

CASE STUDY

Meru Central Coffee Cooperative Union's (MCCCU) Business Development Journey with Global Communities in Kenya



Introduction

The Cooperative Leadership, Engagement, Advocacy & Research (CLEAR) program, implemented by Global Communities from 2018 to 2023 and made possible through the support of USAID's [Cooperative Development Program](#), undertook a strategic initiative to strengthen Kenya's cooperative ecosystem. Recognizing the pivotal role of cooperatives in various sectors, CLEAR centred its efforts on delivering targeted technical assistance to cooperative businesses with an aim to catalyse substantial improvements in the operational efficiency and overall performance of these cooperatives.

This case study shines a spotlight on the collaborative journey with Meru Central Coffee Cooperative Union (MCCCU), a key program partner located in Meru County, Kenya. The publication shares a brief history of MCCCU's journey into the Kenya coffee landscape and how partnership with CLEAR Program led to co-development of strategic business documents, signalling a shift in focus and business approach. This initiative is envisioned towards transformative impact and changing the narrative for many coffee farmers in Meru County.

Background

Meru Central Coffee Cooperative Union (MCCCU) traces its roots back to 1952 when it was initially established as the Meru African Coffee Cooperative Union (MACCU). At its inception, MACCU was entrusted with the task of advancing the cultivation, processing, and marketing of coffee within the Meru District, encompassing the present-day Meru and Tharaka Nithi Counties. However, a pivotal moment in its history occurred in 1970 when MACCU underwent a significant transformation, resulting in the creation of three distinct entities – Meru South, Meru Central, and Meru North Farmers Cooperative Unions.

In the post-1970 period, MACCU experienced remarkable growth, prompting a comprehensive restructuring in 2005. This overhaul gave rise to four autonomous units within the larger organization:

1. The Dairy Union
2. The Capital Sacco
3. The Meru Multi-Purpose Society
4. Meru Central Coffee Cooperative Union

MCCCU officially gained recognition under the Co-operative Societies Act in 2005, following the reorganization of its parent entity, Meru Central Farmers' Cooperative Union Ltd. The union's primary focus was on matters related to coffee farming and marketing, a pivotal economic activity in the region. Currently, MCCCU oversees 34 cooperatives, comprising 97 wet mills.

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MCCCU's core mission is to enhance coffee production through its affiliates – 34 societies and over 132 members, with 30% comprising women and youth. Additionally, to supplement their income, MCCCCU strategically invests in real estate, including commercial houses, residential and commercial plots, and hotel industry.



MCCCU Arabica Coffee packaged in 30gms sachets ready for distribution to retailers.

To better serve farmers, MCCCCU operates various initiatives, such as coffee nurseries for seedling cultivation, farmer training, extension services with on-ground officers, a coffee house promoting local coffee consumption, and the marketing of the union brand "Mt Kenya Arabica Coffee." These efforts aim to increase domestic consumption and raise the income of farmers by adding value to their coffee products.

Governance

Global Communities' CLEAR collaborated closely with MCCCCU, orchestrating a comprehensive intervention that addressed various facets of the union's operations, from literacy challenges among farmers to strategic planning and marketing initiatives. One of the key achievements of this partnership was co-development of a Human Resource Manual that outlines policies, procedures, guidelines, and practices related to the management of staff within the union. This manual would also play a key role to ensuring effective governance.

The governance structure of MCCCCU is designed to ensure farmer ownership and effective oversight. The 34 affiliate societies collectively elect 63 delegates who form the supreme organ of MCCCCU. Within this supreme organ, elections are done to elect 7 Board members who serve as the union's directors. The directors adhere to a systematic retirement process, with three members retiring in a cycle of 3-2-1. This rotation ensures a staggered turnover of directors, allowing for a degree of continuity in leadership while also providing opportunities for new individuals to join the board regularly.

Assisting the Board is a Supervisory Committee consisting of 3 members, elected concurrently with the Management Board. The Supervisory Committee plays a crucial role in overseeing the proper functioning of the organization and therefore acts as the watchdog for the farmers. The Board's primary responsibility is to formulate policies, and one of their initial tasks was the recruitment of a Chief Executive Officer (CEO). The CEO is entrusted with managing the union staff and overseeing day-to-day activities, including the implementation of policies.

For enhanced accountability, the finance officer or accountant is mandated to be a signatory alongside the CEO and the Secretary of the Board. This collaborative approach ensures that financial

matters are handled with transparency and responsibility, further strengthening MCCCU's commitment to its farmer-centric governance structure.



MCCCU Packaging room for small sachets of coffee

The day-to-day operations of MCCCU are managed by a dedicated management team. The union boasts a staff of 39 permanent employees who contribute to the smooth functioning of the organization.

The newly established HR manual has led to staffing changes within the union and organizational restructuring is ongoing, addressing earlier gaps in governance and staff-level issues. The manual has played a pivotal role in streamlining operations, reflecting the commitment of MCCCU and Global Communities to a holistic transformation journey.

Sensitization efforts regarding the new policy documents continue, fostering understanding among the staff as they prepare for operationalization. The union made strategic decisions, including the closure of some departments, to streamline focus and enhance operational efficiency.



Information Technology and Marketing

Information Technology (IT) within MCCCCU is marked by an earnest need to create new IT systems for farmers. Engaging consultants at subsidized rates is a common practice, enabling farmers to afford these services and enhance their digital technology practices in farming. The deployment of a coffee management system across most supported societies allows farmers to maintain records, weigh coffee, and facilitate payment processing. However, a challenge arises as farmers are required to contribute to hardware upgrades which can be costly, posing difficulties for those using outdated machines.

The question of farmers' readiness for digitization is pertinent, especially considering the aging demographic, with most farmers in their 60s. MCCCCU acknowledges this challenge and is exploring training initiatives for members. Simultaneously, the union is conducting campaigns to sensitize women and youth, aiming to bridge the intersection between age and technology access in farming.

Farmers, some of whom faced challenges in reading and writing, were empowered to respond effectively to messages. To complement bulk SMS, MCCCCU has incorporated an integrated approach to scale their reach to farmers. Physical engagements, including official letters and announcements in local churches, prove effective, especially for members without phones who congregate on Sundays. Simultaneously, digital avenues such as videos and YouTube are utilized for smartphone users.

The union's marketing strategies are now aligned with the co-developed marketing plan, facilitating expansion into new markets. With a presence in Nairobi and Machakos, the union ambitiously eyes supermarkets and the introduction of a new coffee brand to the local market. Certification from the Kenya Bureau of Standards (KEBS) validates their efforts, and the union is now considering the introduction of 10-gram coffee packaging, demonstrating a strategic shift in product offerings.

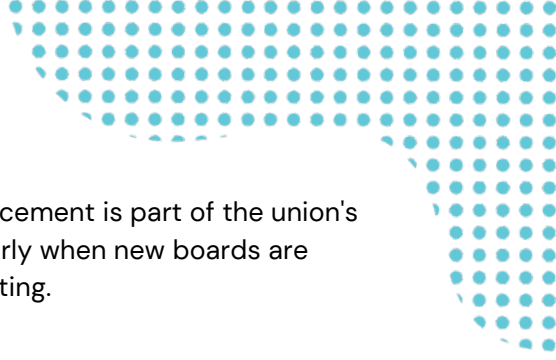
Digital marketing, initially perceived as expensive, proved cost-effective post-training. The team, now proficient in using Canva, designs engaging posts on Facebook, reducing the dependence on external consultants.

The new marketing plan, co-developed with Global Communities has led to the expansion of the marketing team at MCCCCU. Initially comprising three individuals, the team has expanded to accommodate five more members. Another success is the introduction of the operations manager's office that became instrumental in driving the business, strategic, and marketing plans forward.

Training

To overcome language barriers and cater to the average age of members, the union capitalizes on language-focused physical trainings. Training plays a pivotal role in MCCCCU's operations, with daily sessions conducted to meet the substantial demand from farmers. The internal training team manages two sessions per week, supplemented by a ground team working with farmers daily. The union provides three types of training: factory level, society level, and home-based or individual farmer trainings. The latter involves farmers reaching out to union extension officers based on their specific farm challenges.

Looking ahead, MCCCCU is considering the creation of structured training plans and schedules to strategically support farmers based on their needs. Additionally, an emphasis on assessing the



impact of training on farmers and identifying areas that require reinforcement is part of the union's future plans. Management training is also offered to affiliates, particularly when new boards are established, with additional capacity building in processing and marketing.

Conclusion

In conclusion, MCCCUC is actively planning to establish its self-sufficient production plant, ensuring seamless continuity throughout the entire production process. This strategic move aims to empower farmers by providing them with direct access to the complete value chain, spanning from production to processing and marketing. The envisioned production plant is anticipated to result in cost savings for farmers, eliminating expenses related to transportation, processing, and other significant overheads. This shift towards self-sufficiency promises increased transparency, allowing farmers to retain more of their earnings.

MCCCUC's journey, characterized by strategic governance, technological adaptation, and training, reflects a holistic approach to cooperative success. The collaborative efforts with USAID Cooperative Development Program – CLEAR reinforce MCCCUC's dedication to transformative change and long-term sustainability. As the union continues its evolution, its enduring legacy as a catalyst for growth in the coffee industry and broader agricultural landscape remains deeply rooted in its unwavering commitment to farmer-centric values and innovative strategies – and this is the beauty of the cooperative model that allows for this flexibility in growth and transformation of enterprises.

This case study was developed by Tindi Sitati, CLA Officer CLEAR Program, Mike Kipngeno, Senior Cooperative Officer, CLEAR Program and Kiogora Mburugu, Manager – Meru Central Coffee Cooperative Union (MCCCUC).

Global Communities works at the nexus of humanitarian assistance, sustainable development, and financial inclusion, reaching millions of people with community-based programs in more than 35 countries to advance positive, lasting change. We bring together local ingenuity and global insights to save lives, advance equity, and secure strong futures. Global Communities achieves this mission in collaboration with a wide range of public and private sector partners, including communities directly affected by poverty, disasters, and conflict. Global Communities Cooperative Development Program (CDP) known as Cooperatives Leadership Engagement, Advocacy and Research (CLEAR) is implemented in Kenya and funded by the USAID Bureau of Economic Growth, Education and Environment to stimulate an inclusive broad based economic growth through support of the cooperative sector.

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