Githunguri, Kenya.
Githunguri Dairy Farmers Co-operative Society was started in 1961 with a membership of 31 smallholder dairy farmers. It is located in Kiambu, Central Province, 50 km from Nairobi City...

The Society was formed as an initiative to help the smallholder dairy farmers of Githunguri Division, to market their milk. Like many other dairy societies, it has gone through good and bad times and was bogged down due to politics and poor governance until 1999 when a new management team took over the running of the society.

From an intake of 24,000 kg of milk a day and an annual turnover of Kenya shillings (Ksh.) 211 million in 2004, it today collects about 105,000 kg of milk a day from a membership of 12,000 small farmers and has an annual turnover of over one billion Ksh..

With time, Githunguri Dairy Society has overcome the lack of market for members’ milk, initial perceived risk of inadequate quantities of milk, problems in milk collection and transportation system and the failure to offer attractive incentives for dairy farmers in the area to join the society. In fact the demand by new dairy farmers to join is overwhelming. It has now overstretched its capacity and is no longer accepting new members even if they fulfill all the requirements.

Commercial activities and benefits to members
Milk collection, processing and marketing is the core activity for Githunguri Society but it also provides other services such as input supply stores (mainly feed) and A.I. services for members. The stores also provide food for the members family which "brought
gender empowerment as men no longer squander scarce family resources as they used to as families access them first through the stores “hence improved motivation on the family to produce more milk”. Services to members are not only reasonably priced but are also offered on a credit basis. Being able to source for goods and services from their own co-operative society also contributes to the consolidation of the farmer members wealth. The monthly stores’ turnover, valued at Ksh.25 million, would otherwise be going to other enterprises. The stores have therefore a multiplier effect on total milk production and per capita income to member dairy farmers.

According to the Society Manager, advantages of dairy enterprises as compared to other agricultural enterprises such as coffee, tea, banana, are: dairy provides higher income per farm unit; the income inflows are continuous and consistent; the Society guarantees prompt payment; and the members are guaranteed steady income. The society payout to farmers depends on the milk and milk product (yoghurt, butter, ghee and cream price income) sold for the period. The payout has been on average Ksh.19.50 per kg of milk for 2006. This payment is among the highest milk payout rate by a dairy society in the country. A major contributing factor to this high payout is the Society’s proximity to Nairobi city.

Service improvement for society members
The Society has also improved and expanded services to its members including expansion from 15 stores in 1999 to 33 stores in 2006, with a monthly turnover of Ksh.25 million. These are strategically placed to serve the members (dairy farmers) with livestock feeds and homestead consumables such as maize flour, sugar, etc. Services are available to members on credit depending on milk deliveries to the society.

Other than milk collection and provision of service to members through the network of stores, Githunguri Society also processes and markets members milk, offers A.I. services, and provides extension and training to its members and staff. Besides the dairy processing plant that runs on a profit basis, the other Society’s activities such as A.I. and stores services are provided on non-profit basis but are managed as cost-centres where each activity and/or store is fully accountable for its expenditure and revenue.

Leadership
The current Githunguri Dairy Society management believes in continuous learning for its members and the over 300 staff, who are committed to their work, to produce excellent results for itself, the customers and the society members. The Society offers extension services on a continuous basis and conducts, on average, 12 monthly training sessions. The Society members are grouped into 9 milk catchments zones for extension and training purpose and each zonal group is offered training at least once every month. The training needs assessment for the staff is done which draws an annual plan for all staff training. The members’ needs assessment is done in a participatory way by the Human Resource Department. Members identify the areas ion which they need training. Currently [2006] topics covered during these members training sessions include: breeding (heat detention, record keeping, etc.); clean milk production; farm planning; agricultural business; crop husbandry and animal diseases and disease prevention.

The leadership, i.e. the Board members of Githunguri Society, believe in professionalism and excellence in its staff and has invested in some of the best trained staff in the country. All the senior managers are of MSc. level of training in their respective disciplines. The Society Manager, Mr. John Kilonzo, has an MBA while his Quality Control Manager, Mr. Kennedy Msakati has a MSc. in food science.

As a result of “visionary and committed” leadership and the efforts put in training both society members and staff and hiring of the best and well trained personnel, the Society believes there has been improvement on products’ quality and in the society’s business in general. Their “commitment to uncompromised farm fresh quality dairy products and unrivalled customer service” has contributed to their success and they have “established product quality standards and customer incentives that are now being copied by other milk processors”.

Future plans
The Society’s Manager is of the view that the Society’s interventions through extension services and training of the members, have improved milk production in Githunguri, through improvement of animals and production of more milk per unit area. Other than increasing the workload for the women and other family members, the improved dairy herd management may have resulted in less work. For example: the selection of better animals, feeding of better quality feeds and improved management will produce more milk per unit labour and hence more milk for less work input.

The future Society’s plan is to expand its processing capacity so that current members can increase their milk production and delivery to the society, which is currently at 105,000 kg per day and also be able to admit new members from its milk catchment area. According to the Manager, they are not allowing new members to join the Society, although there are many applications, because they have no capacity to process more milk than the current daily intake. Although he could not divulge the extra capacity they are planning for, the Manager says they have plans to increase the processing capacity because one of the Society’s by-laws is that they cannot sell raw milk and therefore they cannot receive more than the processing capacity. However there is pressure for the society to receive more milk not only from new members but also from current members’ improved productivity. However, looking at their 2006/7 budget, there is no allowance for said expansion of processing capacity although there is an indication that a ‘mala’ (fermented milk) product line will be added during the current budgetary year. The addition of a Mala line may not absorb all the milk increase especially if they had to admit new members.