

Revitalizing Agricultural Cooperatives through Enhancing Member Participation
A Case Study of Kilifi District, Kenya

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By

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This thesis is dedicated to my loving parents, Seth Kombo and Elmah kahache
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LIST OF ABBREVIATIONS

ABD	Agribusiness Development
COBA	Community Business Association
DANIDA	Danish Development Assistance
DFID	Department of Internal Development
FAO	Food and Agricultural Organization of the United Nation
ICA	International Cooperative Alliance
ILO	International Labour Organization
MOCDM	Ministry of Cooperative Development and marketing
SAIEA	Southern African Institute for Environmental Assessment
SAP	Structural Adjustment Program
SRA	Strategy for Revitalizing Agriculture
UN	United Nations
USDA	United States Department of Agriculture

ABSTRACT

The performance of agricultural cooperatives has been declining since the late 1980s and early 1990s. This has posed a major challenge to the agricultural sector where cooperatives were the main institutions, marketing and processing agricultural produce. It is also acknowledged that cooperatives play an important role in providing credit and supplying inputs to small scale farmers as well as introducing new technologies.

The Government of Kenya through the ministry of cooperative development and marketing is focused on strengthening the cooperative sector in order to transform cooperatives into vibrant, self-controlled and self-reliant economic entities, in line with the internationally accepted cooperative values and principles. In this regard the government has initiated a cooperative revival program targeting a number of cooperative societies in different districts in the country whose performance declined between the period of 1980 and 1990. The purpose of this study is therefore to contribute towards the revitalization of agricultural cooperatives in Kenya by making recommendations towards strengthening member participation in agricultural cooperatives in Kilifi district. This was done by analyzing the current member participation and by assessing the necessary and achievable changes required to enhance member participation in agricultural cooperatives in Kilifi district.

A case study was conducted covering two agricultural cooperative societies. Data was collected from both primary and secondary sources. Primary information was collected from twenty ordinary members, two society employees, staff from the department of cooperative in the district and seven committee members. Individual semi structured interviews were done with the members, employees of the cooperatives and the staff from the department of cooperatives. Two focused group discussions were done with the committee members of the two cooperatives. Secondary information was collected from literature which included documents and records from both the cooperatives and the department of cooperative development at the district.

From the findings, currently the members of agricultural cooperatives are only participating in the decision making process although the process is not inclusive as not all members are not involved. Members are not participating in the provision of resources to their cooperatives that is in terms of providing additional finances and taking their produce. The members are also not participating in the sharing of benefits despite the cooperatives having shared assets. The major constraint is that the members are not kept informed on what is happening in their cooperatives. Members do not have a cooperative education having joined the cooperatives when they were the sole buyers of their produce. There has been no recruitment of new members in along time hence denying the cooperatives the much needed new blood and young talent.

This study recommends that to revitalize the agricultural cooperatives there should be a massive member recruitment targeting all farmers in the society area of operation. The decision making structure of the cooperatives should be further decentralized to be within easy reach of the members. This will require the cooperatives amending their by-laws. Lastly, this study recommends that the ministry of cooperative development conducts needs assessment to find out from the members what services they would like the cooperatives to do for them.

CHAPTER ONE: INTRODUCTION

1.1 Background

The co-operative movement represents a significant sector of the world's economy. According to International Co-operative Alliance (ICA) and UN estimates, '1.1 billion people are members of cooperatives, and their economic activity employs 100million people'(DFID,2007).In Kenya one out of every five people is a member of a cooperative making up 63% of the total population participating directly or indirectly in cooperative based activities (MOCD&M, 2008)

The International labour organization (ILO) statement on the promotion of cooperatives (2001) emphasizes that cooperatives should be considered as one of the pillars of national and international economic and social development. This is because cooperatives play an important role in the mobilization of resources and the generation of incomes. It is acknowledged that cooperatives promote the participation of people as such they are regarded as highly democratic member based organizations that people rely on self help and their own responsibility to meet their social and economic objectives.

The Government of Kenya recognizes the important role played by cooperatives in enhancing the optimal performance of agriculture and other productive sectors of the economy. It also acknowledges cooperatives as suitable vehicles with the appropriate frame work for achieving the aspirations of most Kenyans. It is in this respect that it has put in place policies aimed at accelerating the growth and expansion of the cooperative movement.

Until the early 1990s agricultural cooperatives formed the backbone of the cooperative subsector in Kenya. Most agricultural commodities were produced and marketed through cooperative societies .It is appreciated that cooperatives during that time handled more than 70% of all the commodities produced by small holder farmers (MOCDM 2006). The cooperatives provided an avenue for collecting, bulking, processing and transporting agricultural produce, handling members' payments and supplying seed and farm inputs to the members.

However economic liberalization that followed the implementation of the Structural Adjustment Programs (SAPs) heralded a new economic environment for agricultural cooperatives that saw the emergence of a competitive market economy. Prior to liberalization the cooperatives had a monopolistic status and they used to buy produce from farmers and deliver it to statutory marketing boards which used to manage the marketing (Wanyama, 2004).Apart from the monopoly position enjoyed by most cooperatives,the prices of the various agricultural commodities used to be fixed and announced by the ministry of agriculture.

To be Consistent with the new economic environment that was sweeping across Africa, the government introduced new policies and legislations ostensibly to liberalize the cooperative sector as well. The management of cooperatives was put in the hands of members in line with the internationally accepted cooperative principles. The role of the government was restricted to that of creating a conducive environment for the development of a member based, member controlled, democratic, autonomous, self sustaining and commercially viable cooperatives (Government of Kenya, 1997).

The fundamental assumption was that the ordinary cooperative members would be fully involved in approving major transactions, investments and appropriation of resources. It was envisaged that the members of the cooperative would play a big role in the running of their institutions.

Though these reforms were a welcome move in the development of an autonomous, self managed and sustainable co-operative movement, many cooperatives had not been adequately prepared for this new management approach and competitive environment. This coupled with the collapse of the policy and legal framework that had regulated the sector before led to bad governance of the societies and an overall decline in the performance of cooperatives, leading to impoverishment of members and loss of markets. This notwithstanding, it is acknowledged that there has been a decline in the overall performance of agricultural cooperatives. Wanyama (2006) States that a study commissioned by International Cooperative Alliance on the status of marketing cooperatives in 2002 indicated that 30% of the agricultural cooperatives were dormant, the governments annual returns of the same year indicated that 3,173 agricultural cooperatives were active and 1,075 (representing 25%) were dormant. The cooperative development policy of Kenya (2008) indicates that the national share of commodity marketing cooperatives with the exception of dairy cooperatives have fallen below fifty percent (50%) of the total marketed produce (MOCD&M, 2008).

In Kilifi district, until the advent of the free market regime brought by the implementation of the SAPs, agricultural cooperatives and their members thrived despite the inefficiencies in the sector. The cooperatives used to market virtually all the major cash crop found in the region, however the advent of the free market regimes changed how farmers and their cooperatives conducted their business. Presently only four out of the ten registered agricultural cooperatives in the wider Kilifi (including Kaloleni district) can be said to be relatively active.

The declining performance of the agricultural cooperatives is one of the challenges confronting the agricultural sector and it is in this respect that the Government of Kenya strategic vision of 2030 and the strategy for revitalizing agriculture (SRA, 2004-2014) recognizes the importance of cooperatives and farmers organizations in enhancing the optimal performance of the agriculture and other productive sectors. The MOCD&M development policy (2008) focuses on strengthening the cooperative sector in order to transform cooperatives into vibrant, self-controlled and self-reliant economic entities, in line with the internationally accepted cooperative values and principles. It also seeks to enhance the sectors role in finding solutions to the national development challenges of wealth creation, employment creation and poverty reduction.

1.2 Problem statement

The efforts of the Government of Kenya are geared towards revitalizing the Cooperative Sector and making it vibrant and self sustaining. In this regard the government has initiated a cooperative revival program targeting a number of cooperative societies in different districts in the country whose performance declined between the period of 1980 and 1990s. However the department of cooperative in Kilifi lacks a clear understanding of how members of agricultural cooperatives are currently participating.

1.3 Objective of the study

The objective of this study is to contribute towards the revitalization of agricultural cooperatives in Kenya by making recommendations towards strengthening member participation in agricultural cooperatives in Kilifi district.

1.4 Main research question and sub-questions

Main research question

1. How are the members currently participating in the agricultural cooperatives in Kilifi District?

2. What are the necessary and achievable changes required to enhance member participation in agricultural cooperatives in Kilifi District?

Sub questions

- 1 What is participation in agricultural cooperatives?
- 2 What are the requirements for member participation in agricultural cooperatives?
- 3 How are the members of agricultural cooperatives in Kilifi District currently participating?
- 4 What are the strengths and limitations on the current member participation in agricultural cooperatives in Kilifi District?
- 5 What are the opportunities and threats to member participation in agricultural cooperatives in Kilifi District?

1.5 Organization of the thesis

This thesis is organized into six main chapters with an introduction of themes discussed in each chapter.

Chapter 1 gives a general introduction of the thesis. It outlines a brief introduction of the problem, provides the statement of the problem and gives the objective of the study and the research questions.

Chapter 2 discusses the literature review/conceptual framework which are discussed in the form of themes.

Chapter 3 outlines the methodology used in the research, it gives the research design used, the sampling technique used, the population used for the study, data collection methods used and the data analysis methods employed.

Chapter 4 presents the results of the study from the interviews conducted and from the secondary sources from the both the Ministry and the cooperative societies.

Chapter 5 discusses the findings according to the themes and tries to relate the findings with those of other scholars.

Finally chapter 6 gives a general conclusion of the major findings and the recommendations.

CHAPTER 2: CONCEPTUAL FRAMEWORK

This chapter presents a review of literature related to the research objective which is to contribute to the revitalization of agricultural cooperatives by making recommendations for strengthening member participation in agricultural cooperatives in Kilifi District. The format of the chapter follows the sequence of the research sub questions.

Participation in agricultural cooperative

2.1 Cooperatives

The international cooperative alliance (ICA) statement on the cooperative identity, defines a cooperative as.... *an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (ICA, 1995)*. This definition emphasizes that cooperatives are independent organizations, not owned by anyone other than the members. Cooperatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity and they operate on the ethical values of honesty, openness, social responsibility and caring for others. The 1995 statement also established seven principles that guide the manner by which co-operatives put their values into practice, these principles are outlined below

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination

2nd Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member-one vote) and co-operatives at other levels are also organized in a democratic manner

3rd Principle: Member Economic Participation

Members contribute equitably to and democratically control the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their membership

Another widely accepted cooperative definition according to Zeull and Cropp (2004) is the one adopted by the United States Department of Agriculture (USDA,) in 1987 which states 'a cooperative is a user owned, user controlled business that distributes benefits on the basis of use'. The definition captures what are considered as the three primary cooperative principles which are user ownership, user control and proportional distribution of benefits.

There are various types of cooperative societies, although they work on the same principles they differ on the activities they perform. This study focuses on agricultural cooperative societies which are business organizations owned by farmers to collectively sell their produce. These types of cooperatives are also known as producer organizations which according to the World Bank (2008) they are membership based organizations or federations.

2.2 Participation

Participation has different meanings to different people, while for some; it is a matter of principle; for others, a practice and for still others, an end in itself. Participation can take various forms; it may be through consultation, which is essentially getting people's views on an issue without any obligation to take on the views expressed beyond just listening to them. It may also be the provision of material or financial resources without much control over their usage. Participation is also the involvement of all stakeholders in all stages of a programme/project, including conceptualization, planning, implementation, monitoring and evaluation.

The World Bank Participation Sourcebook (1998) defines participation "*as the process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them.*" SAIEA, (2005) on the other hand defines participation as; *to take part in or become involved in a particular activity; or a process through which stakeholders influence, and share control over development initiatives, decisions and resources which affect them.* The following best practices leads to constructive and meaningful engagement of the stakeholders according to SAIEA (2005).

- Early engagement of stakeholders
- Inclusivity,
- Transparency and honesty
- Independent facilitation
- Accessibility to information and information
- On going feedback and acknowledgement and
- Respect and fairness

Participation has also been described in terms of a continuum, levels or degrees of participation by various scholars, Pretty et al,(1995) highlighted the following levels of participation as shown in the table below;

Typologies of participation

1 Passive participation

People participate only in being informed of what is going to happen or what has already happened

2 Participation for material incentives

People participate in providing resources, for example labor, in return for food, cash, or other material incentives

3 Participation in information giving and by consultation

People participate by answering questions posed by researchers using questionnaire surveys or similar approaches. People do not have the opportunity to influence the proceedings, as the findings of the research are neither shared nor checked accurately

4 Interactive participation

People participate in joint analysis, which leads to action plans

5 Self-mobilization or active participation

Members participate by taking initiatives independent of external institutions or management to improve their cooperatives. Their management may develop contacts with external institutions for resources and technical advice they need, but members retain control over how resources are used

Leeuwis (2004) sums it up by saying; all the different criteria for levels of participation are based on;

- Information input
- Decision making authority and
- Different key functions

Participation has no final meaning according to Chambers, 2005 and that each individual person or group of persons should puzzle out themselves what they think it should mean.

In cooperative societies participation has been interpreted in various ways too according to the different typologies; however it is only the fourth and fifth types of participation of Pretty et al that apply to true cooperatives.

The agricultural cooperative development manual for trainers by FAO defines cooperatives as participative self-help organizations in that the members are also co owners and have both the rights and obligations of participating in goal-setting, decision making and control or evaluation processes of their cooperative. It further stresses that members need to act as both users and owners of their cooperatives through participation at three levels:

- Participation in provision of resources (input participation) e.g. contribution of capital, labour, delivery of produce,
- Participation in the decision-making processes of the cooperative organization as a member in the general assembly, section meetings, work groups, committees or as an elected leader on the board.
- Participation in the produced benefits (output participation), by sharing the surplus earned during the year by the cooperative enterprise, in the form of a patronage refund, interest on share capital, or the use of joint facilities and services.

The above principles or participation levels are supported by Dunn et al (2002) who says the user owner, user control and user benefit principle provide the framework upon

which cooperatives can be assessed. He adds that to be a true cooperative, an organization must adhere to all as none of the three principles can be adhered to.

In this study then participation is defined as above that is

Participation in the provision of resources

Participation in the decision making processes

Participation in the produced benefits

2.2.1 Participation in the provision of resources.

According to Zeuli and Cropp (2004) the cooperative members are supposed to finance the cooperative and to own it. They further state that members are responsible for providing at least some of the cooperative start up capital.

According to the cooperative societies act of Kenya, person of either sex who ordinarily resides or occupies land within the societies area of operation is eligible for membership. It further state that states that no member of a co-operative society is allowed to exercise any of their rights as members unless they make a subscribed payment to the cooperative in respect of membership.

Manyara (2004,p 109-110), also states that among the obligations of a member is to buy and pay up for shares or make any other payments provided for in the by laws.

In this study participation in the provision of resources is meant members participation in the

- Contribution of the share capital
- Delivery of produce

Members share capital

The members share capital represents the individual member's commitment to their cooperative and it is the major source of capital to many cooperatives. As indicated in the requirements above it is what gives the member right to do business and participate in the decision making processes of the cooperative. In a co-operative, a uniform membership fee implies that all members have an equal share, and the votes are usually distributed according to the one member-one vote principle. This means that each member has the same responsibility and incentives to participate actively in the running of the organization

According to Rouse& Pischke (2004) one of the main limitations of traditional member shares is their fixed value which creates a Free Rider Problem because newer members benefit from the accumulated investments made by past and older members. They also point out that some agricultural cooperatives neglect to pay returns on members' shares. The conditions under which cooperative members may provide additional share capital to their organization depends on the rewards or incentives they receive, or expect to receive in return. (Rouse, 1998),he further says that the terms under which members provide additional finance influences the way the cooperative is governed and the level of member participation together with the overall performance of the cooperative.

According to Dunn et al (2002) one of the challenges facing agricultural cooperatives is accumulating sufficient capital, to finance improvements and expansion of services. This is because the common practice in cooperatives is that of encouraging membership by requiring only small amounts as initial investment to acquire ownership. They further say that farmers mostly are unwilling to put extra investment i their cooperatives but there could be ssome farmers are willing and able to finance their cooperatives if offered the right incentives.

A fundamental building block towards an active and involved membership entails recruiting new members and working with them to meet the contemporary needs of members and co-operative objectives. The democratic regeneration of co-operatives lies with building and renewing the membership base.

Members produce

The formation of cooperatives was to enable farmers to achieve economies of scale and it was envisaged that it would give them some additional power as they would be able to bypass the middlemen who were perceived to be engaging in an ethical behavior. A key ingredient in farmers marketing cooperatives was to develop trust among the farmers. According to Prakash, (2000) middlemen thrive where cooperatives are unable to respond to the marketing needs of their members and the members get hooked into the vicious circle which the cooperatives are meant to break. He adds that in agricultural cooperatives member economic benefits are the most important as members are ready to sell where they will obtain timely and sufficient funds. This argument is supported by Rouse&Pischke (2005) who add that prompt payment of members produce is important especially where there are competing buyers. Prakash adds that if the expectations of the members are not met, the members get disoriented from their cooperative and their participation in the cooperative reduces.

Lasley et al (1997, p 7) argue that strong, vibrant cooperatives lay a strong emphasis's on business ethics and ethical practices and that membership loyalty and participation are low where trust does not exist or where ethical standards have not been established or enforced. Conversely, rates of loyalty and participation are higher where ethical standards and trust have been emphasized loyalty should be viewed as an outcome or product of sound business ethics which creates a climate of trust within cooperatives'

2.2.2 Participate in the decision making process

Gray and Kraenzle (1998) state 'Member participation in the governance aspects of the organization gives cooperatives their distinctive character

According to Zeull and Cropp(2004),member participation in the decision making process of their cooperatives is in line with the user control principle ,they state members of the cooperative govern the business directly by voting in significant and long term business decisions and indirectly through their representatives on the board of directors.

The supreme authority of a cooperative society is vested on the general meeting where the members shall have the right to attend, participate and vote on all matters (Manyara, 2004, p118).; This means that the general meeting makes all basic decisions regarding the structure and operation of the cooperative and any decisions made at a general meeting override decisions made in any other forum. The decisions made at the general meeting are supposed to bind all members.

The governing authority of cooperatives on the other hand is vested upon the management committee. The act states,'the committee shall be the governing body of the society and shall, subject to any direction from a general meeting or the by-laws of the co-operative society, direct the affairs of the society' (Manyara.2004,p122).

Participation in the decision making in this case is looked at two levels, that is

- Participation by members
- Participation by the management committee/leadership

Buckley (2007) states four factors that affect members to exercise their ownership and control, these include

- The capacity of the members in terms of knowledge and skills and the confidence to exercise their rights.
- The formal structures and rules, these define the members' rights and formal system of decision making and control such as voting rights.
- Motivation and trust, where the members do not have trust in the decision making process.

Kraenzle & Gray, (1998) (Kraenzle, 1998) point out that the members meeting is the most democratic aspect of the cooperative and that when members attend they have a chance of articulating their needs and imprinting the cooperative with their voices. This way they increase the possibilities of shaping the cooperative in their interests. They further point out that those members who do not attend have little input in the decision making including the election of leaders of their choice.

Zeull and Cropp (2004) state that the most important obligation of members is participation in the governance of their cooperatives which means

- They have to be kept informed about the cooperative,
- Attend meetings and
- Take their turn in serving in the committee

They further lay down the membership responsibilities which include members

- Attending and actively participating in all cooperatives members general meetings
- Serving in cooperative committees
- Keep informed about the cooperatives
- Elect and removal of cooperative directors.

The above is in agreement with the cooperative societies act (Government of Kenya, 1997) which states that members have the following rights;

- Attend and participate in decisions taken at all general meetings of the society and vote;
- Elect or be elected to organs of the society, subject to its by-laws;
- Enjoy the use of all facilities and services of the society subject to the society's by-laws;
- All legitimate information relating to the society, including: internal regulations, registers, Minutes of general meetings, supervisory committee reports, annual accounts, inventories, and investigation reports, at the society's head office

This study looked at member participation in terms of the above mentioned, that is members general meetings, election of committee members, information education and training.

General meetings

The cooperative development manual for trainers by FAO, (2001) lays out circumstances that may make members not to participate effectively in the decision-making process. These are Members may not be able to understand the complexity of the issues which call for a decision;

- The organization of the meeting may make effective decision making difficult (e.g. too many people);
- One group may dominate the meeting preventing effective discussions;
- The cooperative has grown so big that the management keeps all the information to itself, reducing the importance of the role of the members in decision-making

Member Information, education and training

Co-operators will only be able to advise on what they expect their cooperative to do, if they first appreciate in the first place what cooperatives are and the potential that they offer for personal advancement (Manyara, 2004).

This is in line with the principal on education, training and information which stresses the importance of training within cooperatives.

Prakash () state that to facilitate the process of member participation, member involvement and empowerment cooperatives need to undertake comprehensive programs for member education.

Goethe says “*one does not possess what one does not know and comprehend.*” A new generation of members will not understand what the cooperative is or why it came about. Cooperative's existence and its degree of success depend largely on how well members understand what it is and how it operates. Understanding the cooperative as an owner enables the member to make business decisions, either directly or through elected representatives. Members who understand their cooperative likely will have fewer questions or complaints. When they do, they will know better how to go about getting their concerns resolved. According to FAO (2001), active and effective participation of members, requires effective communication. Good communication and the free exchange of information are at the heart of all successful development of cooperative organizations. Members' understanding of their cooperative enables them to offer constructive criticism and suggestions and to make enlightened decisions affecting the cooperative's future. Cooperatives therefore undertake comprehensive programs for member education in order to facilitate the process of member participation, member involvement and empowerment.

Dexter et al () state that of utmost concern to cooperative management should be the extent to which members perceptions are based on correct information as the economic survivability of any agricultural cooperative ultimately depends on member support. More so cooperatives are trust based organizations and transparency and communication increase members trust .Transparent information flows aid the building of shared decision-making and of trust between members and leaders.

Leadership /Management

The role of the management committee is to make major strategic decisions. In making these decisions they may be influenced by;

- Their experience, background, skill and competences
- Personal relationships within the committee
- Management committee personal characteristics like age, social class ,education background
- How long they have worked in the committee

Buckley (2007), states that strong leadership is critical for the success and can help build trust and confidence among members.

The cooperative society act in Kenya vests the cooperative society act states the criteria for one to be elected in the management committee (Manyara, 2004 p122-123)

- Is a member of the co-operative society;
- Is able to read and write;
- Is not a committee member in two other co-operative societies;
- Being a member of a co-operative society which trades in goods or produce, does not trade either on his own account or some other person's account in the same type of goods or produce;
- Has , within thirty days of being appointed, declared his wealth to the

- Commissioner in the prescribed manner;
- Is not un-discharged bankrupt;
- Has not been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding three months;
- Does not have any un-cleared debt owing to a co-operative society at the end of its financial year other than in respect of a loan under the provision of any rules made under this Act; and

The cooperative society's rules (2004) further states that 'the committee of a society shall be elected for a term of three years and no member shall be elected to the committee for more than two consecutive terms'. According to Manyara (2004, p, 125) the success of any cooperative depends on the efficiency and competence of the management. He argues that that the shortcomings in cooperatives arise from the emphasis on managing and the consequent under emphasis on directing which means showing the way ahead or giving leadership..

The Committee is entrusted with the management of the cooperatives on behalf of members. Being agents; they must obey and execute the instructions of the members who are the supreme authority in the cooperative. Must always keep the members informed. Komo&Nyoro, (2005) identified no skilled board members and poor or lack of communication between members and board members as one of the failure factors for agricultural cooperatives

Effective boards of directors are critical to cooperative success. Given the complex and fast-changing circumstances facing cooperatives today, developing strong leadership at the board level remains a big challenge to many cooperatives. There are concerns that the committees make popularity decisions based on internal politics since these are elective positions. There is a concern that they never grow in a leadership sense. O'Connor, (2001) raises his concerns on the area of governance in agricultural cooperatives. He points out that the boards of cooperatives are likely to be made up of only farmer members who may lack a range of business skills. The voting system is also likely to result in the election of board of directors with political skills. He suggests the appointment of outside directors while ensuring the members retain the majority of the positions. This is supported by Shaw (2006) who agrees that issues for co-operative boards derive from their elected status which provides no certainty that the director will hold the rights skills mix and knowledge to effectively scrutinize management decisions. The situation is made worse by low levels of member participation in the democratic processes which could be addressed by better education and training of board members. The use of co-opted members is also suggested as a solution to address skills deficits According to the World Bank agriculture for development report (2008) one of the challenges faced by producer organizations is that of achieving fair representation. The report says leaders tend to be older males; it raises concerns that women and young producers are not fairly represented and that it's important for public social services to help in enhancing the capacities of the weaker members. The report suggests that decision making and information and communication systems should be made more transparent in order to empower members and improve the governance of the organization by enforcing leaders' accountability towards their members.

DFID (2007), points out those directors of cooperative can take deliberate steps to make sure that members cannot participate, becoming self-perpetuating groups, holding meetings without telling members. It further adds that there should be mechanisms in place to evaluate the performance of directors and making sure the directors are

representative of the members they represent. The role, cohesion, solidarity and integrity of the board of directors are essential elements for the performance and relevance of the co-operative within the market place and its broader social setting. Therefore it is important to have clear procedures for the selection and election of directors, plus to provide induction programs and on-going training and professional development

2.2.3 Participation of members in the produced benefits

As has been stated elsewhere in this report, for agricultural cooperatives to be successful members are supposed to participate in the produced benefits by

- Sharing the surplus earned during the year
- Use of joint facilities

According to Manyara (2004) the benefits of a member from a cooperative derive from the members' participation in the cooperative. Any surplus or saving arising out of the cooperative should be distributed among the members in proportion to their participation in the services of the cooperative.

Dunn et al (2002) further adds that benefits available to cooperative members include both the right to receive services and to share in the earnings. He emphasizes that cooperatives must ensure that benefits go to the members on the basis of investment. However they further emphasize that cooperatives must be profitable. As economic businesses they must focus on solving business problems and providing value to their members as if they don't, members will stop patronizing them and they will just fade away. Agricultural producers have an incentive to form and support a cooperative when it provides benefits they would not obtain by acting independently.

CHAPTER3: METHODOLOGY

This chapter presents the research methodology adopted for this study. It is organized in six sections: the study area, the research strategy is described followed by the study population and the sampling procedure. The data collection method will follow together with the significance of the study. Lastly we have the limitations to the study and the data analysis.

3.1 Study area

The research was conducted in Kilifi district which is one of the thirteen districts of the coast province in Kenya. The district lies between 3° 16' south and about 4° south, 39° 05' east and 40° east. The district covers an area of 3,870.2 sq km and borders the Indian Ocean to the east.



3.2 Research Strategy

The strategy chosen in this research was a case study; this is because this method allows researchers to gain an understanding and insight into the objects under study. Researcher's especially social scientists have widely used this qualitative research method to examine real life situations. The aim of this research was to get an insight into member participation in agricultural cooperatives and at the same time explore the opportunities for increasing member participation so as to lead to the revitalization of the agricultural cooperatives. This strategy was chosen as the researcher wished to have an in depth understanding of the general member participation by getting first hand information from the respondents themselves. The method also allowed for triangulations of information from different sources. The case study was carried out in two agricultural cooperative societies to get members opinions from different areas of the district. The study was conducted over a period of eight weeks within which data was collected and analyzed.

3.3 Population size

The population of the research was comprised of ordinary members of the agricultural cooperatives, management committee members, employees of the cooperative societies and a member of staff from the department of cooperatives in charge of supervising the

cooperatives based at the district. There were a total of twenty ordinary members, two employees', seven committee members and one staff from the department of cooperative

3.4 Sampling Procedure

The sample was purposively selected taking into consideration the two cooperatives area of operation, care was also taken to ensure that both genders were included in the sample. The researcher first had a discussion with the staff of the department of cooperative development at the district in determining the cooperatives to carry out the research. The cooperatives cover two divisions of the district; the researcher then visited the cooperative societies where she selected members' from different areas covered by the cooperatives.

3.5 Data Collection

Data was collected through both secondary and primary sources.

Secondary data was collected from annual reports both at the headquarters and the District. Records from the cooperatives like the member's registers and minutes were used to collect secondary data. Additional information was gotten from the cooperative policy and cooperative legislation including the societies by laws.

Primary data was collected by conducting semi structured interviews; a checklist was prepared to guide in asking the questions. The members provided information on how they participate in their respective cooperatives, how they get information from their cooperatives and their perceptions on their cooperatives leaders, the support services they get from the department of cooperatives and the opportunities for members to participate more.

Two focused group discussions with the management committees of the two cooperatives were conducted where information on the exchange of information with their members, their perceptions on the services provided by the department of cooperatives, opportunities for increasing member participation. The management staff of the department of cooperative at the district was interviewed to provide information on the services they provide to the cooperative society members, opportunities for increasing member participation, their perception of the leadership .The cooperative society employees were interviewed on the participation of members, how they exchange information with the members, services provided by the department of cooperatives and how they perceive the leadership of the cooperatives.

3.6 Importance of the study

This study is viewed to be significant to the Ministry of cooperative Development and Marketing which oversees the Cooperative movement. It is also significant to the department of cooperative in kilifi district. The study is important to the agricultural cooperatives in kilifi and the other districts in the coast province.

3.7 Data analysis

The data collected from the interviews was grouped and summarized using descriptive methods. The researcher then sought to discover themes, patterns, associations, explanations and general statements in the two cooperatives. The SWOT (Strengths, Weaknesses, Opportunities and Weaknesses) method was also used since the aim of the study was also to assess the necessary and achievable changes required to enhance member participation in agricultural cooperatives in kilifi district?

3.8 Limitations of the study

CHAPTER4: FINDINGS

This chapter covers the presentation of the findings of the study .The findings are mainly presented in a descriptive and narrative form and follow the format of the sub questions that is how do members of agricultural cooperatives in Kilifi District participate in the provision of resources, in the decision making process of the society and in the sharing of benefits.

4.1 How do members of agricultural cooperatives in Kilifi District participate?

4.1.1 Participate in the provision of resources

Provision of finances

From the bylaws of the cooperatives members provide finances to the cooperatives by paying shares. From the two focused group discussion with the committee members it emerged that initially to join the cooperatives one had to pay a membership fee of \$0.08 and one share which is equivalent to \$0.40.The majority of the members interviewed lay in this category. However according to the current by laws of the cooperatives which had been revised, to join the cooperative one has to pay a membership fee of \$3 and shares worth \$15.However all the old members interviewed had not updated their share capital. From the members registers and the annual reports from the department of cooperatives one cooperative had a membership of 880 members and a total share capital of \$1,190 while the other cooperative the register was not updated neither were the statistics from the department of cooperative at the district. From the individual interviews with the members in the cooperatives twelve (12) were old members while four (4) had inherited membership from their parents, two (2) were fairly new members and had paid approximately \$ 3 to join the cooperative.

Members produce

From the Department of cooperatives annual statistics for the District for the year 2007 /2008 one cooperative had purchased 3,900 kg of members produce worth \$ 154.From the other cooperative the last time the society purchased members produce was in 2004/2005.

From the interviews with the members most of them said that they were not delivering their produce to the cooperatives as the cooperatives were not buying. Instead they were taking their produce to middlemen who buy at farm gate. The members expressed that they were not happy with the prices they get from the middlemen in that the prices are erratic and not stable but at least they are paid cash on delivery.

From the group focused discussion the reason given to why the cooperative was not buying the members produce was lack of working capital to compete effectively with the other buyers. The other competitors have their buying points very near the farmers and in some cases they employ people to go up to the farm gates, on the other hand the cooperative buying centres are far apart. Even where the cooperative buy, there is stiff competition in terms of price whereby the competitors increase the price to attract the members to deliver their produce to them. The other reason advanced was that there was no level playing field for competition since the market was unregulated. It was alleged that the other buyers were using unorthodox methods like tampering with the scales so that in the end it looked like they were giving a more favourable price to the farmers than the cooperative. From the focused group discussion , interviews with the

employees of the cooperative and the staff from the department of cooperative a major reason given for members not participating in taking their produce was that they want to be paid cash on delivery. It was added that the farmers are poor thus they can not wait to be paid later as they were eating from hand to mouth.

From the interviews with the members' six out of the twenty respondents said that members were not taking their produce to the cooperative because of late payments for their produce and in some instances members were never paid. A few of the members raised the issue of price as the reason stopping them from taking their produce to their cooperatives.

4.1.2 Participation in the decision making process

Members' general meeting

According to the cooperatives by laws which are in conformity with the cooperative societies act the cooperatives are supposed to call members general meeting within four months after the closure of their financial years to present their audited accounts, it is also a requirement that the members approve the budget for the preceding year at least three months prior to the closure of the cooperatives financial year. In one cooperative the last members meeting held was in 2006 while in one they had held a members special general meeting in may 2008.

The reason given by the cooperative that had not called a members meeting was that they had not fulfilled certain requirements like auditing their books, however their employee felt the committee is not calling the members meeting because they fear being taken to task by the members. Even in the cooperative that had called a special general meeting only 50% of the total–membership of 880 members attended.

From the interviews with the ordinary members only seven out of the total 20 members interviewed responded that they had attended the last members meetings called in their cooperatives. The reason raised for not attending mostly was they were not informed of the meetings on time, or were not aware of the said meeting held. Some of the members interviewed responded that they got letters calling them for the meetings but they got them late, sometimes even after the meeting had already been held.

From the focused group discussions the means used to communicate to members was mainly through letters and verbal communication; this was concurred to by the responses from the individual interviews but a few added that they are communicated through the mobile phones. Area committee members are the ones given the letters to distribute to the members and sometimes they pass them on to other members as it's hard for them to distribute them all. The venue of the meeting also posed a problem to some members since it entailed them travelling and using bus fare to reach the meeting venue. The meetings ended up being dominated by the members from the surrounding environs.

One focused group revealed that the committee do not send letters to all the members but just send enough to meet the quorum which was only sixty members. This revelation confirmed the members concerns that they were not getting letters calling them for meetings. In another focused group discussion with the committee members said that

they address the letters to the members whose names appear in the members register where it happened most of them are dead!

There is a member who gave his reason for not going for the members' general meeting as he found the meetings to be disorganized.

Among the functions to be performed in a general meeting are adoption of the audited accounts, approval of budgets and election of committee members. On audited accounts one cooperative had its latest accounts as those of 2002 which it presented to the members in 2007. For the other cooperative their books were last audited in 1991.

On budgets both cooperatives had budgets but only one had presented it to their members for approval.

On elections from the individual interviews some members did not even know who the committee members were meaning that they did not participate in the elections. In one ward the members exposed that during the last elections the committee representative of the area gave a return bus fare to members to go for the meeting and vote for him.

Some members felt that the committee were misusing the majority vote rule when they wanted the members' approval.

When the members were asked why they are not calling the meetings where they had not been convened and yet the law allows them, they responded that they were not aware of such provisions of the law.

Information education and training

One of the members' obligations according to the cooperatives by laws is to attend and participate in members education meetings. In both cooperatives the last time they had carried out extensive members' education programs was in 2004. However the researcher found the cooperatives were in the process of organizing member awareness meetings in all the locations. The researcher had the opportunity of attending one such meeting in one of the locations. They were organizing the meetings through the courtesy of a local community based organization by the name UJAMAA. The same NGO had organized another education meeting where the cooperatives sent twenty members each to participate. From the members interviewed three (3) had attended the said meeting.

One of the functions of the MOCDM is education and training and according to the Ministry's strategic plan the education and training department is responsible for

- Empowering members to understand and apply the Co-operative Societies Act and Co-operative Development Policies
- Disseminating relevant information on the development of co-operatives

In the same strategic plan the ministry acknowledges that due to budgetary constraints, it has not been able to adequately provide appropriate education and training.

This sentiment was concurred to by the ministry staff at the district who said funding of the members education was the responsibility of the respective cooperatives. In the cooperative development policy (MOCDM, 2008), the funding of cooperative education is the responsibility of the cooperative movement and to some extent the Government.

The ministry staff at the district confirmed that the position of the ministry has now changed and that from late 2007 it had started providing funds for capacity building. Despite this improvement, he said the department at the district is still constrained in terms of human and financial resources.

From the focused group discussion, it was said that the cooperative department at the District had in conjunction with Agricultural Business Development (ABD) of DANIDA , and COBA a local NGO had organized two seminars for the committee members of the two agricultural cooperatives where 15 committee members from the two cooperatives attended.

In terms of networking with the national cooperative (NACOS) ,the cooperatives felt they are only involved during elections only.

Majority of the members interviewed said there was poor or lack of communication between the cooperatives and the members. Some of their concerns were that the cooperatives do not keep them up to date with what is going on in their cooperatives It also came up from the interviews that members lack awareness of their cooperatives, Most of them are not aware of even their rights, some are just members but do not even understand what the cooperatives stand for, one member said they were told too join as the cooperative is good for development. From the interviews when members were asked how they got information to join the cooperatives they said they joined because they just wanted a place to sell their produce. Some of the members said they had been selling their produce to the cooperatives before they were asked to join. When asked by the researcher what the cooperative is the reply was the member thinks the cooperative has something to do with business or farming. Some members raised the issue of lack of members' education as a constraining factor.

It was surprising to the researcher that the cooperative members including the committee members are not aware of any services provided to cooperative members by the ministry. In fact from the focused group discussions it was said that the ministry should stop sitting on the fence. They further said that the presence of the ministry is not felt and that it is selective and concentrate only where there is political pressure. The Ministry it was expressed just provides the policy and not the funds.

Management/Leadership of the cooperatives

Both the cooperatives in this study had an elected committee in place, in one cooperative the committee was comprised of nine members while in one they were eight having lost one through death. There was only one woman in the committees of the two cooperatives. The education levels, number of years served and their ages are summarised in the tables below;

Table 1 Age of committee members

	AGE				
	Less than 50 yrs	55 to 60 yrs	61 to 65 yrs	66 to 70 yrs	Total
Cooperative A	0	3	1	4	8
Cooperative B	1	2	5	1	9
Total	1	5	6	5	17

Sixteen out of the seventeen committee members in the two cooperatives are aged fifty years and above.

Table 2 Committee members level of education

	EDUCATION LEVELS			
	Nil	Primary level	Secondary level	TOTAL
Cooperative A	3	5	0	8
Cooperative B	0	6	3	9
TOTAL	3	11	3	17

Fourteen out of the seventeen committee members of the two cooperative societies had not attained secondary level education.

Most of the committee members are serving their first or second term as committee members however there are a few who have been in leadership for more than ten years as shown in the table below;

Table 3 No of years served in the committee

	Number of years served				Total
	Less than 3 years	4 to 6 years	7 to 10 years	More than 10 years	
Cluster A	1	4	1	2	8
Cluster B	1	6	1	1	9
Total	2	10	2	3	17

Both cooperatives had conducted their elections in 2005 therefore elections are now due to be held.

From the interviews with the individual members one of the members was representing his cooperative in the District farmers union; two were in the supervisory which acts as the watch dog of the cooperatives while one had served the position of a chairman in the 1990s.

The members had the following views about the leadership of their cooperative; Poor leadership was also seen as major constraint, the issues surrounding leadership were on accountability, commitment, honesty members not knowing some of them. From the members interviewed the members had diverse views on the leadership, the views of the members are found in the following expressions;

The committees members are not working as how come our assets are getting lost while they are watching."

"They are not accountable to members as they keep on changing positions"

"The committee members are clinging to their positions and have brought politics in leadership"

"It is lost, and it's not committed"

"The committee members are not cohesive and some of them have overstayed"

"They are self interested and not honest"

"Where do we get them if we want them?"

The staff from the cooperative department based at the district had the following to say about the cooperative leadership;

"It is too old such that when you plan with them they don't make follow ups".

He also raised concerns on the level of education of the leaders.

However in one of the cooperative in the study five out of the ten respondents had no problem with the leadership and they felt it was fairly good.

Participation in the produced benefits

Shared assets

One of the cooperative has a farm while both of them have buildings. For the cooperative that has a joint farm, the farm was subdivided and sold to pay land rates. The farm was not sold to the old members who had participated in buying the farm but the sale was left open to anyone who could afford to pay. New members joined the cooperative then in order to get the subdivided plots. Members felt the cooperative had abandoned the key objective for which it was formed and that is marketing of members produce. The sale of the plots has generated some bad will between the committee and some members. Some of the members had even taken the matter to a lawyer. One member had the following to say, 'the cooperative is for those members where the cooperative has a farm! One member saw the members who had joined the cooperative to buy the plots as a major constraint to member participation. The farm had brought an element of ethnicity within the cooperatives.

The cooperatives have assets inform of buildings, some of the buildings had been taken over by the provincial administration or where the societies had rented out the buildings it was benefiting the committee members who use the money to pay themselves allowances

Members complained of negligence or lack of care as far as the society's assets are concerned. From the individual interviews with the members many of the members interviewed said they were not seeing the benefits of being members of the cooperatives. One member said it's like they are being told folk tales as there are no benefits to the members. Due to lack of benefits some members said they did not see the importance of being in the cooperative. In one cooperative one of the society buildings was being fenced off by other people without the knowledge of the committee and the members were concerned. One member said 'the committee are not working as our assets are getting lost and they are just watching!'

Bonuses

The last time the members got any bonuses from their cooperative was in the early 1990s. As pointed out one cooperative has more than ten years audit arrears while the one that was trying to update their books had made losses so far on the books audited. The lack of bonus was raised as one constraint stopping members from participating.

CHAPTER 5: ANALYSIS

This chapter analyses and discusses the findings of the study as presented in chapter four. Literature from other scholars is also used in analysing the findings. SWOT method is employed to help in the analysis; The analysis is based on the research questions. The discussion follows the format used in presenting the results.

Participation in the provision of resources

Provision of finances

From the results, for most of the members the finances they have in the cooperatives are the \$0.4 USD they initially paid when joining. This small initial amount was supposed to encourage many people to join cooperatives which is in line with the principal of open and voluntary membership. More so the marketing environment did not require cooperatives to have large amounts of capital as they had a monopoly as far as marketing of produce was concerned. With the liberalization of markets the members role in participation by providing finances is more vital now if cooperatives are to compete effectively.

Pischke and Rouse (2004) state that cooperatives that fail to mobilize increased members financial stake enforces greater accountability, encourages member participation in decision making and strengthen the cooperative self reliance and operational autonomy says that the terms under which members provide additional finance influences the way the cooperative is governed and the level of member participation together with the overall performance of the cooperative. This is because members will have more to loose where they have more at stake and therefore they will actively participate in the affairs of the cooperative.

The cooperatives according to the results have now increased the amount of share capital the members are to provide, however if members pay or not it will depend on the members perceptions and their aspirations. If the members provide the additional finances then the cooperatives will have more capital to carry out its operations and give more services to members leading to revitalization of the cooperatives. Another way of increasing member participation in providing finances would be to recruit new members as a way of regeneration of the cooperatives. From the results it was noted that majority of the members are old members who joined when the cooperatives were initially formed. Injecting new blood into the cooperatives through a massive recruitment of members is another way of revitalizing the cooperatives.

Provision of materials/Members produce

From the results members are not participating in taking their produce to the cooperatives. Where the society was buying produce there were no records to show which members were participating. The main purpose or the core objectives of forming the agricultural cooperatives was to organize and promote the economic interests of its members by provision of farm inputs, marketing of agricultural produce, processing and value addition, and financing services for agricultural production. Member participation in the provision of materials is therefore key to the survival of the cooperatives. Members evaluate the performance of their cooperatives in terms of the price paid and also on the range of services they. The reasons for members not taking their produce are their payments for their produce was delayed or in some cases members were never paid. In my opinion this is an issue of trust. Lasley et al (1997, p.7), state that membership loyalty and participation are low where trust does not exist or where ethical standards have not been established or enforced. Conversely, rates of loyalty and participation are higher where ethical standards and trust have been emphasized loyalty should be

viewed as an outcome or product of sound business ethics which creates a climate of trust within cooperatives'. From the responses of the members the members were saying they got disheartened which is a matter of trust. For members to participate in giving their produce to the cooperative their trust in the cooperatives has to be restored. Even though prompt payment to members for produce can go along way in maintaining members' confidence and loyalty in their cooperatives.

Participation in the decision making

Member's general meetings

From the results the cooperatives are holding members general meetings though not according to the requirements or as stipulated in the cooperative law. In the meetings not all members participate as it was revealed during the interviews. The way in which the information is passed to the members also leaves a lot to be desired. SAEIA (2005) in his best practices for public participation says there should be inclusivity that is all members should be equally considered. In the respect of the cooperatives in this research not all members are involve as there are those members who said they were not aware that there had been meetings while there are those who said they had gotten to know the meeting by chance. The principles of participation demand that there should be early engagement of the members. If members are to participate they should be informed early enough and not making sure the notice is fifteen days but by the time the members get the notices it's the day of the meeting or its already passed.

From the findings members are not given the chance to participate equally. The management committee is more concerned with meeting the quorum than in ensuring that all members participate. The majority vote way of passing decisions also limits the member participation. If that rule has to be there then it should be increased upward, the same should be done to the quorum for the general meeting as the way it is at present it does not encourage member participation.

Accessibility to information seems to be a major constraint to member participation as the members don't know their rights for them to make informed decisions. The cooperative by laws has provisions for the members to hold the committee to account for their actions where they are not transparent, however the members were not aware of such rights. There is also the issue of the venue of the meeting where by the societies hold the meeting at a central place or where the society has the registered office. The area of operation covered by the societies is very wide making it difficult for members to attend the members' general meeting. FAO (2008) points out that the organization of the meeting may make effective decision making difficult. The organization of the meeting can be restructured such that there are smaller members meetings in their various wards according to the committee representation where the issues of the cooperative can be thoroughly discussed, this arrangement can be put in the society structures such that instead of the three tier structure we have a four tier structure.

The cooperative law of Kenya and the cooperative society bylaws promote member participation but it remains just that in paper and not benefiting the members it was intended for. From the results it came out that there is an inadequate understanding of the legal framework by the members. There are those functions of the general meeting which are not performed and nothing is done making the process lack transparency and honesty. For example the law state there should be a meeting four months after the closure of the financial year to present audited accounts, the meeting is never called and nothing happens. There should be mechanisms to put into operation the cooperative laws. The regulating ministry should have its capacity to enforce the laws otherwise it will

remain sitting on the fence and not seen to be effective by the cooperatives as it was pointed out in the results. However in the end if members are empowered to understand the bylaws through training they will hold the management committee more accountable.

The sitting management committee is the one charged with the responsibility of calling the members general meeting and they may have some vested interest especially where there are elections to be held. For the members to be engaged meaningfully the best practices of participation demand that there be independent facilitation.

Information, education and training

Cooperative information, education and training is one of the internationally accepted cooperative principles and it is one of the pillars behind a vibrant and an informed cooperative sector. (MOCD&M, 2006)

From the results, even though the last time there were members' awareness meetings /education was in 2004 there were preparations for members' education meetings going on during the study and the researcher had the chance of attending one. A member's education meeting had also been earlier organized where twenty members each from three cooperatives were invited for the meeting and three of the interviewees confirmed having attended the meeting.

The meeting was organized by a local community based organization by the name UJAMAA. There had been committee seminars organized by the Department of cooperative development at the district in liaison with the Agricultural business development of DANIDA and COBA which is a local NGO.

Pischke and Rouse (2004) concur that member education is important if democratic control is to translate into efficient operations and long term sustainability of the cooperative.

From the interviews, majority of the members pointed out that there was lack of or poor communication between the cooperatives and the members. Some of their concerns were that the cooperatives do not keep them up to date with what is going on in their cooperatives. According to FAO (2001); there is something wrong with the communication between members and leaders when members don't feel sufficiently informed about the activities of their organization. Nyoro and Komo (2005), add that communication of appropriate and timely information to members are important in enhancing the smooth running and success of cooperatives and consequently enhancing farmers' participation. The cooperatives should endeavor to inform the members at regular times about both internal and external matters which affect the cooperative

Leadership/Management

From the results elections were held in 2005 and that the three year term is now over and elections are due to be held again this year. From the analysis of the committee members, majority of them have a basic level of education that is primary level. A few members raise the issue of the committee level of education. The same concern was raised by the staff from the department of cooperatives at the district. As much as the general cooperative act has the criteria for electing committee members the cooperative society should tailor make it to their own specific situation. That is instead of just stating one should be able to read and write English they can put the level of education one should attain. It may be hard getting the caliber of people as O'Connor, (2001) as pointed out that the management committees of agricultural cooperatives are likely to be made up of only farmer members who may lack a range of business skills. The voting system is also likely to result in the election of board of directors with political skills. This is true from the results as members revealed that some interested committee members

provide them with bus fare in order to go and vote for them. This is more of a political technique of wanting to hold on to the office and refusing to let go.

From the results the issue of recycling of leaders was raised although this is on a small scale since most of the committees are within the six years (two terms) provision of the law. However there seems to be a crisis in the waiting when it comes to the ages of the committee members. The World Bank (2008) raises concerns that there is no fair representation especially that of women and young producers. From the results from the staff from the department of cooperative saw the law on membership, that is one must own a farm as a major impediment to the admission of young farmers into the societies since its the old men who own the farms. This is a big challenge that can only be addressed by changing the law on membership. If the cooperatives are to recruit more members then the range of skills could be widened as there are retirees who used to work in different sectors who are now back in the farms.

From the members' views on the leadership, issues of accountability and integrity were raised. DFID (2007) proposes that mechanisms in place to evaluate the performance of directors and making sure the directors are representative of the members they represent. The role, cohesion, solidarity and integrity of the board of directors are essential elements for the performance and relevance of the co-operative within the market place and its broader social setting. Therefore it is important to have clear procedures for the selection and election of directors. The cooperative society legislation and the bylaws of the cooperatives has set out the criteria for one to be elected in the committee

meeting the governance authority is vested on the management committees.

Members' general meetings

structure.From the findings

Share capital

Typically, members evaluate their cooperative in terms of prices paid or received

more attention is needed to build long-term membership commitment and loyalty

The first step in improving services is to find out what present and future members want. What do they value and what are their priorities? Is the cooperative providing a service that they want, or is similar service provided better or more cheaply elsewhere? Does the cooperative provide these services at competitive prices?

To be successful, a cooperative must price services in a way that both attracts members and generates capital – either through retention of surplus or increased member investment – in order to maintain or increase its volume of member transactions. With increased market competition, members will tend to seek providers who serve them best, whether they are a cooperative or a private business. As member service-oriented businesses, cooperatives should lead the way in providing what members want, when they want it. This is achieved through continual improvements in services, and by expanding the range of services

Prompt payment to members for produce is a powerful means of maintaining member loyalty. This is especially true when competing buyers pay promptly or even offer cash advances against crops that are not yet harvested. Cooperatives may also offer credit to members as a competitive incentive. However, this is only

CHAPTER SIX CONCLUSION AND RECOMMENDATIONS

Conclusion

The members of agricultural cooperatives in Kilifi district at present are participating only in the decision making process of the cooperative and not in the provision of resources or in the sharing of benefits. Even the in the decision making, participation is not all inclusive as not all members are involved. A major constraint limiting members from participating is the lack of accessibility to information.

There is a problem in waiting as far as the succession of the leadership of the cooperatives is concerned. This is because much as most of the committee had not yet served two terms as mandated by the law most of them are aged and may not have any new ideas to bring into the cooperatives. With the new economic trends in the marketing of farmers produce these cooperatives are not being run professionally.

Members are not participating in the provision of resources to their cooperatives. The finances in the cooperatives are what members paid initially when joining. The cooperatives have increased the amount of shares to be paid but members have not yet started paying. This can be attributed to lack of transparency and accountability on the part of the agricultural cooperatives as members feel the cooperatives are withholding information from them. Members are also not taking their produce to the cooperative instead they are selling to other buyers who can pay them cash on delivery. Members lack a proper understanding on how agricultural cooperatives should operate. The members lack ownership of their cooperatives also.

The cooperatives are not operating on a profit due to the lack of members participating in the above two areas. However these societies have acquired assets in terms of buildings and land. The members are not benefiting from these assets at the moment or from any services provided by the cooperatives.

Recommendations

The agricultural cooperatives need to vigorously recruit new members as a way of regenerating the cooperatives. They can take advantage of the renewed interest in cooperatives in the district and use the opportunity to sensitize all farmers on the importance of joining together to market their produce. Injecting new blood into the cooperatives through member recruitment is one way of revitalizing the agricultural cooperatives in the district.

Agricultural cooperatives in Kilifi need to demonstrate that they do ethical business for members to bring their produce. One way of doing this is to elect people of high integrity from the society's area of operation of the cooperatives. Another way would be through education so that the members understand the importance of marketing their produce through cooperatives. Keeping the members informed and involving them in the marketing aspects of the cooperative is one way of getting them to participate in the cooperative.

As far as the general meeting of the cooperatives is concerned, I am recommending that the organization of the general meeting be restructured. Since the committee meetings are elected according to wards and in most cases the cooperative has a buying centre, the members should have smaller meetings where the issues of the cooperative, more so those affecting them, can be thoroughly discussed. This can be put in the society structures such that we have four instead of three tiers of decision making. To make the general meetings more effective in carrying out the functions stipulated, I am recommending that the ministry responsible should look for mechanisms of enforcing the laws. The members of the cooperative should also be sensitized on their rights and obligations for them to carry out their roles and to hold the committee members accountable. The bylaws of the cooperatives should be amended, especially the section on the majority vote and that one on the quorum at members' general meetings for them to be more representative.

To restore faith in the election process, my recommendation is that the cooperatives should form independent committees to oversee the election process. Other than the guidelines in the general cooperative act, the cooperatives should have their own criteria and standards of who should be in the committee. These should be incorporated in their bylaws.

I am recommending that a need assessment be carried out on the services provided to members. In terms of whether of what the members value and what they would like the cooperatives to provide.

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