The Current and Potential Relevance of Producer Organizations
A Case of Nyeri Branch Dairy Goat Association of Kenya

A research project submitted to Van Hall Larenstein University of Applied Sciences in partial fulfillment of the requirements for the degree of Masters of Development, specialization in Training, Rural Extension and Transformation

By
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DEDICATION

To my mother Marata Muthoni whose unwavering prayers have guided me to explore greater horizons.
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**ABBREVIATIONS AND ACRONYMS**

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CIG</td>
<td>Common Interest Groups</td>
</tr>
<tr>
<td>DANIDA</td>
<td>Danish International Development Agency</td>
</tr>
<tr>
<td>GOK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>GTZ</td>
<td>German Development Cooperation</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agriculture Development</td>
</tr>
<tr>
<td>KAPP</td>
<td>Kenya Agricultural Productivity Programme</td>
</tr>
<tr>
<td>KENFAP</td>
<td>Kenya National Federation of Agricultural Producers</td>
</tr>
<tr>
<td>Ksh</td>
<td>Kenya Shillings</td>
</tr>
<tr>
<td>MOA</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>MOL&amp;FD</td>
<td>Ministry of Livestock and Fisheries Development</td>
</tr>
<tr>
<td>NALEP</td>
<td>National Agriculture and Livestock Extension Programme</td>
</tr>
<tr>
<td>PO</td>
<td>Producer Organization</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Co-operation Agency</td>
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1 EURO=Ksh.100
ABSTRACT
Small scale producers face many opportunities and also huge challenges in today’s markets. Market liberalization since the 1980s has cut back the support services provided by the state and forced producer to face the risks of often weak and volatile markets. Further more those who are able to access markets often find themselves at the mercy of buyers who take advantage of small –scale producers bargaining position.

The small scale producers have to adopt a strategy in order to access, compete in and influence markets. This strategy is collective action among the producers in the form of producer organizations (POs). The National Agriculture and Livestock Extension Programme within the Ministry of Agriculture promote formation of common interest groups based on a specific commodity or technology. These common interest groups later form producer groups.

This study was conducted in Kenya in Nyeri district within a producer organization, the Dairy Goat Association of Kenya. The objective of the study was to understand the performance of producer organizations by exploring the views and opinions of members, leaders and staff of Dairy Goat Association of Kenya in terms of realizing membership participation and service provision.

The subjects for study were selected from the members of the association who attended Wambugu farmers’ field day. Fifteen (15) members were selected, five (5) leaders were selected during a leaders meeting while the five (5) staff of the DGAK were selected during the visits they made to the DGAK office. Five (5) non members were also selected during the Wambugu field day. Two workshops were held for the twenty four (24) field extension workers. The tool for data collection was a checklist which was used to conduct individual interviews. Before the field work literature review through a desk study was conducted to understand the theoretical approach for further combining with field experience.

The key findings were that:
Member participation is strong at group level where members meet monthly and make decisions. Members are participation in contributing membership fee and paying for services. At the association level the members are not represented as they do not elect the representative for branch meetings. The groups are informed of decisions reached at the branch meeting and they passively participate. Members showed a low capacity of initiating of new activities like creation of functional branches and searching for new markets for the dairy goat milk.

The service delivery is demand driven and members pay when they request for services. Some of the services are affected by the availability of the DGAK assistant who are fewer than the number of groups while at the same time the quality of service may be poor depending on the competency of the staff. The financing arrangements of these services also do not motivate the staff to attend to groups. There is no mechanism for members to report to the association on the evaluation of the services they get from the assistant and the association as a whole.

The agricultural extension workers form groups within a one year time limit with specified targets on number of groups to be formed. This period limits the identification of existing social networks and identification of needs and priorities of the groups.
Nevertheless the DGAK is contributing to the empowerment of farmers in aspects of collective marketing and access to training. However there is need to have appropriate structures of governance that realizes members participation and improves on service provision. These structures of governance should improve on representation of the members at the decisions making levels in the branch meetings and make the branch autonomous. There is need to enhance the role of member groups in the association decision making by fostering of social capital at all levels. The service delivery to members should be strengthened at grass root level. The trained farmers who are DGAK assistants should be constantly updated on technical as well as social issues. The Agricultural extension workers need further capacity building to be able to recognize existing social structures and then strengthen the producer organisations and create linkages with other actors. The programmes targeting group formation should take more than a year for supporting process to groups to be functional.
1.0 INTRODUCTION AND BACKGROUND

This chapter introduces the Kenyan agricultural sector and the situation of Kenyan agricultural extension service delivery system. The overview of producer organization and development of producer organization in Kenya is discussed with an emphasis on the Nyeri branch dairy goat association of Kenya which acts as a service provider to its members in the field of extension and marketing.

1.1 Overview of Kenyan agricultural sector

The Kenyan economy is predominantly agricultural, with an estimated 80% of the population living in rural areas and deriving their livelihoods mainly from agricultural activities (Ministry of Agriculture 2007). Of the 56 per cent of the Kenyans estimated to be living below absolute poverty line, subsistence farmers and pastoralists account for over 50 per cent. Agriculture has economically important vertical and horizontal linkages with other sectors such as manufacturing, distribution and service-related sectors. The sector accounts for 60% of the country’s export earnings and 45% of Government revenue.

Government efforts in the most recent years have been geared to reversing the performance of the sector, which had declined from an average growth rate of 3.5% in the 1980s to about 1.3% per annum in the late 1990s and early 2000s. The medium term plans are to achieve a growth rate of more than 5% so that the economy in general may also grow at more than 6% per annum. This is due to the increase in the agricultural’ secondary sector like the manufacturing, processing and the service sector.

During 2004-2005 a number of projects and Programme were initiated which included: The Kenya Agricultural Productivity Programme (KAPP) financed by World bank, National Agriculture and Livestock Extension Programme financed by SIDA and G0K, Agricultural Sector Support Project (ASSP) funded by DANIDA, the Private Sector Development in Agriculture funded by GTZ and the Horticulture and Traditional Food Crops funded by IFAD. All these projects and programs were initiated to promote formation of producer groups initially started as common interest groups and expected to mature to associations and later to federations.

1.2 Kenyan agricultural extension service delivery system

Since 1950s, the extension service was dominated by the public sector with a well-funded extension service; an elaborate set of farmer incentives such as ready market, subsidized inputs and credit; as well as relatively good infrastructure. However, in the last two decades, several constraints have hindered proper functioning of agricultural extension systems and services. The most critical challenges have been: declining human capital and financial resources for public extension without a corresponding private sector input; uncoordinated pluralistic extension services delivery; and poor linkages with extension facilitating factors. These factors include the marketing and market support systems.

On the strategy to revitalize agriculture the government aims at building the capacity of producer organizations to take up service delivery roles directly to the farmers as well as promotion of the governance in farmer organization to allow representative of farmer views on issues regarding input and output market.
In the Agricultural sector, extension service plays the role of transfer of technology from researchers to the farmers. The extension agents are charged with the role of promoting household food security, wealth and employment creation and poverty reduction. It is in 1990s that participatory methodologies have gained acceptance. The National Agriculture and Livestock Extension Programme (NALEP) is the current extension Programme. The Programme approach is on shifting focal area. In this approach there is concentration of efforts in one area covering on average 2000 smallholder farmers. To empower the community to develop agriculture in their locations the approach uses group targeting. The field extension workers promote formation of common interest groups. The groups are mobilized and extension messages passed to them. Within one year the staffs have to shift to another focal area. The common interest groups identified should demand for services from the service providers and form associations.

1.3 Overview of producer organization

Empowering poor people to participate in development is one of the principal pillars underpinning efforts to reduce poverty (World Development Report 2008). As individual farmers they have little power to influence policies and decisions that affect them. Producer organizations are placed to assist their members to respond to the competitive challenges and opportunities along the path of development. Accordingly World Bank (2007) reported that producer organizations have remained the dominant form of organization of production and is fundamentally successful for the sustenance of most family farms to date. Unfortunately, in the low income economies the successes of producer organizations has not been uniform.

1.4 Development of Producer organizations in Kenya

Farmer cooperatives were introduced in sub-Saharan Africa (SAA) during the colonial period for the purpose of promotion of production of cash crops by peasant farmers Shiferaw et al (2006). In Kenya, after independence in 1963 the governments as well as donors promoted cooperatives as well as rural organizations as a potential source of decentralized grassroots participation in agricultural credit, input and commodity market. The small scale farmers formed the Kenya National Farmers Union in 1973. Generally the performance of farmer cooperatives in relation to poverty reduction and provision of service has not been good (Ministry of Planning and National Development 2006). This led to formation of commodity associations which joined the Kenya National Farmers Union. To address the needs of farmers the National Farmers Union changed to Kenya National Federation of Agricultural Producers (KENFAP) in 2002. KENFAP to date has twenty two commodity associations of which the Dairy Goat Association Kenya is one of them.

1.5 Dairy Goat Association of Kenya (DGAK)

Dairy goats were introduced in Kenya in 1935 by the white settlers. The government of Kenya (GOK) through donor assisted projects had been importing exotic dairy goats since 1970s. These imported dairy goats were kept in government institutions which acted as a multiplication centers. Individual farmers had been purchasing goats from these institutions. There was no breeding program in place resulting to in breeding and thereby lowering the quality. The government could not continue with the Programme and in 1994 the Programme was taken up by the farmers who formed an association.
From an initial membership of thirty seven (37) groups in 1993, the association membership is currently composed of 1004 groups by July 2008 (Dairy Goat Association of Kenya 2008). The association has 6 branches with the head quarter in Nyeri district. Through feasibility study done in 1989 it was realized that the critical problem facing the dairy goat farmers is lack of quality breeding materials. In 1992, a GOK/GTZ project started a cross breeding Programme using local Kenyan female goats [Galla and Small East African] and imported German Alpine bucks. Now DGAK uses the upgraded bucks born in Kenya for services. So far over 100,000 upgraded goats have been born out of which 10,860 have been registered with Kenya stud book. For quality control and value adding a breeding plan was developed. To implement the breeding Programme the association used two strategies.

a) Farmers group approach:
   Dairy goat farmers were assisted to form groups within their areas which should:
   • Have by-laws developed by farmers themselves.
   • Conduct democratic elections of the officials in accordance to their by-laws.
   • Be registered with relevant Government Department for legal recognition.
   • Have a shared group breeding buck to minimize maintenance costs.
   • Maintain proper buck service and goat records.
   • Maintain group records, minutes, accounts books etc. for transparency and accountability.
   • Hold monthly meetings for participatory planning of their activities.

b) Buck lease scheme:
   Under this scheme groups leased quality breeding bucks from the association and improve the local goats for milk production. The farmers individually and collectively sell the improved goats and the milk.

Member participation
According to the records of DGAK, member participation is pursued through:
   • Renewal of membership
   • Quarterly reports from branches
   • Provision of services which are demand driven
   • Payment for services
   • Mandatory marketing of goats through the association

Service provision
The service delivery is demand driven and only given through groups not through individuals. One of the main issues is inadequate provision of extension services in relation to the number of groups. The other one is inadequate technical skills by the DGAK assistants.

Benefits to members
According to the profile of DGAK members benefit through undergoing training (capacity building), which is demand driven. Representation in branch meeting by a representative covering more than 200 groups, lobbying and advocacy, marketing of bucks, improved breeds/value addition, Empowerment on decision making. Social interaction, Improved livelihoods (economically via job creation and provision of nutrition) Legal recognition or locus stadi and Improved crop production through manure provisions. The above issues will further be discussed to understand how they are achieved in the organization.
Governance

The Dairy Goat Association of Kenya (DGAK) is governed by four main assemblies: The Annual General meeting (AGM), Branch committee meetings (BCM), National Steering Committee (NSC) and the National Executive Committee (NEC). The Common Interest Groups are not considered as part of DGAK structure unless when they have paid the annual membership fee and joined the DGAK.

The AGM is an annual meeting held annually whereby each group is represented by one delegate. The cost of this representative attending the AGM is met by his or her group. They pay for travel, boarding and lodging. No other costs are made. The agenda of AGM is prepared by NSC. The NSC meets twice. The agenda for NSC is sent to the branches prior to the Branch committee meeting. The objective of the AGM is to discuss and arrive at decision on matters that are related to the constitution, financial reports and election of leaders. At the meeting the delegates discuss and decide on the constitution, finances and the leadership.

The branch committee meetings are held quarterly where a number of CIGs farmers group are represented by a delegate. The committee is composed of five farmers representing a particular group and four DGAK assistants. A branch may have up to 200 groups. The agenda of BCM is prepared by the national office and mainly not sent to branch representatives but they are called to the meeting. The objective of BCM is to give a feedback from the NEC to the CIGs farmers groups. At the meeting the delegates discuss field reports and a report is written but it is mainly not circulated to the branches.

Membership Characteristics

The members are involved in different activities as a source of income. Farming and gardening takes 60% while poultry and livestock raising takes 30%. Majority of the members are land owners (90%) with less than 3 hectares land.

Table 1 Source of income for members

<table>
<thead>
<tr>
<th>A. MAJOR SOURCE OF INCOME</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Farming and Gardening</td>
<td>60</td>
</tr>
<tr>
<td>2. Fishing</td>
<td>0</td>
</tr>
<tr>
<td>3. Poultry and Livestock Raising</td>
<td>30</td>
</tr>
<tr>
<td>4. Others: specify(vocational employment)</td>
<td>10</td>
</tr>
<tr>
<td>Total:</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Adapted from DGAK profile 2007
1.6 The case of Nyeri branch Dairy Goat Association of Kenya and justification of research.

The DGAK report of May 2008 indicates that the demands placed on staff and leaders of the association by the members is higher than what the association can cope with. These demands are in areas of requirements for services by the increased number of groups, organization of branch meetings and participation of members in the association. In order for the staff and leaders to cope with these demands, it has suspended registration of more member groups which is against its strategic objective of 2008 of increasing group membership by 20%. The association is now concentrating on a few small scale activities. For example, the processing of goat milk only started in late 2007. The interface and the institutional arrangement between the members, the buyers and even the role of actors involved were not prior defined during the formation and development of the association.

The DGAK is among the twenty two (22) associations registered with KENFAP. It is the only association that have a problem with more group members while all the other association registered with KENFAP have a problem with low membership.

What the agricultural extension workers are currently doing is promoting formation of common interest groups. The objective is that these common interest groups would later form into producer groups. Although the government service providers continue to support the producer organizations through the common interest groups the kind of support is according to the time limit of the program as well as the guidelines provided in the programme document.
According to the NALEP annual report 2007 statistics show that five hundred and twenty one (521) CIGs were formed in the year 2007 for the new focal areas in central province. These statistics are shown every year in every new focal area the agricultural extension workers move into. According to the records of KENFAP only twenty two commodity associations are registered with KENFAP.

Considering that farmers are forming and joining producer organizations which is also supported by facilitating agents like the ministry of agriculture extension workers there is need to understand the performance of producer organizations.

1.7 Research Objective

The objective of this research is to understand the performance of producer organizations by exploring the views and opinions of members, staff and leaders of Dairy Goat Association of Kenya in terms of realizing members’ participation and service provision.

1.8 Contextual Definitions of terms

**Agricultural sector:** This comprises of the entire departments involved with food (crops and livestock) production and marketing  
**Buck:** A male goat that is mainly used for breeding purposes.  
**Doe:** A female goat that farmers use for breeding to improve the milk yields  
**Extension services:** Extension services are training and advisory services provided to farmers for crop cultivation or animal husbandry.  
**Farmer:** Any person (man or woman) who engages in one or more farming activities with the objective of producing for home consumption or sale or both.  
**Participation** is a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them.  
**Produce:** Produce is a general term for farm produced goods  
**Producer:** Refers to agricultural producers. These include surplus producers who produce for markets as well as subsistence producers who cannot produce to meet their basic needs  
**Merry Go Round:** This is where a group meets regularly to contribute money to give each member in turn for household needs.  
**Social capital:** In this project report the term is used to mean mutual trust and commitment between the different members of a PO.

**Structure of the report**

This report is divided into six parts:  
Part two is on the literature studied which formed a theoretical approach within which the field research findings are interpreted.  
Part three describes the strategy that was followed in conducting the study. The steps involved in conducting the study are described in detail. This part provides information on the research question and sub questions, field work, data analysis and the risk of the study.  
Part four forms the core of this report and presents finding of the study from the four actor groups in producer organization, the members, DGAK leaders, DGAK staff and the agricultural field extension workers.  
Part five is on analysis and conclusions incorporating literature from findings of the studies carried out by other researchers and writers.  
Part six is on recommendations and areas needing further research.
2.0 LITERATURE REVIEW

2.1 Introduction

Support to agricultural development has been reduced to a fraction of what it was in 1980ties. Worldwide Overseas Development Assistance (ODA) for agriculture has dropped from 12-14% (Agri-ProFocus discussion paper 2008). In the world development report 2008, the bank stresses the importance of government and donors in terms of enhancing the effectiveness of producer organization participation in consultative policy process. However, though the policy opening for support seems promising, small holder market access through farmer led economic organization is not easy (Ton et al 2007).

In order to lower transaction costs, markets demand that smallholder farmers operate in an organized manner. To address this situation, development agencies, donors and NGOs are organizing farmers or dealing with organized groups. The organization of these farmers groups brings other challenges of how farmers participate, governance and the benefit expected in belonging to a group. Recently it is more and more taking place and supported that farmer groups are organized into producer organizations.

According to Penrose-Buckley (2007, p.2) Producer organizations (POs) are commercial organization who have to provide tangible benefit to their members and cover their costs from business income. They are owned and controlled by their members, who are mostly small scale producers. Producer organization performs various functions such as analysis, advocacy, economic (production and marketing and local development (Stockbridge et al 2003 cited in Shiferaw et al 2006).

There are frictions and contrasts in the performance of a PO. In practice, the balance between the benefits of collective action and costs determines the profitability of a PO and therefore its survival. Unless a PO can provide services to its members at attractive prices and cover the costs of these services, its members will access alternative service providers and sooner or later the PO will go out of business.

According to Ton et al (2007, p.271-281) PO realize that if they have to improve economic conditions for their members, they must identify, adapt and respond to market demands and opportunities. Given that members of many of these organizations expected social services or NGO support, their leaders concentrate to channel demands externally rather than demanding internal organization change. To stimulate stronger commitment, the PO has to generate incentives for member investors. The PO leadership has to work to strengthen solidarity amongst members.

In the past PO had a product – driven versus the demand -driven approach. Product driven means, when producers first produce a product and then look for where to supply the same product. Versus the demand driven where they first search for the market to supply to and later produce the product. This function could only be maintained with support from donor agencies, which results in dependence and tend to reinforce PO identity regarding their social role in contrast to commercial role.

Many POs hired technical personnel through projects or NGOs, which generally focused on topics or approaches prioritized by the donor. With waning donor support POs sought cheaper personnel to replace the technicians from support organization. (Ton et al
Some organizations only hired members from their village or region. This conflicted with professional quality for performing the assigned tasks. Another tension is if the professional has to be hired externally the leaders defines the salary of the professional who will work for them and this person earns much more than the leaders will.

The governance and management of producer organizations are complex processes and achieving the original ambitions is not easy to achieve. Development agencies often end up pushing smallholder organization to ‘overextend’ them by failing to recognize the organizational constraints (Hellin et al 2006 cited in Ton et al 2007).

The ministry of agriculture in Kenya through its extension service promotes formation of producer groups by promoting the formation of common interest groups. Over the last seven years the extension workers have been forming these groups without studying the understanding and the perception and knowledge of extension workers of the dynamics of group development and of their understanding and perception of the governance of producer groups. It is not studied what the farmers know about the governance of producer organization and it is also not studied how farmers perceive their participation in the organization.

2.2 Participation of members in producer organization.

Different authors define participation from different perspectives. Leeuwis and Van den Ban (2004 p.249) defined participation as a process through which stake holder’s influence and share control over development initiatives and the decisions and resources which affects them. An alternative definition by Southern Africa Institute for Environmental Assessment (SAIEA) (2005 p.2) describes participation as to be the involvement of all parties who may potentially have an interest in a development or project, or are affected by it. In their analysis of this definition both authors above pointed out that participation occurs in a continuum, expressing different degrees of power and influence in decision making. The continuum is five levels inform, consult, involve, collaborate and empower. The order has different objectives and increased public impact on decision making.

The International Association for public participation (IAP2) 2005) views public participation as any process that involves the public in problem solving or decision making and uses public input to make decisions. IAP2 defines the public as any individual or group of individuals, organization or entities with an interest of the outcome of the decision. They are often referred to as stakeholders. They may be, or perceive that they may be affected by the outcome of a decision. Internal stakeholders (individuals who work for or with the decision-making organization) are also part of the public. The public participation process should reflect their needs as well.

On defining collective decision and action the IAP2 describes the core values of participation as:

1. Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision making process.
2. Public participation includes the promise that the public’s contribution will influence the decision.
3. Public participation promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers.
4. Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.
5. Public participation seeks input from participants in designing how they participate.
6. Public participation provides participants with information they need to participate in a meaningful way.
7. Public participation communicates to participants how their input affected the decision.

Shiferaw et al (2006, p.5) argues that participation in collective action is likely to occur if the gains in terms of reduced transaction costs, better inputs and or product prices, empowerment and capacity enhancement outweigh the associated costs of complying with collective rules and norms. Effective collective action would also depend on good governance and participatory decision making.

According to Pretty, et al., (2002 ,p.61) there are seven types of participation. These as applied under the context of producer organization are:

- Passive participation is when people participate by being told what is going to happen or has already happened.
- Participation in information giving is when people participate by answering questions. This would mean members of the association are just being kept informed by the leaders while the leaders make decision on behalf of the members.
- Participation by consultation is when people participate by being consulted, and external people listen to their views. The leaders consult members in the general progression of each stage of development of the association.
- Participation for material incentive is when people participate by providing resources for example labour, in return for food, cash or other material incentive.
- Functional participation is when people participate by forming groups to meet predetermined objectives related to the project which can involve the development or promotion of externally initiated social organization.
- Interactive participation is when people participate in joint analysis which leads to action plan and the formation of new local institutions or strengthening of the existing ones.
- Self mobilization is when people participate by taking initiatives independent of external institutions to change systems. The members rely on their own decision and take up activities agreed on by them.

To achieve sustainable development functional participation is important. This is the level in which the people initiate actions for their own development. Initiating action the highest level of participation is achieved when people take upon themselves to initiate new action. To do so indicates a significant level of confidence and empowerment and establishment of organization and management capacity.

In producer organization member may participate through contribution paid to the organization. Member ownership and member control are crucial characteristics for a PO. Member control is defined by the members holding the decision-rights on both the activities and the investments of the PO. Both ownership and control are collective in nature, i.e., members collectively own the PO and members collectively take decisions as to the strategies for the PO. While in theory it is clear why and how these characteristics must be applied the reality is a bit more complex. Effective and efficient group services and coverage is important especially if rural development policy is aimed at group based services to advance poverty reduction objective (AmuDavi 2007).

Gouet and Blokland (2007 p.243) points out that the causal relationship from the association of farmers to economic developments runs via the improvement of
democratic attitudes and relationships fostered by open associations, i.e. associations whose members maintain positions in several civil society associations. On the other hand theory suggests that the main contribution of rural producers’ organizations’ for development is the opening up of possibilities for networking, information exchange and exposing individual members and members associations to other actors.

Group may be important in promoting economic well being. Groups are also important instrumentally in determining efficiency and resource distribution and in influencing people’s choices and values (Stewart 2005 cited AmuDavi 2007). Other important functions performed by a group include organizing market access, input supply, savings and credit and informal insurance. Based on economic functions, (Heyer et al. (2002) cited in AmuDavi (2007) give one of the type of economic function as the efficiency function.

The ability of a group to generate any of these instrumental benefits for the members depends on the social structures internal to the groups, structure that determines the formulation and enforcement of the rules, and defines the manner in which collective decisions and action are made and implemented AmuDavi (2007 p. 160). Group benefits also depend on their relationships with external agencies and organizations and on the range of services they provide to their members.

2.3 Producer organization governance and management

POs can be managed in many different ways and there is no single best approach. The challenge all POs face is to adapt governance structures and systems to the capacity and the needs of members, the demands of the business and their stage of development. All major decisions have to be taken by the producer’s members themselves or their representatives. This means all activities and all investments of the organization should be in the interest of the producer –members. Thus the PO has internal organizational structures that recognize members’ right and interests (Ton et al 2007)

A PO is characterized by collective decision making. While collective decision making has a clear advantage for quality of decisions, it also has disadvantages in terms of speed.

As PO grows and the number of members increases, it is not practical for every member to be involved in decision making. There is need to choose representatives to manage the PO on behalf of members. PO is governed with the two level structures. Level one is when members participate at AGM. In most POs AGM involves all members and occurs once a year. Decision making is usually conducted by vote and each member has equal vote (Penrose-Buckley 2007)

The second level is made up of leaders elected at AGM. These leaders are elected for a limited term and together they form a management board which is often called the board of directors.

The board may hire professional managers as employees of the PO, to manage the day to day business and report back to the board. Some of the reasons why they hire include:

- Elected leaders may not have time to manage the PO and their own production.
- Members of the PO often have insufficient business and management skills and experience to manage the business effectively.
- Managing of business in a dynamic market requires quick decision making which is not possible with elected leaders who operate mostly in bureaucratic structures.
When PO become larger and more customer oriented the distance between the association and firm part increases, Members and leaders may not have the time and understanding to monitor the activities of the manager.

According to Penrose-Buckley (2007, p.49) a strong sense of ownership and trust of leadership among grassroots members is critical for POs to function effectively. In his work on how cooperatives meet the challenges of agrifood chains Bijman (2007) is of the opinion that member commitment is important in financing, efficient coordination between producers and their organization and the sustainability of the organization. Members who are not committed may easily switch to other business partners, thereby jeopardizing the very existence of the PO. Commitment is required for efficient and effective decision making and control.

In a voluntary collective organization members need to be involved in decision making. Low commitment leads to low willingness to engage in decision making process and thus to inefficient control over the management of the organization. Commitments are needed for building and maintaining common norms and values. These common norms and values are needed in order to keep transaction costs low both among members and between members of the organization. Finally commitment is needed so that members abstain from opportunistic behaviour: low commitment may lead to opportunistic (or free rider) behaviour by individual members in their transactional behaviour with the organization.

Penrose-Buckley C. 2007 points out the following challenges in POS:

Independent initiative: while many POs are established with external involvement, PO is the idea of producers and they see it as their effort to address their problems in the market rather than someone’s solution to their problem.

Trust in leadership: Whatever system of governance is used PO can only function effectively if the members trust and have confidence with their leaders. A common problem with PO is that although the constitution may allow leaders for one or two terms in office, leaders often remain in their position for longer.

Grassroots capacity: Unless grassroots members have the necessary understanding of the PO and its business it is difficult for them to participate in decision making or to know whether the PO is really serving their interests.

Grass root ownership and trust in the leadership is essential for POs’ survival. This depend on the PO being driven by producers own initiative, the organic growth of the PO, transparent leadership, and grass root capacity to participate in decision making.

Boselie (2007) has noted out various dilemmas in fostering ownership. First the logic of collective action is not always self evident for individual farmers and the collectively owned producer organization (association). Although a sense of ownership between members and their organization clearly exists, the short term interest to derive improved personal income from the association is often bigger than the interest to make long term investment in the association.

Other issues of concern is what is the ideal producer profile, is it the farm size, then setting a maximum farm size conflicts with the original development objective of giving small holder producers access to export markets. How can we allow them grow if we set maximum farm sizes?

PO representatives face the challenge of strengthening their capacity as association managers and association boards. Being both a producer and at the same time, directly involved in the management of association can be a serious risk in terms of conflict of
interests. It requires a high level of professionalism to separate the various interest one person has to defend.

According to Penrose- Buckley (2007 p.73) POs need to constantly adapt to maintain a good fit between structure, size and services to find the best fit with their priorities and capacity, target market and market priorities.

Figure 1 A potential PO development path
Source: Adapted from Penrose-Buckley (2007, p.73)

PO can only become successful producer-owned and producer controlled business if individuals members have the capacity to exercise this ownership and control.

Table 4 Factors affecting ownership and control over the PO

<table>
<thead>
<tr>
<th>Capacity: Individual members need to have the knowledge, skills, time and confidence to exercise their rights and participate in decision making process. For example members may be illiterate and therefore unable to read internal reports or future plans presented by the leadership.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal structures and rules:</strong> These define members’ right and the formal systems of decision making and control, such as voting rights for example.</td>
</tr>
<tr>
<td><strong>Motivation and trust:</strong> If individual members do not trust the PO’ S decision making process or they are not satisfied with the benefits they receive from the PO they may become disillusioned and withdraw from active involvement in the PO</td>
</tr>
</tbody>
</table>

2.4 Facilitating the producer organization support process

Facilitation is a service role which assists people to undertake specific actions: These actions include acquiring of particular technical and managerial skills, gaining access to available resources or translating their own ideas into feasible projects (Pretty et al 2002). Penrose-Buckley (2007) has outlined possible support areas for a PO. The argument is that facilitating a PO will depend on the needs and priorities of the PO and the capacity of the facilitating agents and other service providers. The facilitating agents should be able to:

- Identify the core capacities POs need to develop
- Understand the main development issues and challenges.

These are important factors that determine members’ ability to participate in decision making and exercise ownership over the PO. As PO develop these structures and rules are formalized in a constitution that is approved by membership and which sets out the POs vision and mission and formal structures and rules of governance and decision making. Although constitutions are important they have little value if they are not owned and understood by members.

In Kenya the Ministry of Agriculture and the agricultural extension worker are facilitating producer groups. The National Agriculture and livestock extension Programme (NALEP) provides free technical services on crops and livestock as well as integrating cross cutting issues. Its strategy is to concentrate on a particular area for 1 year and sensitize farmers there on issues or technology. The program promotes formation of farmers common interest groups to focus on a particular crop or technology. These promotions are through the use of posters (MOA 2007).

Confronted by short project timeframes and limited funding the agricultural extension workers often make the mistakes of trying to intervene too much for example forming groups too quickly and replicating structures within the existing framework of agricultural extension. However the mere announcement that a project will support groups meeting certain criteria may lead to creation of groups. The difference between support and creation may be that support programmes reach the well informed and connected while as mobilization may be capable of reaching the marginalized and vulnerable. According to Heemskerk (2007, p.46-47) Policy makers and extension workers need to understand the link between the two simultaneous process (technical and social) occurring as people come together in groups. This will help to define and implement best practices at a local level and how to use knowledge of social processes of developing and implementing best practices in group formation and development.

2.5 Social capital

This section looks into the literature of social capital as it relates to producer organizations. Portes (1998) as cited in AmuDavi (2007, p.161) defines social capital as the ‘ability of actors to secure benefits by virtue of their membership in social networks and other social structures’. This implies that it is not the mere membership in such structures that matters but also the emergent properties- services and functions, that address the intent of membership and the benefits associated with group participation (AmuDavi, 2007 p.161.)
Social capital can occur in different forms and scopes, Uphoff (2000) as cited by Heemskerk and Wennick (2004) distinguishes two main form of social capital i.e. ‘structural’ and ‘cognitive’ social capital. Structural social capital comprises of verifiable and externally observable social structures such as networks, associations, rules and procedures. Cognitive social capital is represented by a more subjective and intangible elements such as attitudes, norms of behaviour, shared values and trust, as well as governance.

According to Penrose-Buckley (2007) formal structures and rules are important but effective governance and leadership depends as much if not more on the level of social capital with a PO. The social capital within PO depends on many things including the extent to which members share a common identity or background and the frequency of communication and interaction between the members of the group.

AmuDavi (2007, p.161-163) points out that social capital is embedded in the structures of social relations, and encompasses norms and social networks which facilitate social action, thus enabling individuals to act collectively. Through group membership and social networks, certain benefits can be derived which enable individuals to improve their social position.

Social capital is widely believed to facilitate vertical links between a community and outside social actors. According to Putnam (1995) cited in AmuDavi (2007) social capital refers to features of social organization such as networks, norms and social trust that facilitates coordination for cooperation. Such capital originates in membership in voluntary association and in organization such as community or local groups which provides setting for people to learn to trust each other (Lyone, 2000 cited in AmuDavi 2007, p 161).

2.6 Conclusion

Producer organizations and the approach of collective action that is used are important in strengthening smallholder access to markets. While POs share a number of characteristics such as being member based organizations, how POs function may be very different. Single purpose POs do exist such as commodity specific organizations. These organization offer services to their members in marketing, quality control and technical assistant that the members need in order to improve on farm production methods.

As POs are organizations meant to establish favorable linkages between members (rural producers) and outside partners- whether these are private companies or government agencies, the PO need to be organized into a structure. These structures should adapt to the size and the needs of the members. Member participation is crucial as POs are member owned and member controlled. Members should feel it is their organization and they should participate and control the organization by holding the decisions right both in the activities and investments of the PO.

POs in developing economies receive support from external agencies such as government agencies and donors. Although there is this support PO should remain autonomous member based organizations. This implies those supporting the PO should not take control. The role of the government in supporting POs is indirectly strengthening the positions of the POs in the market and directly by providing funds for the establishment of a PO or for training PO leadership.
3.0 THE RESEARCH PROJECT

3.1 The Research strategy

This research aims to understand the performance of DGAK by exploring the views and opinions of its members, staff and leaders of farmer associations of the Dairy Goat Association Kenya, as well as those of agricultural extension workers that work with DGAK members and the organization as a whole.

This exploratory study was undertaken during a field study of four weeks in Kenya in July and August 2008. The researcher used her professional expertise and personal reputation to open up the issue with the Provincial Director of Agriculture and the Provincial Director of Livestock production in central province, leaders, members and staff of DGAK and the field extension workers in the ministries of agriculture and livestock production.

The study started with an exploratory desk study and later field work. The field work was to assist the researchers gain theoretical exposure from literature on producer groups matched with the experiences of the main actors in DGAK. The researcher has been related with the PO from the government side. In the case of DGAK the researcher was both an insider and outside at the same time. As an outsider it was possible to attach theory with new ideas. As a committed outsider and insider, working out in this area was not only for the DGAK but for the two ministries as well. As an organization it is not about blaming and firing people but they are very basic concern that organizations want to do better to the farmers. The researcher also tried to use expertise and commitment in order to schedule and organize for interviews.

The case study of DGAK was used as a strategy not to talk in generalization. In the four weeks available the researcher selected an approach to meet all the four actor groups by use of the interviews. Different approaches were used for different categories of actors.

The meeting with the provincial directors was to get consent for field work as well as be facilitated to organize for the workshops. The directors are coordinators and co-coordinators of the NALEP which is jointly run by the two ministries. The directors were enthusiastic about the study area and of opinion that it will assist the organization understand how to serve the farmers better through the use of common interest group. For the members of DGAK the researcher used attendance in Wambugu farmers’ field day as a strategy to select and interview members at random. Wambugu farmers’ field day event was used as the day to interview DGAK members because this was the most likely event to meet members belonging to different groups randomly. Attendance at the field day and the visiting of the dairy goat stand was an indicator that the farmers were interested with the association. The researcher stationed herself at the dairy goat stand which was among the many stands that were exhibiting during the field day. The interviewees were randomly selected from those who enquired about dairy goat activities from the staff that were training. To conduct the interview the researcher introduced herself and ethical issues of research were observed. Once the member gave a verbal consent to be interviewed the interview was conducted. The interview was conducted in the local language as the researcher is fluent with the language.

For the leaders of DGAK the researcher met the leaders in their planned meeting. The objective of research was explained to the leaders and the leaders were enthusiastic for an interview and the outcome of the research. The leaders present in this meeting gave consent to be interviewed. Due to the time factor the leaders could not interviewed that
day and the researcher got the contacts and later scheduled interviews with individual leaders. The interviews were conducted at the leaders’ home as the leaders continued with their farming activities.

For the DGAK staff the researcher, interviewed some during the field day while most were interviewed in the office of DGAK. The DGAK assistants are farmers and are therefore not stationed in the office. The researcher selected those who visited the office for any enquiries or submission of reports and money collected from the groups.

For the agriculture extension workers, the selection was based on those who are implementing the common interest group approach at field level. The two groups (Wambugu and Waruhiu venues) were divided based on the localities and ease of transport to the venue. The strategy was by use of workshop in which the extension workers gave their experiences in forming common interest groups. The researcher provoked the discussions by reviewing the performance of common interest groups in central province and then divided the participants into groups of 3-4 for further discussions.

To schedule these workshops was possible because the researcher duty station is the provincial agricultural office and the provincial directors were enthusiastic about the outcome of the research in understanding producer groups.

Although the researcher is not a staff of the DGAK she is in constant interaction with the organization leaders and staff during the provincial agricultural stakeholder forum and farmer field days. Other interaction is when the researcher represents the office of the provincial director during the AGM.

Secondary data was corrected through literature review from different sources from Netherlands (Wageningen university library), DGAK, KENFAP and ministry of agriculture reports from central province and other relevant documents from the government of Kenya.

The research is based on a case study of Nyeri branch Dairy Goat Association of Kenya (DGAK). The DGAK is typical case of producer organization as it is member owned. The case was used to make a real life understanding of producer organization. Cross examination with literature review was done. The researchers experience on promotion and formation of common interests groups is also incorporated.

3.2 Study area

The research was conducted in Nyeri district. This is one of the seven districts in central province and form part of Kenya’s eastern highlands. It covers an area of 3,266km² and is situated between longitudes 36 degrees and 38 degrees east and between the equator and latitude o degree 38’south.

Administratively the district is divided into seven divisions namely tetu, Mukurewini, Mathira, Municipality, Othaya, Kieni West and Kieni East. The district has a total population of 677, 300 (Nyeri development plan, 2002-2008). Majority of population are found in high potential areas of Othaya ,Mukurewini and Mathira, while lowland potential area with less rainfall have less population densities. These are Kieni east and Kieni west Divisions. The district has well drained and fertile soils for developing agricultural potential.

Agricultural sector contributes 53% of total household income and with an average farm size of 0.6ha per household. Agriculture is the main stay of Nyeri district. However earnings have been declining in the recent past. The most affected have been coffee and dairy production. Milk marketing has been adversely affected by the poor
management of co-operatives. The combination of high input costs and low levels of earnings has lead to declining in both the production and productivity in the sector. The issue of declining productivity is all the more serious in view of diminishing land holding sizes. Under these circumstances growth in the sector and poverty reduction will have to come from increasing output per unit area of available land. It is within this view that enterprises that require less land are more desired by the farmer’s e.g. the dairy goat.

Figure 2 Map of Kenya showing the location of Nyeri district. 
Source: Nyeri district development plan 2002 – 2008, p.3-4
3.3 Research questions and sub questions

The main research question for this project was:

To what extent is the governance of DGAK appropriate to realize member participation and service provision?

Research sub questions:
1. To what extent is member participation realized in DGAK?
2. How are services delivered to members of DGAK?
3. How are the agricultural extension workers facilitating the producer organization support process?

3.4 Fieldwork

The sample size of this research was fifteen (15) members of the association based on their belonging to different groups of the association and those who attended the Wambugu farmers' field day (two days) annual event. The other category of farmers interviewed is five (5) farmers who keep dairy goat but are not members of the association. These were selected as they visited the dairy goat stand. Five (5) leaders of the association were selected directly during the meeting held by the researcher and the leaders of the association in which the objective of the research was explained and consent given by the leaders for the interviews to be conducted. The five (5) DGAK assistants were selected during the field day and in their normal routine works. The selection of the leaders and staff was based on their availability for interview. A processor was directly selected since he is the only one buying collectively the dairy goat milk from the farmers. Other buyers who buy dairy goat are not consistent in their purchases and may only buy once and may not repeat buy. Those who have repeatedly bought goats once or twice were unavailable for interview within the period of interview.

Twenty four (24) field extension workers from the ministry of agriculture were selected from fourteen (14) divisions out of the thirty eight (38) divisions in central province. The extension workers were split into two groups based on their location in central province and one day workshop was held for each group. Two venues were selected in order to lower the transport cost (150Km difference). The staffs selected are those who have been involved in promotion and formation of common interest groups for the last seven years since the National Agriculture and Livestock Extension Programme (NALEP) started. During the workshop the extension workers were divided into groups of three to four participants in order for them to express their opinion. They were able to exchange ideas and draw on their wide collective experiences. These ideas, comments and opinions were reported by one group in each team to the plenary and other groups contributing new ideas.

The 15 members of the association were interviewed to establish their views and opinions on the governance of the association, participation of the members and the service provision by the association. The five (5) non members of the association were interviewed to get an understanding of why those with the dairy goat and also seeks services from groups belonging to the association do not join and become members. The leaders were interviewed to get an understanding on the leaders’ perception on service provision, member participation, producer organization and increased agricultural production.
The staffs were interviewed to understand and link service provision and the expected benefit by the members. The processor was interviewed to give an understanding of collective marketing as a stimulant to increase agricultural production.

To conduct the interviews a checklist was developed based on key points and type of question the researcher was likely to ask. With each interview the researcher followed up lines of enquiry specific to their circumstances which the researcher would not have anticipated in advance. The researcher therefore wanted maximum flexibility but also some kind of guide or prompt for interview about the key issues and questions with which the study was concerned.

3.5 Data analysis

Data was analyzed by applying coding by first tagging the most essential parts of the interview for each different topic (different colors were used to distinguish topics). Different types of information were processed in separate manners. The researcher distinguished between data to analyze and process in a descriptive way (green) and data which is more concrete and easier to integrate, based on ‘dry facts’ (orange).

During the procedure of coding a separate file was created by making notes structurally as well as incidentally, so that it can guide at moments when useful insights are gained and should be remembered. This memoing process was to offer a profound basis for understanding the aspects contributing to performance of producer organization.

3.6 Risk of the study

The study main focus was for the researcher to gain an understanding of the producer organization in areas of member participation, service provision and the role of extension worker in supporting producer organization. The risk was therefore not to focus on the incidents of low performance for blaming the organization and individuals but to understand the underlying principals that do lead or create (induce) these problems.
4.0 RESULTS

This chapter presents the findings of the field research with, the members of DGAK, the leaders, the staff of DGAK and the agricultural extension workers. The agricultural extension workers had an interest in the research as they are involved in forming common interest groups which form associations. They were interested in general results and how they can understand how to support producer organization. With the DGAK members they were interested with understanding how their participation may influence the performance of the association, while the staff and leaders had an interest on how to strengthen the organization through service provision and how to identify the kind of support to seek for from the external agencies like the government, NGOs and donors. The results are presented with the views of member participation, governance and managements, service provision and business demands and support from the facilitating agents. The results are from the four actor groups, members, DGAK leaders, DGAK assistants/staff and the field extension workers. The results from the interview with the milk buyer are not presented as they more of understanding marketing. It helped to talk to farmers in collective marketing issues.

4.1 Results from the members

The results on members are representative of the membership in DGAK according to the profiles and the attendance of farmers’ field day. The approach to DGAK stand at the field day exhibitions may be an interpretation they are interested in DGAK.

The results of the 15 members interviewed are analyzed and presented below. All the 15 members were from different CIG groups.

4.1.1 Member participation

Members participate by attending the group monthly meetings mainly to discuss the upkeep of the buck. The group members contribute for individual and group membership annual subscription to DGAK. Members also contribute and pay a trainer fee when they request for training from the DGAK service providers. To request for service members, make telephone calls or make formal requests in writing. The request is mostly replied verbally by telephone calls to the groups. One respondent commented:

“We have problem with our buck, it is not serving the Does for the last one year. We wrote a formal complaint for the Buck to be rotated or exchanged. Six months down the line no reply yet and no DGAK assistant visiting our group. This year our group have resolved not pay annual membership fee”

Most of the groups whose members consistently attended meetings have other social activities beside the dairy goat activities. On being asked why her group joined Dairy Goat Association, a member said:

“We were helping each other through monetary contributions during burials and weddings and when we heard about dairy goat, we thought of starting a dairy goat project to increase our income by selling the milk and goat. We are one year old now and none of us has sold any goat since we are still upgrading our original local goats.”

There were multiple responses in the type of participation a member is involved in. One member was participating in more than one way. All the 15 respondents participated in contribution for membership renewal. There was a limitation in participation by a
attending branch meeting as only one member represented the groups at branch meeting therefore the percentage may not be relevant as each member is not offered equal chance to attend. For merry go round and credits it depended on what the group was involved in. Not all groups have a component of Merry Go Round and credits. The type of participation and the percentage of number of members involved in are shown in the table below;

Table 5 Members types of participation

<table>
<thead>
<tr>
<th>Type of participation</th>
<th>No. of respondents</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attending group monthly meeting</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Contributions for membership renewal</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Attending branch meetings</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>Welfare activities</td>
<td>14</td>
<td>93.3%</td>
</tr>
<tr>
<td>Merry go round</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>Credit and saving</td>
<td>5</td>
<td>33.3%</td>
</tr>
</tbody>
</table>

Source: Own study

For those who do not attend monthly meetings the following reasons were given as in table 6 below.

Table 6 Reasons for not attending monthly meetings

<table>
<thead>
<tr>
<th>Reasons</th>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of management of the groups affairs</td>
<td>4</td>
<td>80%</td>
</tr>
<tr>
<td>Lack of group cohesion in rules and regulation</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of support by group leadership</td>
<td>3</td>
<td>60%</td>
</tr>
<tr>
<td>Lack of benefits of belonging to groups</td>
<td>3</td>
<td>60%</td>
</tr>
<tr>
<td>Lack of clear goals and objective of the group</td>
<td>4</td>
<td>80%</td>
</tr>
</tbody>
</table>

Source: own study

Lack of group cohesion was cited by all the respondents as main reason why they do not participate in group meetings. Cohesion to them meant non adherence to group rules and regulation for example time keeping in meetings.

Levels of participation

Most of the members thirteen (13) out of the fifteen interviewed (15) said they participate differently in their individual groups and in the association. In the groups the members are informed of any issue that is of importance to the members by their respective group leaders. The issue is discussed and there is consultation among the members informally when they meet in their local social networks and formally during group meeting. A decision is arrived at and there is active participation by majority of the members.

At the association level the members are informed of the decisions arrived at branch level. During the AGM most members are not aware on what is to be discussed and if they have any issue they may not have discussed it within the constitutionally stipulated time of three months to bring it forward for discussion during the AGM. The representatives who attend the AGM mainly inform other members what was decided on. The members at association level participate passively by being informed on the decision(s) arrived at.
Reasons for joining the groups
Rotation of the buck is one of the services provided by DGAK. All the members interviewed gave the rotation of the buck as one of the main reason for joining the group. Other reasons are marketing of the improved goats, marketing of goat milk and to increase the yields from the goat by improving the breeds. Most members had more than one reason why they join groups. They were multiple responses of why they join. The responses are presented in the table: 7 below

Table 7 Reasons for joining the group

<table>
<thead>
<tr>
<th>Reasons</th>
<th>No. of respondents</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buck rotation</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Marketing of goats</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Marketing of goat milk</td>
<td>5</td>
<td>33.3%</td>
</tr>
<tr>
<td>Increasing the yields from goats</td>
<td>10</td>
<td>66.7%</td>
</tr>
</tbody>
</table>

Source: own study

The five (5) members who respondent on selling of goat milk are those whose goats have reached the stage of milk production. For the rest their goats are still at the early stages of improving the breeds and therefore their milk yields are low.

4.1.2 Governance and management
The researcher had a problem explaining to the respondents what governance is for them to respond appropriately. It was not clear what is governance at group level and association level.

Decision making
Most members gave decision making at group level as the most appropriate level they are aware of governance. The decisions arrived at group level are not channeled to the association since most of the issues relate to the operation of the group. There is autonomy of what the group deliberate and implement.

Decision on how to participate in AGM is made by the group. The group meets the cost of travel, lodging and meals of the representative. However most members agreed that what is to be discussed in AGM is not prior forwarded to the groups most of the time and when it is done it might be too late to give the input of the group. This is because the constitution states that matters to be discussed in AGM should be forwarded three months in advance.

On the decisions arrived at in the AGM most members do not relate with them as they feel it is not committing them to any aspects that relates to the performance of their groups. Especially with the groups that are 2-3 years old, they may not have reached a stage to request for marketing of the goats or milk, for groups over 5years old the decisions especially on issues of marketing are very important as they may have goats ready for market.
Knowledge on representations

Only 3 members out of the fifteen (15) interviewed were aware of who represents them in the branch meetings. The 3 had only discussed what to present in the quarterly meetings only once for the four meetings in a year. Only 1 got a feedback of the outcome of those meeting. The one who got a feedback was because the representative was from her group. The same feedback did not filter back to all the group members.

One reason of why there was no feedback is that there is no mechanism in place to give a feedback and the other is that the issues discussed in those meetings were more from the association headquarter rather than originating from the groups. The issues may not be of relevance to members. Again the twelve members did not demand to know who represent them or what is discussed as they feel it has no direct benefit to their operation and it does not affect there decision making at group level. Thus a lot of concentration on how decisions are made is at group level not between the groups and the association.

Most members were aware that the DGAK assistants attend the quarterly meetings but not as their representative. Other form of representation is when a member per group attends the annual general meeting. 10 of the members were represented in the AGM of 2008. 12 members were not aware of the agenda of the AGM. All the members felt that they require to be represented in the branch meeting to address issues like the buck rotation which sometimes take long and affects improvements of the breeds and also to address the issue of marketing.

A member commented:

“All the buyers get goat from the leaders. How comes in my group none of us has sold a goat through the association. When we hear informally that a hundred goat were sold where did they come from? I think it is only the leaders who sell there goats since no body tells us which group sold the goats yet we have many goats with no buyers. What is even worse is that I have to keep paying membership fee and get no benefit”

Understanding the structure of the organization

Members understand the structure of DGAK in terms of service provision. The DGAK assistants are meant to note and link the members to the buyers of the goat. Members noted a conflict in the structure, in that a DGAK assistant only visits a group at a cost met by a group not by individuals. Not all the group members are at the same level of production and it therefore it takes time for the members to decide to invite a DGAK assistant who should assess and verify the records for goats to be marketed.

The assistant may not reach all the groups within a month even when requested to do so and therefore may not have information of the members wanting to sell their goats at a particular time. Members may not invite the assistant every time they have a meeting as the need may not be required by all the members.

4.1.3 Service provision and business demands

Members have to demand for services from DGAK assistant and pay a fee for accessing the service. The service fee is when members request training and also while registering the goat for sale. This can not be accessed individually but only as a group. Local sale of the goats fetch lower prices compared to the organized sale by the DGAK.
To request and get the service is not automatic. An example was given by a group that had been requesting for services from the assistant for 6 month but could not access the services. These make members seek for alternative services. There are varied reasons as to why members seek alternative services. Table 8 gives the members’ reasons for accessing alternative services apart from the services of DGAK assistants. Members gave multiple responses.

Table 8 Reasons for accessing alternative services

<table>
<thead>
<tr>
<th>Reasons</th>
<th>No. of respondents</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of inviting the staff</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>Competency of the DGAK staff</td>
<td>11</td>
<td>73.3%</td>
</tr>
<tr>
<td>Levels of production</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Duration taken to decide to invite a DGAK assistant</td>
<td>13</td>
<td>86.7%</td>
</tr>
<tr>
<td>Availability of the DGAK assistant</td>
<td>13</td>
<td>86.7%</td>
</tr>
</tbody>
</table>

Source: own study

All of the members gave the reason of the levels of production as a reason for seeking alternative services. The Service requested by the group may not be related to immediate and expected benefit by the individual member’s e.g. a member immediate need may be related to marketing while the group may be requesting trainings on disease control. This brings in a conflict and the member may not be committed to the service.

To avoid non payment by the unsatisfied members the service provision fee is deducted from the group account which each group is mandated to have. Availability of DGAK assistant may be limited to the number of groups they can serve per month. A DGAK assistant is allocated 26-36 groups. If most of the groups request for services in a particular month the assistant may not be available.

**Cost of services**

The members had varied reasons on their opinion on the cost of services. All the 15 respondents were of the opinion that the service cost shout not be increased. The reasons for not increasing the cost are summarized in the table: 9 below. Members gave multiple responses.

Table 9 Reason for not increasing service cost

<table>
<thead>
<tr>
<th>Reasons</th>
<th>No. of respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to group has no transport cost</td>
<td>11</td>
<td>73.3%</td>
</tr>
<tr>
<td>The current figure not understood</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>Staff a farmer like them</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Can access service from public extension workers at no cost</td>
<td>5</td>
<td>33.3%</td>
</tr>
<tr>
<td>Just joined group no benefit yet</td>
<td>3</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Own study
Most of the members did not understand how the amount paid by a group was arrived at. For those who felt that the assistant is a farmer like them they compared the daily wages of a casual laborer to what they pay the assistant. To them the cost should be the same which according to the local rate was Ksh 150.00 compared to Ksh 350.00 paid to access services. Those who linked the cost to transport felt that the amount is enough to motivate the staff to train as in some cases there may be no transport costs incurred by the DGAK assistant.

4.1. 4 Support by other facilitating agents
Service provision
Most of the members mentioned technical training on management of goat as the main service provided by agricultural extension workers. Extension workers also link them with buyers especially when they form new groups who may need to have goats. The members were of the opinion that when the services are provided by the extension workers they do not have to pay for the services. This makes some rely on the services of extension workers more than the DGAK assistants. However the members the services of extension workers are always not available.

4.2 Results from non members
The non members are those who own dairy goat but are not members to any group affiliated to DGAK. These are individuals who seek for services from DGAK groups for example breeding to improve their local breeds. The five non members gave the following reasons for not joining the association.

Table 10 Reasons for not joining the group

<table>
<thead>
<tr>
<th>Reasons</th>
<th>No. of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not requiring collective marketing for goats</td>
<td>3</td>
</tr>
<tr>
<td>No existing group within locality</td>
<td>2</td>
</tr>
<tr>
<td>Lack of benefit in joining a group</td>
<td>4</td>
</tr>
<tr>
<td>Can access services from the group</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Own study.

For those who do not find any benefit for joining a group they gave the following reasons:
- They had earlier joined the groups but they received poor services and left the group.
- They do not trust the leaders of the groups close to them and feel their interest will not be taken care of if they join the group.
- They can sell their goats at equivalent prices as those who are in groups without wasting their time in meetings.
- They can access trainings individually from the service provider when they need it. They do not have to wait for the group to deliberate on the costs and the time to access services.
- They do not attach any benefit in being a member.

One member on being asked why he left the group said:

“When I joined the group I thought the association would be consistent on marketing of goats because I had sold a goat through the association. I am a
squatter with no land but I have very many goats. Right now it is difficulty to get inside the house as the compound is full of goats. I now slaughter a goat and I then feed it on my family to reduce the number as there no buyers.”

Although DGAK register all improved goats owned by their members, the local market is not yet clear on the importance of a registered goat versus one without the registration cards. Therefore the non members of DGAK can still sell their goats without using the registration card as a quality assurance. The non members feel they do not require collective marketing for the goats as the local market is still serving them well.

4.3 Results from DGAK leaders
Here the views and opinion are reflected of DGAK leaders. These are the leaders who are elected during the annual general meeting to serve the association. The results of the interview with five of them generated the following results.

4.3.1 Member participation
According to the leaders members participate in the group activities during group registration and trainings. Each member pays an annual membership fee and also contributes to groups annual subscription of Ksh 300.00

Reasons for participation
According to the leaders the reason for member participation is for accessing technical training in order to increase the yields from dairy goat. Some of the tangible benefits expected by the members include sale of the goats and vaccination which they may not succeed to perform individually.

Reasons for not participating
A member may sell all his/her dairy goats to meet his/her immediate income needs and therefore finds no reason to participate in group activities. Other reasons are mistrust of the leaders and when the group is dominated by elite opinions and the rest of the members feel discriminated. If members can sell their goat without linking through the DGAK, they do not participate in DGAK activities.

4.3.2 Governance and management
Decision making process
At group level members make decision during the monthly meeting on issues like when they should request services as well as on other social issues they are involved in. The national leaders make decision during the branch quarterly meeting as well as during executive meeting since the national leaders do not have any meeting with the members apart from the annual general meeting. The circulation of agendas for AGM and reports from the AGM to all the groups is not consistent.

Member representation
Members’ representatives for the branches are appointed by the association headquarter and not elected by the members. Although holding of branch elections is constitutionally stipulated it has not been held over the years. This is due to the cost required to hold such meetings. The leaders were of the opinion that the members may not be committed to meet such costs. The role of branch representative is defined during the quarterly meetings. The representatives mainly attend the quarterly meeting to get feedback on any issues from the headquarter. However there is no planned mechanism on how the feedback from branch meetings gets back to the members as it is not
planned or agreed on in the constitution of who meets the cost of the meetings between
the representative and the members.
Understanding by the members on the structure of the association.
According to one of the leaders the structure is not understood by most of the members.
This is felt during the AGM when issues that should have been deliberated at branch
level are brought up during the meeting. The example given is an issue like why a buck
for a certain specific group has not been rotated. When such an issue is brought to AGM
by a delegate who is a representative of a group this is an indicator of poor
representation at branch level.

Considering that branch meetings are not held between the representative and the
members, such demands are directed to the wrong level of management. All the leaders
agreed that members are not involved in what goes on in these branch meetings apart
from the groups where the leaders or branch representatives belong to.

Growth in membership and changes in structure
Group membership has been increasing over the years from 1994-2007 apart from year
2006 when there was drop in membership. In 2008 the association stopped recruitment
of new groups.
Fig 3 below indicates how groups have been increasing over the years. The records for
1996, 1998, 2001 and 2002 were not available.
Groups decreased in year 2006 but for the same period individual membership
increased. This is because new members were joining existing groups and not forming
new ones.

![Group numbers from 1994 - 2007](image)

Figure 3  Group numbers over the year.

Source: – Own study: Adapted from the figures generated by leaders
According to all the leaders as groups increased the structure of governance of the association remained the same over the same period. DGAK approach for service delivery is in the number of groups. The minimum number of members per group is fifteen (15). In 2006 forty one (41) groups dropped from the association. Some dropped due to conflicts within the group while others were dissatisfied with the services of the association.

Dissatisfaction was mainly in the areas of the goat breeding program. Although the leaders noted the need for change of governance structure, to improve on the groups' membership and retain more members, the financial requirement for establishing new structures was above what members were contributing. Individual members continued joining existing groups and in terms of membership there was an increase within the same period. The leaders are aware that although the association need new structures, to make them operational may require finances. The leaders were of the opinion that so far members commitment in financing new investments is lacking.

Service provision and business demands
To most of the leaders the association relies heavily on services provided by the DGAK assistant compared to extension workers. The reason is that extension workers may fail to serve the group if they are not in the focal areas they are involved in. The leaders agreed that the DGAK assistants may not at times give satisfactory services to the members. Reasons of inadequate services according to the leaders are due to motivation by the low field allowances. These allowances Ksh 350.00 are what has been passed in the branch meetings. When the figure is brought to the attention of members they take the figure to be high for them. The leaders were also of the opinion that the members who have not derived any benefit like selling the goat may not agree to the raise of the fee.

On coordination of business the leaders felt it is difficulty to monitor the manager of the association since most of the leaders are farmers with their own production to attend to. They also have no direct link with the groups apart from during the AGM. It was not possible for the leaders to establish the number of goats ready for marketing per month.

With collective marketing the leaders have problem with members selling low quality goats breed. This is done especially if a buyer demands to buy more goats than what is available in the organization. Opportunistic behaviour by members comes in as members present their goats for sale even when they are of low quality. But since there is a buyer who is buying collectively the leaders may not deny the member to sell.

Organization ownership
The understanding by leaders on member ownership is through the services they receive from the association. These services include technical information on the goat husbandry and marketing. To the leaders members show lack of the association ownership if leaders organize training and only 20% of the members attend the training. This was confirmed by one leader, who wondered,

“I thought that members do not demand for training because of the cost. But when I organized for training for association members for feed management of dairy goat only 15 members out of the 75 members attended. This training was cost free as it was funded by the feed manufacturers. What do members want in this association?”
According to the leaders when groups have a representative in quarterly meetings this means decisions taken at the meeting are assumed to be agreed on by all the members. The leaders were of the view that to improve the control of the association by the members in a more decentralized manner, the branches should be operational and giving information to headquarter not vice versa. Branch committees should be operational and meeting on their own regularly without the presence of the national office. This would improve service delivery and members would increase their control of the organization. However to establish functional branches require members to contribute financially.

According to the leaders the members feel constrained by cost sharing for service provision and annual individual and group membership contributions. Cross cutting issues like the HIV/AIDS which the leaders were of the opinion should be taught to the members are not offered to group as members are taught what they demanded at their cost. HIV/AIDS training may not be demanded by members and therefore not offered.

The leaders were of the opinion that members are not investing money in the association apart from the membership and group annual renewal. When members sell their goat through DGAK a commission fee of 10% is left with the association. When discussed in the AGM, members reasoned that the fee should be met by the buyer not by the seller. The commission is used to meet the taxation cost as well as other transaction cost for doing business that may be met by the association. To the leaders understanding, members do not leave any money with the association for investing. To meet the cost of developing any new investment the association channel demand to external funding agents like the GTZ/DED.

4.3.3 Support by other facilitating agents

The role of other service providers is to provide technical training and also for resolving conflicts within the groups like the ministry of culture and social services. Some offer these trainings to the groups at a cost while others conduct the trainings at their cost in order to promote their products or in the normal extension work e.g. the feeds manufacturers would offer training to promote their products.

Service provision by the extension workers

Members of the association access technical services at a cost through the DGAK assistant. These are offered when demanded by the groups but the government officers may attend to groups while on their routine work at no cost. The group offer services to non members at a cost slightly higher than for the members.

4.4 Results from the DGAK assistants

Five DGAK assistants were interviewed. The assistants attend branch quarterly meetings. The assistants are dairy goat farmers and belong to the association as group members but have been trained by DGAK on technical packages. They are only paid per service offered to the farmer groups. This service is only offered when the farmers demand for it. The result of their views and opinions on member participation, service provision and governance of the association is analyzed below.

4.4.1 Member participation

According to all the 5 assistants interviewed, they all agreed that during the initial group registration the members registered are higher than when the group progresses. Some
of the reasons attributed to this initially high number are when the association holds goat auctions which create interests to the non members to join, expecting immediate benefit of increased income and expecting assistant from the organization.

During the branch meeting member’s representative mostly air the technical views while the group’s member’s participation may be declining as a result of social issues. At times the representatives may not have what to present as they may not have corrected the views from members. This was attributed to lack of meeting between members and their representatives as most groups do not plan for it or are not aware of it.

The farmer representative who attends the branch meetings represents a number of groups. The methods for feedback to these groups are not clear who should meet the costs for such meeting with different groups. Some of the groups are far apart and this affects information flow from one group to another. During the Annual general meeting most groups send a representative. The constitution of DGAK require that for issues to be discussed in the AGM the matter should have been forwarded to the branch three months in advance

Role of social networks in member participation
The assistants gave their opinion on how they viewed the social networks in groups. Within a small area members can be split up into small groups. Where you find a road closing within an area, one can find members closing the road to join groups of their choice and not necessary those within the side of the road where the member resides. The reason given why members who reside on the same side of the road may not form a group but crisscross the road forming groups is because of trust and other social activities the members may be engaged determines who to associate with.

4.4.2 Governance and management

Service provision and business demand.

Among the five staff interviewed each attend to 26 to 36 groups. In terms of marketing of the goats and milk, the staffs are unable to plan on what to market as the individual members decide on when to market their goat or milk depending on their needs. The groups are not homogenous for them to plan who is marketing what and when.

The groups that request for services often are those that contribute to other social activities like the merry go round, savings and credit among them i.e. groups with a social network not purely dealing with dairy goats alone.

The staff links those who request for monthly services to increased number of goats kept. On meeting demands on request, a staff may be limited by the need for transport to the venue which may be higher than the cost met by the group. This may not motivate the staff to travel to such groups and therefore not offer services.

The categories of members rage from those who are serving or have retired from various professions e.g. the teachers, agricultural extension workers, police and other civil service jobs plus the farmer whose main economic activity is farming. Some categories like those who are in formal employment or have retired have financial resources to contribute as requested by the group but their attendance in group meetings to harmonize activities may be low. These categories may want to pay for the service cost alone without attending to group meetings to plan.
Some group’s leaders may not be benefiting in marketing of the goats at a particular time. The services, being demand driven may limit some of these leaders to forward those requiring marketing. Again a service providers costs is met by the whole group and in the case of marketing only the individual members will benefit.

Most of the assistants noted that not all groups send a representative to attend AGM. On further follow up by assistants, the members reason that the decisions arrived during the AGM are not reflective of the members desires as issues are not prior discussed among the members. Some groups do not have the money to meet the cost.

4.4.3 Support by other facilitating agents

The DGAK assistants’ views were that there is a conflict in service provision between the ministry of agriculture extension workers and the assistants. The extension workers offer services for free while they attend to groups in the focal areas they are working in. When the same service is offered by the DGAK assistants the group has to pay for the service. These may make the groups not request for training services from the DGAK assistant. However this does not last for long as the extension workers shift to other areas. These interactions leave the group uncoordinated as the DGAK assistant has to start all over with the group.

4.5 Results from field extension workers

These results describe the understanding of field extension workers on the links between member participation in farmer groups, formation of producer organization, service provision by POs and increasing of agricultural production by use of POs. These results were the output of the two workshops held with the field extension workers from the ministries of Agriculture (MOA) and the ministries of Livestock and Fisheries Development (MOL&FD). The two ministries jointly coordinate the NALEP. A total of twenty four (24) field extension workers participated in the workshops. Eleven (11) for the first workshop (female 5 and male 6) and thirteen (13) in the second workshop (female 6 and male 7). Each workshop was held for one day.

4.5.1 Member participation

According to the extension workers experiences in the forming of common interest groups, they described the following:

During the Initial start of group formation, membership is high. The members actively participate in attending meeting and are committed because they expect to derive some benefit by joining the organization. Participation is high if monetary returns are immediate and also during the countries general elections when members expect to gain from those seeking votes. During the country election period there is formation of more groups.

However, a decline in membership occurs over time. This is especially so if the members do not derive the benefits they expected. Membership may also decrease over time for example after the groups elections when the members lose trust in their leaders. Members may attend meetings involuntarily as they only meet expecting material
benefits. Members’ monetary contribution is low if there is lack of trust on leadership and the expected benefit is not immediate.

Selectively enforced rules among the members may restrict members’ participation. The rules may distinguish and favour the elite farmers and the rest of farmers may not participate fully when the extension officers are the ones creating the groups. The social economic status also affects participation as it leads to fragmentation because the ones with a higher status go for consultation in the agricultural extension office while the rest keep of completely.

Group members may be active and participate by drawing action plans but this may be initiated by an opinion leader and not fully owned by other members. The social cohesion of a group limits how they participate. For example while attending meetings members may want them held in particular venue like a catholic church versus an Anglican church or vice versa.

**Role of extension workers in members’ participation:**

The extension workers mobilize the community to form groups. They select trainings packages which they train the groups. In order to achieve this extension worker need to have updated technical information. They also should be able to link group members to materials, information and financial institution for funding. Although this is what the role of extension workers is, the CIGs are formed by the staff of the field extension workers. The members rarely choose who to work with and in the process the groups may not mature to register and perform its functions. The reason given by the members is that they do not trust one another and this lack of trust reduces participation.

One extension worker who was very keen on meeting his target of number of CIGs formed said:

“I realized that the groups that were cohesive were those that had social activities among themselves. I therefore had to join one group that was involved in communal payment of dowry for members and attended their meetings as one of them. We always started with a word of prayer, songs and later I would train them. That way I was able to achieve my target.”

Understanding of the link between member participation and forming of producer groups.

Members participate actively if there is immediate benefit from the group. This only works if members have common interest and needs. Members will agree to work together and contribute resources both human and material.

The link between member participation and formation of producer organization is weak where lack of trust and concrete benefits are not met. Rarely do where there is low member participation lead to formation of a producer group. This the staff attribute to the trust by the members on the elected leaders. Some of the leaders elected are not full time farmers. Sometimes the group membership is too low (5-10) to form a producer group.

Members may also not participate in decision making if they feel their decision will be affected by the opinionated leaders. This may be as a result of poorly organized group meetings and if there is no trust among members the group usually disintegrates.
Understanding of the link between producer group and PO service provision
If there is proper communication, commitment, good networking, updated technical information the link is strong. Members establish an organizational structure that allows for pulling of resources together
Link tends to be weak where there is no positive progression of the group activities or when members do not demand services and when the members develop diversified interest.

Understanding of the link of PO service provision and increased Agricultural production
Lack of Commitment in service provision may decrease agricultural production.
As PO members, can gain knowledge collectively and increase production individually without strengthening the organization.

When members are cohesive and active in demanding services from the PO they may increase production. Failure to increase production may be due to limitation of resources, factors like marketing, leadership problem and diversified interests.

Understanding of the link between increased agricultural production and other service providers
Other service provider’s e.g. central Kenya coffee mills may result to increased agricultural production. This mainly happens if there is strong bonding among members and members link with other service providers. There may be increased capital base. This link may tend to be weak due to leadership problem and mistrust.

Understanding of the role of social capital in PO
Members form and participate in groups in other areas which are not always related to increasing agricultural production. Groups may be formed to attend to other social issues like weddings, funerals and buying each other household goods. It is after satisfying the social needs that members may welcome new ideas like forming commodity specific producer groups. The extension workers in their areas of work have observed the following.

1) If social capital is strong, there is improvement in member participation.
2) Strong social capital will lead to a strong PO and where there is a strong PO there is a strong social capital.
3) Strong social capital attracts PO service providers and also the other way round like credit providers, processors and may more.
4) Strong social capital in a PO leads to increased agricultural production as members are able to access other services.
5) Strong social capital attracts other service providers for the benefit of increased agricultural production like the suppliers of agricultural inputs.
6) Availability of other service providers may lead to increased agricultural production as the PO members will source for training to those service providers who offer the best service.

The figure below is how the extension workers described diagrammatically the various links in a producer organization development. This was during the first workshop with the first team at Waruhiu Agricultural training centre. The direction of the arrows indicates how certain aspect has a positive link to the next. Where the arrow points both sides it
indicate that the link is positive both ways. Positive means that it improves the next aspect.

Figure 4 Links of aspects of PO according to MOA staff (team one)
Source: own study

The findings of the first workshop were presented to a second workshop and participant agreed to most of what was the output of the first workshop but according to their opinions the links are missing in some of the aspects and they therefore represented the information in a diagram in the figure 5 below.

The figure 5 below is after the workshop with the second team at Wambugu Agricultural training centre
The presentation of the results of the first workshop to the second workshop produced the following results.

Staff gave their understanding that there is no direct link between member participation and producer organization for the following reason. Member’s registration and contribution is low if there is low or no trust among individual members. If member participation does not lead to decision making the group may not graduate to forming a producer group. If interests diversify this may automatically lead to collapse of the group without forming an organization. Therefore unless there is a high level of member participation a producer organization may not form. To the staff high level means involvement in initiating of activities collectively and having growth plans.

Understanding of the reasons for weak member participation.

When extension workers flag opportunities, Members come for the first meeting, pick opportunities and register. The next meeting there may be fewer people. According to field extension workers the registered members may realize that those who have registered for the group cannot work together due to their own social reasons so they may either reorganize and regroup themselves and invite the extension worker to train a completely new group or disperse all together without forming a group. One staff remarked

“It was quite a shock to me when I planned for a training only to go to the field and learn that the group no longer exists. Only to for me to learn that the presence of one member in that group was the cause of the break up. They could not trust him”

Reasons for Weak PO or non existence PO

According to field extension workers, weak member participation may be due to mistrust among members and low opinion of their leaders. The members may pursue individual goals and this may lead to unsustainable cohesiveness due to conflict of individual interest as some members are more aggressive than others.
Other reasons are lack of viable growth plan and networking i.e. (learning from mistakes and strengths of others). This was cited with a case:

**Table 11 Case of mushroom growing group**

The case of mushroom growing group is about a group that identified a market in the capital city (Nairobi) which required large quantities of mushroom. The productions from the group which got the contract were far below what the buyer wanted. The members were not ready to share their success in production of mushroom to those groups struggling to produce mushroom. This is because they did not want competition in the market. In the end the successive group lost the order for supplying the mushroom in the supermarket since they could not meet the quantities demanded.

Another reason given is when extension workers start the groups they do not understand the existence of social network and group people according to locations. They continue to offer technical packages ignoring the social process taking place. In the end the groups do not form as member continue to receive packages as individuals and not to form organized groups. According to the extension one reason is due to the time allocated for the program and that the extension workers do not have the technical capacity of how to incorporate social issues within technical packages.

**Weak PO Service provision**

This is a case where the PO is not providing adequate services and the organization is not cohesive. If the PO over relies on external sources and there is lack of common interest goals this will lead to low commitment, low financial or material contribution and therefore no services can be provided. If there is poor leadership, members may get poor quality service provision or they may be unwilling to pay for the services.

**Why POs will fail to increase agricultural production**

The extension workers have noted that where member participation is low and without social capital, the PO organization is weak leading to poor PO service provision which without proper access to services the members may not increase agricultural production.

**Other service providers**

In order to build on service provision to POs other service providers should create social capital. When other service providers give technical training or other material incentive without building on the social capital the groups collapse immediately after withdrawal of service provider. Some members may attend training as individuals not necessarily to form PO. Some service providers may impose ideas just to reach their target number for particular activity. These service providers may have a short time frame with the members which may not directly lead to formation of producer groups. They may deal with individual members but not essentially with the groups.

When service providers start with groups that have high social capital they are able to progress to forming producer groups since these groups have meeting time, rules, norms and regulation. The staff cited a case in which they actually do join the group as members in other social activities( like attending dowry session, weddings and child naming ceremonies) in order to gain trust of the group members for the staff to achieve the targeted number of CIGS as required by the employer.
5.0 ANALYSIS AND CONCLUSIONS

Introduction
The performance of producer organizations is important for supporting agricultural development. There is need to understand how to get the groups organized. In the present study the various actor group are interested and committed to the issues.

The analysis of the findings of the field research with the DGAK members and non members, staff, leaders and MOA and MOL&FD field extension workers individual interviews and the workshop presented in part four are hereby presented. The findings are also compared with findings of studies done by other researchers and organizations.

5.1 Member participation

5.1.1 Benefits of joining producer groups
The findings from all the actors revealed that DGAK members participate expecting tangible benefits (Table:7) The leaders, DGAK assistants and the extension workers agreed that when the benefit are not immediate the participation by members is reduced in terms of attendance to meetings and cost sharing of the services (Table:6) Based on the results the members have reasons for joining the producer groups and they also expect benefits. Realization of these benefits motivates members to participate more in the groups.

These finding corresponds with literature from Penrose- Buckley, (2007) that producer organizations are commercial organizations who have to provide tangible benefits to their members and cover the cost of doing business. To stimulate stronger commitment, the PO has to generate incentives for member.

The access to these benefits is likely to contribute to members’ economic empowerment if they address the felt needs. Members are not just passive users of services.

5.1.2 Membership
The result from all the four actors revealed that members participate by contributing membership fee at group level as well as the association level (Table :5) .The reasons for these membership contribution relates to members expectation to benefit as well as their reasons to remain in their social networks and grouping.

Portes (1998) as cited in AmuDavi (2007) argues that it is not the mere membership in such structures that matters but also the emergent properties- services and functions, that address the intent of membership and the benefits associated with group participation (AmuDavi, 2007 p.161.)

Membership in groups may improve the individuals to secure benefits .This therefore means that the structures in which the members are operating in allows for participation in decision making on services and other functions.

The role of realizing member participation goes much further than simply membership contributions to the association to the associated function of decision making and information correction.

5.1.3 Meetings
The findings confirm that there are different meetings held. Monthly meetings are held in the group while the branch meeting and AGM are held at the association level. The origin of the agenda for AGM and the branch originates from the national steering committee while the agenda for group meetings originate from the group. At group level
members exchange information. The information does not get to the association level. Again the discussion and the decision arrived at in the AGM and branch meeting are not passed down to the groups.

On defining collective decision and action the IAP2 describes one of the core values of participation as: Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision making process. This discussion shows that holding of meetings is done at all the stages of the associations. However these meetings may not help the members to participate in decision making and taking collective action as they are disjointed from one level to the other.

5.1.4 Levels of participations

The results from the members indicate that at group level members actively participate and make decisions and initiate activities. At the branch level members only receive information on decisions arrived at that level. The results from the leaders and the DGAK assistants were also in agreement that there is no proper mechanism to give feedback on the decisions arrived at branch level.

According to the International Association for Public Participation (IAP2, 2005) as presented in part two of this report it differentiates between five levels of public participation. The lowest level is to inform while the highest level is to empower. The finding shows that the members of DGAK are only informed about decision and this indicates the lowest level of decision making by the organization.

For any progress in an organization the members/stakeholders need not be simply informed and comment but need to be empowered so that the final decision is placed in their hands. This would empower the members to take action and bring change in their organization.

At group level the results show that members decide when to meet the agenda for the meeting and record the proceedings for those meetings for future reference by the group. At branch level the results indicate that the members participate by being informed of the decision arrived at during the branch meeting.

According to Pretty, et al., (2002) there are seven types of participation. Passive participation is when people participate by being told what is going to happen or has already happened. Interactive participation is when people participate in joint analysis which leads to action plan and the formation of new local institutions or strengthening of the existing ones.

There is need to shift from the more passive towards the interactive end of the spectrum of participation. It is when members have interactive participation that they are ready to maintain or create structures that will serve them best within an organization.

Participation in collective action

The results show that the members participate in collective action in selling of goats as well as accessing services. The results indicate the decision on how much to cost the services is not uniformly agreed between the members, staff and the leaders. The results further show that members at times do access alternatives services based on the cost of inviting the DGAK assistant (Table: 8)

Shiferaw, B et al., (2006) argues that participation in collective action is likely to occur if the gains in terms of reduced transaction costs, better inputs and or product prices, empowerment and capacity enhancement outweigh the associated costs of complying with collective rules and norms. Effective collective action would also depend on good governance and participatory decision making.
From this discussion, it can be seen that when members are not involved in deciding how to participate collectively they may not have the incentives to participate in the association. Considering that a producer organization depends on reducing the transaction costs by collectively marketing of the produce, it is important for members to participate in decision making. Both ownership and control are collective in nature. Members collectively own the PO and members collectively take decisions as to the strategies of the PO.

5.1.5 Representation

The findings from the members, leaders and staff of DGAK revealed that members of DGAK participate differently at the group level and the association level. At group level the members elect their leaders and issues discussed originate from the group. The findings from all the four actors indicated that at the branch level members do not elect the representative but the representative is appointed by the management; the issues for discussed at branch level originates from the branch committee. The findings revealed that the members are not aware of who represents them in the branch meeting and they do not get the decisions arrived at in those meetings. At the AGM the assistants and members revealed that the issues to be discussed in AGM are not discussed by the groups prior to the meetings. All the four actors agreed that most groups send a representative during the AGM. This was confirmed by leaders and the DGAK assistants whose findings revealed that members represent their groups in AGM but do not understand the structure of DGAK as indicated by questions that they raise during the AGM.

These findings correspond with literature, as PO grows and the number increases it is not practical for every member to be involved in decision making. There is need to choose representative to manage the PO on behalf of the members. Members may participate in AGM on decision making and also participate in electing their leaders in AGM (Penrose – Buckley, 2007)

For the case of DGAK the members are represented in branch meeting and AGM. Representation is important, however those representatives should be able to represent issues originating from the groups at all levels of decision making. To be effectively represented means to influence decisions made at the highest level of the organization. The DGAK structure needs to recognize the role of the end use as a decision maker and a driver of the process. Representation goes with the skills of representative and whose interest the representative is serving. Is it the management or members? It is not the mere representation but more so how those who are represented own the process of representation.

5.1.6 Group information collection, recording and reporting system

The results revealed that the information on groups’ services and needs is collected when the staff visits to groups. The results also show that what is discussed by these groups do not get to the association as the only established means for the flow of information from the groups to DGAK is through the staff. These staff meets the groups on demand and at a cost met by the group.

These results correspond with literature that in a voluntary collective organization members need to be involved in decision making. Low commitment leads to low willingness to engage in decision making process and thus to inefficient control over the management of the organization (Ton, 2007)

When groups collect their own information and a system exist to communicate the results to decision makers the group is empowered to monitor its own performance.
However such structure requires that there are financial and time commitments by members to record and communicate the information to the relevant level.

5.2 Service provision

5.2.1 Coordination of production
The finding suggested that there coordination on how the goats are sold. However the results indicate lack of coordination on production. The members sell when they want; the DGAK staff coordinates the registration of the goats by grading them according to the level of improvement from the local goat, while the leaders wait upon buyers to come calling in the office. While the DGAK assistants only visit a group on demand the result show the production of goats is individual and it is at different stages. The results showed that the leaders are not in a position to address the marketing issues as individuals.

These results correspond with the literature that grass root ownership and trust in the leadership is essential for POs’ survival. This depend on the PO being driven by producers own initiative, the organic growth of the PO, transparent leadership, and grass root capacity to participate in decision making.

In summary the goats are available for selling and the market is ready for them, however the grassroots membership are not empowered to monitor, record and communicate their production. Participation in service needs to go beyond planning and include monitoring and assessments of services provided particularly since the DGAK are offering services to their members and other farmers.

5.2.2 Cost –sharing arrangement

The results indicate that members pay cost for accessing services from the DGAK. This cost is collectively charged to all members in the groups irrespective of the levels of production. The leaders of the group invite the DGAK staff on behalf of the group. The result from the members’ show that the leaders of the group may fail to invite the staff if they have no benefit for the service.

These results are in agreement with (Boselie, 2007) that PO representatives face the challenge of strengthening their capacity as association managers and association boards. Being both a producer and at the same time, directly involved in the management of association can be a serious risk in terms of conflict of interests. It requires a high level of professionalism to separate the various interest one person has to defend.

Cost sharing arrangement is important for POs to reduce the cost of accessing. However the leaders of groups and the associations are caught in a conflict of interest between the groups’ interest and individual interests. Organization requires managers to run the association on behalf of members to reduce the conflict of interest. However these managers need to be monitored by the leaders and the members so that they serve the interest of the organization. The question is do the leaders have the time to take care of their own production and at the same time monitor managers? This requires a high level of professionalism by the leaders.

5.2.3 Business demands

The findings from the staff indicate that the demands by members are high. The staffs have to work with 26-36 groups per month. These groups may not be served in a month due to unavailability of the staff. The findings also indicate there is dissatisfaction by
members when not served as requested. From the DGAK assistant the result indicated the demands are high for the members with higher production than those with low production of the goats. With these different levels of production, the need of members on what type of service to request for is different between groups. These different production levels result to members seeking for alternative services (Table: 8)
This result corresponds with Bijman (2007) who is of the opinion that member commitment is important in financing, efficient coordination between producers and their organization and the sustainability of the organization. Members who are not committed may easily switch to other business partners, thereby jeopardizing the very existence of the PO. Commitment is required for efficient and effective decision making and control. Demand for business by the members and the need to satisfy the demand increases the commitment of individual as well as groups to the organization. The DGAK has continued with the same structure since it was started. However members have increased and demands are different. To achieve efficient coordination for business demand, this may necessitate change of structures or creation of new structures.

5.2.4 Decentralization of authority
The results indicate that the funds generated by groups in membership renewal are channeled to the national office. The leaders and members results showed that no resources are channeled back to the group and that also these resources are not enough to run the association. The accountability of these resources is done once a year during the AGM. The results show an increased group membership over the years without a corresponding change in the structure of organization (Figure 3). These resulted in dropping of forty one (41) groups in 2006. With one of the main reason for this dissatisfaction related to lack of service to the members while members continued paying membership renewals.
According to Penrose- Buckley (2007) POs need to constantly adapt to maintain a good fit between structure, size and services to find the best fit with their priorities and capacity, target market and market priorities. Adaptation in size and structure for DGAK would mean decentralization of some of the many functions the association performs at the lower levels. This means that at the branch level the branch should be functional and fully owned and controlled by the members. However the capacity to decentralize these activities depends very much with the members’ commitment to financing the whole process.

5.2.5 Building on established social structures
The findings show that at group levels members are cohesive and meet monthly to discuss the group social activities as well as the DGAK activities. The leaders’ members and staff were in agreement that these social structures serve the members as in most cases only those groups with poor social networks have a lot of conflicts to be resolved by the association as well as by other facilitating agencies. According to Penrose-Buckley (2007) formal structures and rules are important but effective governance and leadership depends as much if not more on the level of social capital within a PO. The social capital within PO depends on many things including the extent to which members share a common identity or background and the frequency of communication and interaction between the members of the group.
Social capital is relevant to members as they apply their own rules, norms and regulations. However this social capital when very strong at village may result to an inward looking community who may be communicating among themselves but not with
other outside actors. An association should work within the existing social structure but at the same time be able to link the group with other actors.

5.3 Facilitating the producer organization support process

5.3.1 Identifying the core capacities of PO

The finding from the agricultural extension workers revealed that in the promotion of common interest group their main issue is to “form” as many group as their target. The results also revealed that the extension workers work within a period of one year in an area. Within the same period the extension workers should have trained groups according to what they have planed to train as per their work plan and budgets. The results indicated that CIGs formed this way break immediately the extension workers leave the area and rarely are the extension workers invited to train the groups again.

Penrose- Buckley (2007) points out the following challenge in POS: Independent initiative: while many POs are established with external involvement, PO is the idea of producers and they see it as their effort to address their problems in the market rather than someone’s solution to their problem.

Mobilizing community to form groups is a way of increasing the awareness in strengthening associations. However to make them functional and of benefits to the members requires more on identification of capacities of the groups and strengthening these capacities. It is not the mere creation of new groups in a community but more so to support the existing groups in their needed capacities.

5.3.2 Understanding the main development issues and challenges

The results revealed that the extension workers promote specific technical opportunities to the community based on the human, financial, physical and natural capital. The results revealed that based on these capitals the CIGs are grouped according to locations and technical messages passed. The results revealed that at the initial formation of these groups, the membership is high but it later declines with time. The result also revealed that most members access the technical training as individuals and not with an objective to form groups.

Gouet, C. and Blokland, K., (2007), point out that the causal relationship from the association of farmers to economic developments runs via the improvement of democratic attitudes and relationships fostered by open associations, i.e. associations whose members maintain positions in several civil society associations. On the other hand theory suggests that the main contribution of rural producers’ organizations’ for development is the opening up of possibilities for networking, information exchange and exposing individual members and members associations to other actors.

These discussions indicate promotion of technical opportunities may be important but it is not the only indicator for development issues. There is need to understand specific development issues related within a specific POs.

5.3.4 Service provision by the extension workers

The results revealed that the extension workers provide services to those groups within the focal area they are working in a specific time and they may also provide services to other in their routine work. These services are provided free to the groups. The results revealed that the services from extension workers are always not available on demand by the groups. Result from members revealed that in some groups some members of the group seek for service from extension workers rather the services from the DGAK.
assistant. This is because of the free service from extension workers as compared to cost sharing arrangement from the DGAK.

Boselie (2007) has noted out various dilemmas in fostering ownership in POs. First the logic of collective action is not always self evident for individual farmers and the collectively owned producer organization (association). Although a sense of ownership between members and their organization clearly exists, the short term interest to derive improved personal income from the association is often bigger than the interest to make long term investment in the association.

The availability of “free” extension service to the groups may positively enhance development of the resource poor groups for example those in the initial stages of improving the goat breeds. However this growth may not be sustainable as the extension workers are facilitated to do so for “freely” in only their specified working areas. Public service provision is one source of service providers but it is not the most knowledgeable or efficient.

5.3.5 Conclusion

The DGAK is contributing to the empowerment of farmers in the aspects of collective marketing of goats and access to trainings. The association is a success. The association has the courage to address complex matters on member owned and controlled organization.

The members participate at different levels of the organization, at group level there is active participation while at the association level there is passive participation. Active participation means that at group level members make decisions on what they are undertaking. Passive participation at association level means members are informed of the decisions arrived at. This passive participation is due to low representation at branch level. Members participate expecting benefit from the association. These benefits are realized when members collectively market their goats or milk or when they receive services.

Members request for services in a group from the DGAK. The group pays for the cost of the service. The access to the service is determined by the availability of the DGAK assistants who may be demanded by many groups at the same time. Members may also not demand for service when they are at different production levels or if they feel the service is inadequate. This make members source for alternative services.

The agricultural extension worker form common interest groups in a focal area they are working in. These groups are formed within a specified time frame and the membership is grouped in locations. The extension workers main reason to form groups is to meet their target. The extension workers do not work within the social structures established by the community but form groups according to the opportunities they are promoting and want to train on at that particular time. The CIGs may require strengthening and capacity building but the extension workers have to shift to another focal area and form more groups. This leaves the groups weak and not with support to move to the next level.
6.0 RECOMMENDATIONS

6.2 Recommendations
These recommendations are based on the findings of the research and discussions that have been presented herein. They are recommended to the ministry of Agriculture in their support to producer groups and also institutions supporting producer groups and the producer organizations like the Dairy Goat association of Kenya,

6.2.1 Capacity development of the Producer organizations
Producer organizations needs to be strengthened in their various roles

(1) Representation of the members
As the producer organization membership grows, the structures so created require to be changed to serve the need of the members. Decentralization of the decision making to the grassroots groups is only possible if the existing structures allow. The point of growth of the organization at which it is determined that there is need to create new structures to serve the members need to be determined from the feedback from the groups. These would mean strengthening of existing formal structures. For the case of DGAK there is needed to strengthen the representation of members at decision making level in branch meetings and to make the branch more autonomous in decision making.

The extension workers need to work with existing groups that have a common interest. These are groups formed by members with their own objectives and their own representatives. When extension workers create groups, they limit the representation of farmers as they may choose who to work with and in most cases is the elite farmers whom they can call by telephone or according to them is easier to access. There is need to allow the participation of farmers to decide what they want to be engaged in as producers. Kenyan agriculture being a mixed farming the possibility that every farmer has a particular crop within an area is very high. The extension workers should recognize that the social process takes time and they need to let it develop. This then will mean that how a program is developed, should incorporate the social process in group formation to incorporate the representation of farmers at grass root as well as policy level.

(2) Service delivery
This is an important starting point for dealing with producer group members. To strengthen the capacity of how well the producer organization delivers services to its members is critical to the success and growth of a producer organization. Demand driven approach in service delivery works well when members receive quality services relevant to their needs. The extension workers follow their work plan to meet the target number of trainings to be given to a certain group. This may not always be in line with the current need of the groups. A service delivered this way may not meet the needs of the individuals. The capacity of extension workers may limit how they give service to groups as they may not link the social and the technical processes while delivering services. The shifting focal area approach does not incorporate enough time to create linkages between farmers group of different varieties. There is therefore need to train extension workers on how to incorporate technical packages and the social process.

The trained farmers who offer trainings to other farmers require to be constantly updated with technical and social packages to help them offer relevant trainings to other farmers.
As producer groups grow this cost may be too high initially and the members may not see the relevance at that stage. The government, donors and development agencies should support the trainings of farmers to build up the staff base at the grass root. Although cross cutting issues like HIV/AIDS are important to be covered during training with the demand driven approach farmers will want to be trained with only what they have demanded to be trained on. POs need to be strengthened to cater for such cross cutting issues.

(3) Competency
Farmers’ organizations are based on local farmers’ groups which often require substantial strengthening in themselves. The technical public support in this case the extension workers require capacity development in moving from training to facilitation. This will assist them to identify what is relevant to the problems and opportunities raised by the farmers
Coordination of production and marketing makes it easier to search for buyers of a particular product. Capacity should be built among the managers and within the group’s leaders on how to organize and search for markets for their products either centrally or in a decentralized way. Quality maintenance should be controlled in groups.

Areas needing further research
There is need to do further research on the diversity of producers within a producer organization (the actors in the organization) and the different role they play. Kenyan agricultural system is mixed farming. A farmer may be involved in production of more than one produce and be involved in more than one producer group. Although this is a way of spreading the risk in case of failure in one production system it also spreads the resources thinly. These distinguish the performance of producer organization in developed and developing countries.
References


Ministry of Agriculture, 2006. *Internal impact assessment, national agriculture and livestock extension program, Phase 1*. Kenya: Ministry of Agriculture


Appendices

ANNEX: A

CHECKLIST FOR INTERVIEWING MEMBERS OF DGAK

1) Name………………………………………………………….
2) I.D …………………………………………………………….
3) Are you a member……………………………………………?
4) From When……………………………………………….

Member participation

5) What are the reasons for joining the organization?

6) What are the reasons for staying a member?

How is your group managed? How are meetings held and with whom?, How is the information collected about the group?, What is done with the information?

6) What makes you feel like a member of the organization?

7) What is your opinion on branch meeting?

8) How are you represented in the branch?

9) What other activities are you involved in as a group?

10) Who determines conditions under which these activities are done?

11) How did you join together as a group?

Service provision and benefits

12) What benefits do you expect from DGAK?

What products are you marketing through DGAK? Which ones not and why?

13) Are all services you require for dairy goat met by DGAK?

14) What services do you get from alternative sources?

15) How is the cost of these services met?

What is your feeling about the cost? How was the cost decided?

16) Who decides on the amount to be paid for the services delivered?

17) What are the reasons for getting services from alternative sources?

18) How do your group request for services?

19) What is your understanding on the structure of DGAK?
20) What is your opinion on the structure?

21) How are decisions made within the structure?

Support by other facilitating agents

22) How are the groups supported by the agricultural field extension workers?

23) What is your opinion on that support?
ANNEX: B

CHECKLIST FOR INTERVIEWING THE DGAK ASSISTANTS

1) Name ……………………………………..
2) No. of groups served……………………….
3) Duration with DGAK………………………..

Member participation

4) What is your opinion on why farmers join DGAK?
5) Do membership decrease or increase with time?
6) How do members participate in the groups?
7) How do members participate at association level?
8) What are the reasons for members staying or leaving a group?
9) According to you do all members meet voluntarily?
10) ) How do members participate in deciding on service delivery?

Service provision and benefits

11) How is the information on marketing of goats and milk channeled to the group?
12) How are decisions on service delivery made in DGAK?
13) How are members represented in the Decision making process in service delivery?
14) According to you what are benefit expected by members when they join DGAK?
15) How are the benefits met by DGAK?
16) How do the assistant link with group planning process?

Support by other facilitating agents

17) How are the groups supported by other agents apart from DGAK?
18) What is your opinion on the support given to groups by the ministry of Agriculture field extension workers?
19) What is your interpretation of the link of DGAK service provision and increased agricultural production?
ANNEX: C

CHECKLIST FOR INTERVIEWING LEADERS OF DGAK

1) Name……………………………………………………………………
2) I.D……………………………………………………………………
3) Duration as leader……………………………………………….
4) No. of groups……………………………………………………

Member participation

5) How do members participate in DGAK?
6) What is your opinion on members’ participation?
7) What reasons are associated with members’ participation in DGAK?
8) What is your opinion on the structure of DGAK and decision making?
   What is the role of members in the development of the structure of DGAK?

Service provision and benefits

9) What are the benefits of members belonging to the association?
13) How are these benefits achieved?
14) How is marketing coordinated?
15) How are decisions on marketing arrived at?
16) How is marketing information channeled to the groups?
17) How are services delivered to the members?
18) How are costs of services met?
19) How are the decisions on the cost arrived at?

Support by other facilitating agents

20) What is the role of other service providers to DGAK?
21) How are the field extension workers supporting DGAK?