

The Role of Cooperative Societies in Rice Production in Mwea Irrigation Scheme; 1964-2009

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Abstract

The study's objectives were to trace the origin and development of the cooperative movement in Mwea irrigation scheme and to investigate the role of the cooperative movement in rice production in Mwea irrigation scheme from 1964 to 2009. The study was a descriptive survey that used primary and secondary sources of data. Respondents were purposively sampled and snowballing was used to link the researchers to other knowledgeable respondents. Respondents were interviewed orally. The data collected was analyzed and classified thematically based on the objectives of the study. The study found out that the cooperative movement in Mwea irrigation scheme began in 1964 as an initiative of rice farmers in the scheme. Although the movement lobbied for the rights of the rice farmers in the scheme, government interference made its advocacy activities unsuccessful between 1964 and 1998. The movement enabled rice farmers buy shares in Mwea rice mills limited, a joint venture between rice farmers in the scheme and the government of Kenya. After liberalization of rice production in 1999, the cooperative movement took over most of the activities carried out by the national irrigation board since the board was no longer in charge of rice production in the scheme from 1999. The efficiency and effectiveness of the cooperative movement in provision of services to rice farmers was one of the reasons that led to an increase in rice acreage, amount and higher profits among farmers in the scheme from 1999. The cooperative movement therefore had a positive impact on rice production in the scheme after 1999. More rice farmers therefore need to be encouraged to join the cooperative movement. The cooperative movement in Mwea irrigation scheme needs to diversify its activities in order to bring on board more people into it and not just rice farmers.

Keywords: Co-operatives • Liberalization • Rice • Agriculture

Introduction

According to Brzozowski a cooperative is an autonomous association of people united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. According to the UN and the ILO cooperatives have played a vital role in poverty eradication and people's well-being in third world countries. The international cooperative alliance pointed out that cooperatives have been identified to have enormous potential for promoting development that is socially and economically inclusive [1].

Bibby and Shaw pointed out that cooperatives have in recent decades been identified as organizations possessing the potential to reduce poverty by enhancing social and economic development. According to the university of California cooperatives have become drivers of social and economic change all over the world due to the fact that they are owned and managed by the members who utilize its products and services.

Cooperatives differ in size of membership and function depending on the specific demands that they are meant to meet. The adaptability of cooperatives to the changes in the society in third world countries have made them popular in the last three decades since they are formed by the people who work together for their mutual benefit.

In Kenya, cooperative societies have existed from the colonial period to present times. The country has had different types of cooperative societies whose objectives, benefits to members and contribution to the society differ [2].

Against this background, this paper seeks to examine the role of cooperatives in rice production in Mwea irrigation scheme. This paper focuses on how cooperative societies have contributed to rice production and the impact that these cooperative societies have had on their members, most of who are rice producers.

The justification for carrying out this study stemmed from the observation that although studies have been done on the role of

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cooperatives in cash crop production, there is scanty information on the role of cooperatives in rice production in Mwea irrigation scheme from a historical point of view. The existing literature on the subject is not comprehensive thus creating the need to carry out a study on the subject. This therefore made it necessary to conduct a study on the role of cooperatives in rice production in Mwea irrigation scheme from a historical perspective to solve the aforementioned problem [3].

Literature Review

The study applied the descriptive survey design. Purposive sampling and snowballing methods were used to link the researchers to knowledgeable respondents. Data was obtained from primary and secondary sources. A question guide, it was analyzed and organized into themes based on content and specific historical time observation guide, content and data analysis guide were the research tools used. After data was collected frames within which events and developments took place [4].

This study aimed at tracing the origin and development of the cooperative movement in Mwea irrigation scheme and investigating the contribution of cooperative societies in rice production before and after liberalization of rice production in Mwea irrigation scheme.

The study applied the articulation of modes of production theory. The cooperative movement was based on two ideas, pooling together of resources and accumulation of resources for profit. Pooling together of resources is an idea that was dominant in pre-capitalist societies while accumulation for purposes of profit is a characteristic of capitalism. The idea of accumulation for profit was introduced into the African pre-capitalist society and embraced by Africans in Kenya in the colonial period. In Mwea irrigation scheme as it was in other parts of Kenya, African peasant farmers joined hands and established cooperatives that would assure them access to resources that were scarce but valuable [5].

Historical background of cooperatives in Kenya

Shaffer and Holyoake argue that the origin of cooperative societies lie in Europe. Pioneer cooperatives date back to 1750 in the cheese producing Franche-Comte community in France [6]. Cooperatives had developed in other places including; Greece, Britain and USA by 1765. In 1844, 28 community members in Britain formed the Equitable Pioneers of Rochdale Society (EPRS) which is seen as the first modern cooperative society since it embraced cooperative principles. EPRS went ahead to form a flourmill, textile plant and shoe factory between 1850-1855. By 1863, over 40 cooperative societies modeled on the Rochdale society system had been founded in Britain. Cooperatives with the Rochdale model were established in other countries like France, Germany, Belgium, Italy, Austria, Denmark, Finland, Norway and Sweden.

According to Kanogo the cooperative movement can be traced back to the colonial period when European settlers

formed organizations to facilitate the processing and marketing of their agricultural commodities. Kanogo adds that Lumbwa cooperative movement formed by the settler farmers in the rift valley in 1908 was the first cooperative society to be established in Kenya. The enactment of the cooperatives ordinance in 1931 marked the formal recognition of cooperative societies by the government. Asserts that registration of cooperative societies by the government began in 1932 under the cooperative societies registration (amendment) ordinance of 1932 [7].

Africans were prohibited from forming cooperatives by the cooperative societies registration (amendment) ordinance of 1932. Due to the fear of disruption of African labour supply to the settler farms, the colonial government discouraged Africans from forming cooperative societies since they would create an avenue through which Africans would pool together their meager resources and overcome the challenges that made them seek labour in settler farms.

However, Africans still went ahead and formed cooperatives for purposes of marketing their farm produce. According to Kanogo the pioneer cooperative societies among Africans in Kenya were; Kenya African traders and farmers association, Kisii coffee growers association and Taita Taveta vegetable growers association. These organizations were not recognized by the government until 1945.

There was a change in the policy of the colonial government towards participation of Africans in the cooperative movement after 1945 because of the impacts of the great depression of the interwar years. Price fluctuations for agricultural commodities caused destabilization of the colonial economy among settler farmers but African farmers were able to adapt to the instability caused by the depression. Consequently, the colonial government took cognizance of the vital role played by African peasant farmers in commodity production and therefore encouraged them to participate in the cooperative movement from 1945 [8].

The positive gesture by the colonial government prompted Eliud Mathu to lobby for the legalization and registration of African cooperative societies. Further, the African elite, ex-service men who were coming back to the country after the second world war and students from the diaspora who had secured well-paying jobs needed to invest their savings in safe and secure business ventures. The cooperative movement was the most organized method through which this class of people could invest their capital.

The repeal of the cooperative societies ordinance of 1932 and enactment of the 1945 cooperative societies ordinance made it legal for Africans to form cooperative societies and have them registered by the cooperatives department of the colonial government that was established in 1945.

According to Cone and Lipscombe the growing of cash crops among Africans made the establishment of a centralized marketing channel necessary especially after implementation of the Swynnerton plan. The cooperative movement expanded rapidly in areas of central Kenya where the Mau Mau movement was deeply rooted. This is because the cooperative movement was

not only an instrument of economic mobilization of Africans but was also used to create political awareness among of Africans and rally them into action. Between 1952 and 1958, the total number of registered cooperatives in the country grew from 160 to 400. Kipkemai argues that one of the reasons that led to the increase in the number of cooperative societies was the increased commodity price in the world market between 1950-1960. Kipkemai adds that the colonial government encouraged formation of cooperatives among Africans in Kenya to create an African middle class that would maintain the socioeconomic status quo and thus avert the possibility of a peasant revolution [9].

Musalia notes that Africans working in the settler farms in the Kenyan highlands did not have much knowledge of the cooperative movement until the implementation of the settlement schemes plan to settle landless Africans. These Africans did not participate in the cooperative movement due to the following reasons; settler farmers discouraged any organizations that could jeopardize their labour supply; labourers residing in European farms did not have farms officially recognized as theirs except the small plots provided by their European employers for subsistence farming; they only cultivated crops for subsistence purposes and they therefore did not have surplus produce that required centralized marketing.

Pioneer rice farmers in Mwea irrigation scheme having noted the need to pool together their resources attempted to form a cooperative society in 1958 but the colonial government prohibited them from doing so. The acquisition of independence in 1963 gave an impetus to the rice farmers in Mwea to form a cooperative society. In 1964, the first cooperative society in Mwea irrigation scheme was established. It was known as the Mwea Irrigation Scheme licensees thrift cooperative society limited. It benefitted greatly from knowledgeable immigrants from Murang'a, Nyeri and Kiambu who had interacted with the workings of a cooperative society.

The origin and development of the cooperative movement in Mwea Irrigation Scheme

According to the Mwea rice growers multipurpose cooperative society website on 10th January 1964 Mwea irrigation scheme licensee thrift co-operative society limited with membership drawn from rice growers who were licensees (tenants) of national irrigation board in Mwea irrigation settlement was registered. The name thrift implies the society's bylaws only allowed members to save but not borrow. Since the intention was to save and borrow, the society changed its name on 22nd August 1965 to Mwea tebere co-operative savings and credit co-op society limited. The by-laws were also amended to enable members save and borrow. This new society operated on check-off deducted from their rice proceeds by National Irrigation Board (NIB) and remitted to the society.

Share contributions, principal loans and interest were deducted from the rice growers' proceeds and the net either paid cash or into the farmers' bank accounts. In 1966 the

government proposed the construction of Mwea rice mills limited and allowed the society members to buy shares. Their by-laws could not allow them to participate in such a joint venture with the government and therefore they formed another society in 1967 called Mwea farmers' co-operative society limited to take care of members' stake (shares) in Mwea Rice Mills limited (MRM). The two societies were amalgamated under the name Mwea amalgamated rice growers co-operative in 1983 but later in 1993 split into the current Mwea rice growers multipurpose cooperative and Mwea rice farmers sacco [10]. Rice farmers continued to benefit from short term and long-term loans based on 3 times of their shares and deposits, from Mwea rice farmers Sacco. On the other hand Mwea rice growers co-operative society limited apart from taking care of rice farmers interests in Mwea rice mills limited, after liberalization of the rice production in 1999, took over the role of rice processing and marketing from the national irrigation board. The cooperative movement was not able to effectively champion for the rights of the farmers before 1999 because some members of the management committee (advisory committee) were agents of the NIB and the NIB influence their reelection year-in-year out.

Contribution of cooperative societies in rice production in Mwea irrigation scheme

The cooperative movement in Mwea irrigation scheme lobbied for better prices for farmers' rice, improvement in the living conditions, treatment of farmers with respect by the NIB officials and issuance of title deeds to farmers because they were considered as tenant farmers by the NIB and not actual owners of the land on which they cultivated rice.

The cooperative movement in Mwea was not able to achieve much in terms of advocacy in the period between 1964-1998. This is because of operational bottlenecks created by the government through the NIB. Specifically, radical officials of the movement were arrested on grounds of incitement, the district officer denied the movement permission to hold meetings, accounts of the movement were at times frozen and funding by the government was little. These measures by the government stifled operations of the cooperative movement in Mwea irrigation scheme and made it difficult for it to achieve its objectives. The cooperative movement Mwea irrigation scheme lacked independence of thought and action because the government was in control of most of its activities [11]. The NIB influenced the decisions made by the cooperative movement through officials who were pro-NIB. The election of pro-NIB officials was influenced by the NIB itself. The cooperative movement in Mwea irrigation scheme like elsewhere in Kenya lacked independence because corrupt government officials led to mismanagement, corruption and politicization of the cooperative movement. Bager adds that immediately after 1963, cooperatives had little impact on the rural poor due to misuse by government bureaucrats.

The cooperative movement in Mwea enabled interested rice farmers in the irrigation scheme buy shares in Mwea rice mills

limited which a joint business venture of the government of Kenya and the rice farmers in Mwea in 1969. Rice farmers who were shareholders of Mwea rice mills limited got dividends annually and therefore the cooperative movement empowered rice farmers economically by enabling them buy shares in this corporation. This was despite little support from the government towards the activities of the movement in Mwea, a challenge pointed out by Twalo among cooperatives in south Africa.

A conflict between rice farmers and the NIB in 1998 culminated in a 1999 court case that permitted liberalization of rice production in Mwea irrigation scheme. Liberalization of rice production in Mwea irrigation scheme meant that the NIB was no longer in control of rice production in the scheme. Farmers took charge of rice production. Liberalization of rice production in the scheme made the cooperative movement in Mwea became more vibrant in its activities and had a greater impact on rice production in the scheme. Since the government no longer stifled the activities of the cooperative movement, it diversified the services and products it offered its members and recruited more members into it. As of 1998, there were only two cooperative societies in Mwea irrigation scheme; Mwea rice growers multipurpose cooperative and Mwea rice farmers sacco. The exit of the NIB from controlling rice production in the scheme, each cooperative specialized in provision of specific services, most of which were previously offered by the NIB [12].

Discussion

Mwea rice farmers Sacco specialized in providing loans to farmers to facilitate rice production. Farmers got loans of up to three times their share deposits. At the end of the year, farmers got dividends commensurate to their share deposits. This increased the annual income of cooperators, an observation noted by Kiwelu, Kiarie and Okonga and Warwathe in other parts of Kenya.

Mwea Rice Growers Multipurpose Cooperative (MRGMC) took up the bulk of most of the activities previously undertaken by the NIB. MRGMC assisted farmers prepare their fields through its tractors. It provided farmers with inputs like seedlings, fertilizer and herbicides. After harvest, MRGMC provided farmers with gunny bags and helped them ferry their rice upon request. Farmers that wished to dry the rice in the drying yard of the MRGMC would do so at a subsidized fee. The cooperative milled rice for farmers. The farmer was at liberty to market his rice or have it marketed by the cooperative. The cost incurred from services rendered was deducted from the farmer's rice after it was sold. After doing the deductions, the farmer finally got his pay. MRGMC sold rice farmers at prices that way much higher than the NIB did and therefore farmers got more profit from their rice [13,14].

The cooperative movement in Mwea was ran transparently since the officials were elected by the farmers themselves and were answerable to the farmers. The management was different from the inefficient one that ran the movement before liberalization as pointed out in the 1994 district annual report of Kirinyaga

district. Rice yields after liberalization of rice production increased since the cooperative movement provided more efficient farm services to farmers as compared to the NIB [15]. These services were provided at cheaper prices when compared to the NIB. The standards of living of farmers in Mwea irrigation scheme rose after liberalization of rice production and liberalization of the cooperative movement. This is because the cooperative movement sold farmers rice at higher prices and farmers increased their rice acreage since the increased profit motivated them to cultivate more rice. Tewari, Eurisce and Kiragu, et al. support the view that the cooperative movement has promoted rural livelihoods as evident in Mwea irrigation scheme. An assessment of ten years after liberalization of rice production in Mwea irrigation scheme revealed that the cooperative movement had a greater impact on rice production in the scheme than before 1998. Farmers who were members of the movement reported higher profits from the sale of their rice by the cooperative movement as compared to those that were not members of the movement. Wanyamaafter liberalization of the Kenyan economy in the early 1990's, cooperatives have become more successful and this was evident in the study on Mwea [16].

Conclusion

Establishment of cooperative societies in Mwea irrigation scheme began in 1964 as an initiative of rice farmers in the scheme. Cooperatives were established to meet different needs of farmers as reflected in the names that the cooperatives adopted. The government gave cooperatives licenses to carry out their activities. It played the role of regulating activities of cooperatives after their establishment by farmers and gave them funds. Before 1998, cooperatives were not able to meet the needs of their members due to interference in their activities by the government. Vocal officials of the cooperative movement were arrested and charged on grounds of inciting members and the cooperatives were threatened with deregistration. The cooperative movement evolved over the years depending on the needs of the farmers.

After liberalization of rice production in Mwea irrigation scheme in 1998, the cooperative movement became more vibrant in its activities bearing in mind that the government no longer interfered with its activities. The movement took over most of the roles previously played by the NIB. The cooperative movement offered services more efficiently than the NIB and this contributed to expansion of the scheme in acreage. The amount of rice produced in the scheme and profit accrued by farmers increased partly due to the services rendered by the cooperative movement. Remedies that would make the cooperative movement in Mwea irrigation scheme more effective. The study recommends that more farmers should be encouraged to join the cooperative movement in order to benefit from the products and services offered.

Further, the government should facilitate the acquisition of more bags subsidized fertilized by the cooperative movement because this will help farmers reduce their operational cost and increase their profit and yield. The cooperative movement needs to diversify its products so that its membership goes

beyond farmers. This will increase its revenue base and enable it offer more services and products to its members.

Policy makers should facilitate capacity building by providing technical assistance, management and marketing skills. They should recognize the importance of cooperatives in the provision of microfinance services which help facilitate livelihoods and jobs, particularly in the informal economy. The government should promote a cooperative-friendly environment by instituting relevant legal, financial, social and environmental policies to ensure the smooth functioning of cooperatives in a level playing field with particular focus on legislation, tax incentives, financial aid/credit to the community development.

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