

CASE STUDY

Limuru Dairy Farmers Cooperative Business Development Partnership with Global Communities in Kenya



Introduction

Dairy farming plays a pivotal role in Kenya's economy, contributing significantly to both economic growth and the nutritional well-being of the population. According to the Kenya Dairy Board, the dairy sector accounts for approximately 14% of the country's agricultural GDP, generating over 1 million jobs at the farm level and an additional 500,000 jobs in direct waged employment, with an additional 750,000 jobs in support services.

Despite the solid base, dairy cooperatives grapple with various challenges, including hurdles in communication and marketing, insufficient member training, technological and operational gaps, and the high cost of financing agricultural investments.

USAID [Cooperative Development Program \(CDP\)](#) Cooperative Leadership Engagement Advocacy and Research (CLEAR) implemented by Global Communities has partnered with producer cooperatives to enhance their business capacity in support of farmers. Over the past four years, CLEAR has focused on five key areas of business development: governance, management, production, marketing, and membership. By providing comprehensive business solutions the growth of cooperative enterprises is ensured by carving out a niche in the market. An example of this collaborative activity is the transformative journey of CLEAR's partnership with Limuru Dairy Farmers Cooperative (LDFC) since 2022.

This case study reveals on how CLEAR and LDFC partnership has resulted in significant improvements within the cooperative. The partnership has led to co-development of business documents which include a strategic plan, business plan, and a human resource manual and employee handbook. These documents contribute to strengthening the internal operations of LDFC.

Background

Limuru Dairy Farmers Cooperative (LDFC), established in 1962, was founded on a primary mission: to advance the economic well-being of its members by championing the practice of dairy farming. This cooperative plays a multifaceted role in delivering value to its members, examples are offering services such as milk collection, marketing, veterinary care, education, and extension services, and financial assistance.

Membership: LDFC is a society that operates under the ownership of more than 3,000 smallholder farmers, all of whom are registered members and hold equal shares in the cooperative. The cooperative is open to individuals aged 18 and above who own at least one dairy cow. Currently, their demographic spans from 35 - 80 years of age. Women account for 47% of the membership. Although the cooperative has an impressive 11,000 registered members, only 3,000 are actively engaged. To improve member participation in cooperative activities, such as attending meetings,

voting, and serving on committees, the management is prompting to redouble efforts in member education to attract members to actively participate in the cooperative's activities.

LDFC is also proactively working on youth and women inclusion as a strategy to boost membership and secure the cooperative's sustainability for years to come. Women compose almost half of the agricultural labor force in Sub Saharan Africa and are



Global Communities Field visit to Limuru Dairy Farmers Cooperative

estimated to contribute 60–70 percent of the total labor needed to bring food to the table (Agarwal 2014, 1253). They however face numerous gender-specific constraints that include lack of leadership opportunities within cooperatives and cultural norms that do not allow them to own land. Recognizing this, LDFC partnered with CLEAR to conduct Gender Equity and Good Governance training to ensure members learn about best practice in mainstreaming gender within their work environment.

Production: Due to their high perishability, milk, and milk products, are subject to stringent quality standards. Compliance with these standards hinges on how milk is managed throughout the supply chain, the incorporation of technology, and effective supply chain management, especially within a cooperative framework where there are numerous producers. LDFC has taken significant steps to ensure technological intervention in its production processes, such as the adoption of Bulk Milk Coolers (BMC) at milk collection zones.

This intervention has had a profound impact on enhancing milk quality within the cooperative, by diversifying into higher-value products, resulting in **LDFC's reduction** in the occurrence of sour milk and spoilage during transportation and storage.

Additionally, LDFC has strategically relocated its milk collection centers closer to the farmers. This move has successfully addressed transportation challenges faced by farmers in the past. Previously, some farmers had to travel up to 10 kilometers while carrying milk on their backs or using wheelbarrows, which posed security and efficiency issues. Today, the furthest farmer from the collection center is approximately one kilometer away from the milk collection zones, these include Ngecha, Murengeti, Rironi, Limuru, and Ndeiya. These zones serve as the initial point of contact between the cooperative and the farmers, where milk is graded, bulked, and collected by cooperative clerks before being transported to the processing factory.

At the factory, the milk undergoes rigorous quality testing, weighing, recording, and pasteurization. On average, the cooperative collects an impressive 30,000 liters of milk per day, of which payments to farmers are determined based on test results that assess the quality of the supplied milk. Pasteurized milk is then packaged in 50 kg aluminum cans and sealed, ready for distribution to various outlets, which include hospitals, schools, supermarkets, milk bars, and other locations in **Nairobi and its environs.**

Strengthening Cooperative Management through partnership with USAID Cooperative Development Program – CLEAR

In the ever-evolving landscape of the dairy industry, effective cooperative management can present unique challenges. To ensure that they remain agile and proficient in their roles, cooperative management must consistently assess their performance and seek opportunities for improvement. Recognizing this imperative, LDFC entered a strategic partnership with Global Communities' CLEAR program to improve their internal business operations and, enhance their services to farmers.

CLEAR's mission revolves around improving the performance of cooperative businesses (CBEs) across various sectors, which include producer, housing, and worker/service industries in Kenya. The program plays a facilitating role in the entire cooperative development process, ensuring that partner cooperatives are well-equipped and possess the necessary capacity to function as profitable and sustainable enterprises.



Newly launched Relish Yoghurt by Limuru Dairy Farmers Cooperative

To kickstart the partnership, CLEAR collaborated closely with LDFC to conduct a comprehensive capacity needs assessment. This assessment delved into five critical dimensions: membership, governance, management, service/production, and marketing. Leveraging the Global Communities

Cooperative Performance Index (CPI) tool, this assessment provided invaluable insights into the cooperative's status. The findings from this assessment were then utilized to tailor capacity-strengthening initiatives, focusing specifically on areas of digital marketing, communication through bulk SMS and the development of business documents to fortify cooperative management.

This collaboration between LDFC and CLEAR exemplifies a commitment to continuous improvement and a dedication to equipping cooperatives with the tools they need to thrive in a dynamic dairy industry.

Effective Digital Marketing Strategies for Increased Visibility and Awareness

LDFC recognizes the importance of marketing as a means to provide a sales outlet for its members' products while sparing them the hassle and cost of individual sales efforts, especially when dealing with larger companies. Through support from CLEAR, LDFC has identified two key marketing strategies to enhance the visibility and awareness of their dairy products in the market.

The first is Bulk Short Message Service (SMS) which emerged as a reliable communication medium for reaching members promptly.

Given challenges such as poor internet connectivity and the prevalence of non-smartphones among farmer members, digital communication tools like WhatsApp proved ineffective for LDFC. Therefore, Bulk SMS has empowered LDFC to effortlessly send targeted messages to members with a single click. These messages carry the LDFC brand on the sender ID, instilling confidence in members that the cooperative is the authentic source of communication.

In the past, LDFC relied on word of mouth, posters, and flyers to convey information to their members, this approach was only moderately effective since members depended on farmhands for the information, resulting in missed meetings and events. Bulk SMS has transformed communication by ensuring timely delivery without distortion. The cooperative's use of bulk SMS primarily serves as a notification service, delivering information to farmers on topics such as new dairy feed supplies in cooperative stores, adjustments to dairy and farm supplies processes, and



Farmers Dairy Feeds Store owned by Limuru Dairy Farmers Cooperative

important events and training sessions. This has significantly increased farmer participation in meetings and training activities.

"Besides notifying our members on AGMs, we keep them posted on issues affecting their animals like disease outbreaks and vaccination schedules. Our members have also appreciated the services because they know when payment has been made and by how much," Beaden Kamau, CEO of LDFC.

Additionally, LDFC has leveraged bulk SMS for marketing and promotions. The cooperative disseminates new information about its products and services to farmers and clients, stimulating actions and feedback that sometimes translate into sales.

Digital Marketing: Expanding Reach and Demand

Dairy farmer cooperative members rely on their cooperative for milk sales and the purchase of concentrate feed. Currently, LDFC members produce approximately 30,000 liters of milk per day. The cooperative is entrusted with ensuring that members' milk not only generates income but also meets market requirements.

Before receiving digital marketing training from CLEAR, LDFC primarily relied on direct marketing of their bulk milk and realized the need for additional marketing strategies to boost demand. When the cooperative's milk prices were less competitive in the market, some members would opt to sell their milk to other parties offering better returns. This posed a significant business risk prompting LDFC to establish a presence on social media platforms to market their milk products.

The digital marketing training by CLEAR equipped the team with the skills needed to create targeted content that appeals to various segments of their client base.

CLEAR trained LDFC team on creating their brand presence on social media and content creation. Their goals include increasing brand awareness, enhancing engagement, and optimizing social media pages to raise awareness effectively. Through these digital marketing initiatives, LDFC seeks to not only meet market demand for milk but also position itself as a prominent player in the dairy industry, offering a wider range of high-quality dairy products to cater to the diverse preferences of their customers.

The cooperative's digital marketing strategies include:

- **Continuous Customer Engagement:** LDFC maintains an ongoing dialogue with customers through digital marketing platforms.
- **Frequent Content Availability:** Regularly sharing content aimed at creating awareness and periodically boosting posts to reach a larger audience and increased its recognition in the market.

Development of Business Documents for Enhanced Operations, Governance and Management

Another area of partnership with Global Communities is on the creation of business documents, including a strategic plan, business plan, Human Resource Manual, and staff handbook. This collaboration has been instrumental in building the cooperative's capacity to elevate the performance of individual members and various work units.

The emphasis on developing these essential business documents holds significant importance in effective staff development at all management levels and building the cooperative's governance for LDFC.

Participants gain crucial knowledge about effective governance within a cooperative setting. The training extended to workshops and sessions covering member commitment, youth involvement, female leadership, and Human Resource matters.



Limuru Dairy Farmers Cooperative - Customer Service Office for inquiries

The development of strategic and business plans plays a pivotal role and involves the active participation of department heads and staff members across various functions within the cooperative. This includes milk production, marketing, and sanitation teams. Together, they collaborated to craft policies, establish a performance management system, and create scorecards for both the organization and individual departments. This also addresses immediate operational needs but also contributes to effective governance and management across all levels of the cooperative.

This collaborative effort to formulate action plans within each department, all aligns with the overarching master strategic plan. Every team now possesses a clear understanding of their responsibilities and has set defined goals that guide their efforts towards advancing the prosperity of the cooperative.

This initiative signifies LDFC's commitment to enhancing its organizational structure and performance, ultimately benefiting its members, and ensuring sustainable growth in the dairy industry.

Conclusion

The partnership between LDFC and Global Communities through the USAID Cooperative Development Program – CLEAR serves as a shining example of how collaboration and capacity-building can propel cooperative growth and sustainable development in Kenya's vital dairy industry.

The cooperative's commitment to embracing technology, enhancing communication, and fostering a culture of continuous improvement ensures that LDFC is well-positioned to meet the evolving challenges of the dairy sector and provide lasting benefits to its members and the wider community.

This transformative journey underscores the potential for positive change when cooperatives and development organizations work hand in hand to empower communities and drive economic growth.

This case study was developed by Tindi Sitati, CLA Officer, CLEAR Program, Mike Kipngeno, Senior Cooperative Officer, CLEAR Program and Beaden Kamau, Manager – Limuru Dairy Farmers Cooperative.

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