is envisaged that the cooperative policy should aim for adequate spatial distribution of cooperatives not only in the study area but all over the country to ensure a wider and more effective cooperative coverage.
Chapter Seven

CONCLUSIONS

A majority of Kenya’s people live in the rural areas and since her principal economic sector is agriculture, there has continued to be a stress on the importance of developing the rural areas. Many strategies are used towards this end. This study has examined the development of cooperative societies and implementation of rural development programmes through cooperatives as one of these strategies.

The study set out to examine the role of agricultural cooperatives in rural development in Kakamega district. It was noted that although the area was one of the earliest to establish agricultural cooperative societies, it still has one of the weakest cooperative movements in the whole country.

To understand the role of agricultural cooperatives in the district, the study has examined the historical development of the district movement, the distribution of agricultural cooperatives, the functional role of these societies in relation to district potentiality.

While noting the significant role played by agricultural societies in the development of Kakamega district, a number of problems were identified which hamper its effectiveness.

The majority of cooperatives were established in 1950s but after independence the development of the movement has tended to diversify into other areas of production and emphasis has been on the management efficiency.
So far the agricultural cooperative societies tend to be found in only a few limited parts of the district - in the northern and the southern areas. It was observed that where the cooperatives are well established evidence of high levels of rural development in terms of higher income levels and general welfare standards can be found.

There are large areas of the district which are not yet served by agricultural cooperatives. Most of those existing societies are very weak and generally inactive. Thus in a district with very high agricultural potential this state of development and distribution of cooperatives is associated with generally low levels of productivity and therefore leads to underdevelopment of the district.

The cooperatives in the area exist under two separate patterns of administration and this has resulted in uncoordinated cooperative activities in the area that has resulted in a generally low level of cooperative development as it has not been possible to coordinate cooperative activities between the two ministries concerned.

The management of co-operatives has also faced problems associated with the lack of properly qualified personnel. Most of the cooperatives have had to content with unskilled employees, a fact which has resulted in the weak and inefficient management of the majority of cooperatives in the district.

Functionally the cooperatives were shown to have not been offering production credit to farmers. This function has only recently been commenced as a result of the introduction of the special government aided programme which after all did not involve all the cooperatives. Furthermore the programme so far has not been successful due to the poor spatial distribution of co-operative societies in the district and the inefficiencies of individual cooperatives.
The cooperatives in the area have not been able to supply members with farm requisites. There has been very little cooperative efforts in the provision of this service. This however contrasts with the marketing efforts that have been achieved by the cooperatives. They virtually control all the coffee production in the area, about half the maize and milk produced in the district. Even in the production of this commodities cooperatives are faced with quite many problems which have hampered their effectiveness as has been seen in the study.

Owing to these problems the study has identified the following recommendations as necessary policy measures to improve the effectiveness of agricultural cooperatives in the area. The shortterm recommendations are that all the agricultural cooperatives in the district must be affiliated to the existing District Cooperative union through which they can be co-ordinated better. It is also considered that new cooperatives should be formed in areas where they do not exist so that farmers in these areas also benefit from their services. In areas where cooperatives exist it is suggested that there should be membership drive to increase the membership per cooperative so as to enable a wider coverage of the cooperatives movement.

It is also envisaged that if the above recommendations have to be achieved, then it is necessary to improve the management of the individual cooperatives societies first. To do this there must first be a continuous training programme for employees, officials and general members of the cooperative societies at the District or Division level. The present trend of training a few members per year at the Cooperative College needs to be decentralized to enable training of many people at the local level.
Coupled with this is the need for centralisation of top employees of the cooperatives. Cooperative managers should be full time employees of the union in order to stop the practice of nepotism at the cooperative society level as it is being experienced presently.

The long term recommendations include the widening of the functional scope of the cooperative. Agricultural cooperatives will be more effective in developing the rural areas if they served a farmer in more than one way. It is considered that the existing cooperatives need to combine marketing, credit and supply of farm requisites simultaneously.

It has also been seen that programmes formulated and introduced by the Ministry of Cooperative Development or other donor agencies were not very compatible with the local situations. To resolve this, it is considered better to increase the role of the local or district based technical officers in the formulation and detailed outlining of these programmes before they go to the national level. It is even further suggested that a greater involvement of the individual cooperative society and/or its members in the identifications of projects, and programmes and setting out their priorities according to the development needs of their locality could considerably enhance the effectiveness of the movement than is possible today. In this case it is envisaged that the Ministry and other higher agencies involved would mainly have the role of evaluating, approving and providing the funds and other necessities required to implement the projects and programmes suggested by the societies from below. It is strongly considered that this would be a very positive development which could make the cooperative movement more area-based, community oriented, more realistic to the real problems of development in the rural areas, likely to win the support of a greater majority of the people in the country and therefore a more effective movement.
In the long run it is anticipated that specific cooperatives handling specific crops should be the ultimate objective. This will represent a very efficient system of cooperative organisation. For instance, sugarcane cooperatives would have to specialise on sugarcane production exclusively. This would increase efficiency and will ensure that the development of cooperatives is directly related to the needs of resource development of the country.

Finally, for the future development of cooperative policy, it is considered necessary to aim at achieving an adequate spatial distribution of the cooperative societies and their services in Kakamega district as well as all other rural areas in the country to ensure a wider coverage of the cooperative movement and more effective rural development.

This study has by no means exhausted the full scope of this subject on the role of agricultural cooperatives in rural development. It has only examined the role of agricultural cooperatives in one district. The importance of this subject has clearly been brought not only in the study area but as a general national policy. Indeed if this should provide the right guidance in the formulation of rural development policies then greater understanding of the full scope of the role of cooperatives in rural development needs has to be sought. Towards this it would be suggested that further studies in this field should be undertaken. Further research is suggested in the econometric analysis of the cooperative credit programmes. Using specified and quantifiable parameters this would reveal the effectiveness of the programme at farmer level. Another research considered necessary is establishing the factors that necessitated the excessive collapse of earlier cooperatives in the district. This would be useful particularly in planning of future cooperative development. Thirdly a study is suggested in ways and means of affecting changes in the organisation of cooperative functioning so that it is more area and community based. These studies could form a necessary follow up of the present study.
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## Appendix I

### Formation of Cooperative in Kakamega District

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Source: Ministry of Cooperative Development, Nairobi

S - Settlement Cooperatives in Lugari division

D - Development " in Central division
## Appendix II

### DEVELOPMENT OF THE MOVEMENT

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- " Active
- " Dormant
- " Liquidated
- " N.T
B - SETTLEMENT COOPERATIVES

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C - DEVELOPMENT COOPS

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Source: Ministry of Cooperative Development

NT - Cooperatives that were registered but never took off.
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