Established in 1952, The Co-operative University College of Kenya trains students to lead the country's many cooperatives. (Nathan Schneider)

The Co-operative University College of Kenya (CUCK), on the outskirts of Nairobi, looks like any other college. Students walk along its manicured paths and drab...
Democracy is a skill that must be honed. That is why the government of Kenya—a country where cooperative businesses provide livelihoods for a stunning 63 percent of the population, according to the International Labor Organization—operates a business school just for democratic enterprise. To learn more about the place, I met with its principal, Douglas Shitanda, as well as Esther Gicheru and Kirianki M’Imanyara, respectively the director and coordinator of the Institute of Co-operative Development, as well as its growing housing, consumer, and work sectors.

Nathan Schneider: Where am I? Tell me about what happens here.

Douglas Shitanda: First of all, we welcome you. The Co-operative University College of Kenya is a constituent college of Jomo Kenyatta University of Agriculture and Technology. The college has been in existence since 1952, offering training for cooperatives. Through the training, mainly at the certificate level but also at the diploma level, graduates are able to support the cooperative industry in the area of management. The government feels that this is a very important sector because it contributes significantly to the economy. For a long time, training [was only offered at] the diploma level, but in 2011 the college was upgraded to offer degree courses as well.

We support the cooperative industry through our students, as well as in the field with short-term courses. And we are developing a new institute specifically on supporting the cooperative industry through consultancy and research. All this is supposed to enhance the cooperatives’ productivity, especially in terms of their financial management, in terms of the products that they are selling to their members, and also in terms of research that can help them improve what they are doing in other ways.

Kirianki M’Imanyara: We train students to become managers of cooperative enterprises: accountants, marketing officers, people working for cooperative enter who graduate from here also become government officers who promote cooperatives, or implement and interpret government policies and laws for cooperatives. Others have become auditors, either in government or in the field.
The college offers certificate, diploma, and degree programs. (Nathan Schneider)

What is different about a cooperative college as opposed to a typical business school? What makes cooperative education distinct?

DS: The uniqueness is in terms of the sector that we are supporting. We try to ensure that the content of our courses is in line with what is happening on the ground. The way that a cooperative manages resources is not the same way that a bank will manage them, because managers of a bank can use your money any way they want. But with cooperatives, every minute, every year, you must bring people together and tell them, “I want to do A, B, and C—will you allow me to do it?”

The management structure is different. We want people who work with cooperatives to have an understanding of how a cooperative operates and how a given cooperative can be enhanced to help in the economic development of the people involved. We also train people to see a cooperative as having a distinct identity. We see it as a business that brings people together. They can be people at a very low level or a very high level, economically, but they can work together and build up some kind of business.

Esther Gicheru: In cooperative training, we are not just thinking about disseminating business knowledge and skills. We are thinking about the growth and advancement of people at all levels, in a way that an ordinary company [never will]. We want to bring awareness of how members can help themselves advance from one stage to another.
KM: In some ways we teach business just like any other business school, except a kind of business that doesn’t exploit its consumers—that is owned by its members and that grows with its members. We have a course here that is not in many business schools, a course on the philosophy of cooperatives. We also have a course on the governance of cooperative enterprises. In these courses we teach democratic values and business ethics that are embedded in the cooperative business model.

Why do students decide to come here as opposed to a normal business school?

DS: We have relationships with cooperatives across Kenya, so many students are sent by the cooperatives themselves.

KM: Since 1952, we have played that role across the region. Other countries also bring their students here for training.

NS: So they’re already working with a cooperative?

DS: Yes. Or perhaps they’re not yet working but come from areas where cooperatives, or they have parents who have an interest in cooperatives, or they have parents who have an interest in cooperatives, or they have parents who have an interest in cooperatives. We’re also a bit unique, so people feel they have a better chance if they come here rather than the normal business courses that everybody else is doing.

A few of our students are sponsored by a cooperative bank—the sector sponsor students to come for this specific training.
A January 2015 ceremony at CUCK recognized the graduates of a training program for women leaders. (CUCK)

In what parts of the sector are students trained to work? How much opposed to financial?

DS: The most famous cooperatives in Kenya are agricultural. Finance to a lesser extent. We have a few options for students in the financial sector, but the biggest percentage is for agriculture.

KM: Agricultural cooperatives are what Kenya is known for, but now they have actually overtaken the agricultural sector.

In what sense? In its growth?

KM: Yes, in its growth, and also because of the [desperate state] of the agricultural sector. Unfortunately—and I say this very deliberately—our cooperatives have been dominated by cash crops: cooperatives for coffee, cooperatives for cotton. These are just for export. The agricultural cooperatives have stagnated because we have not been able to spur the growth of models.

The financial sector, meanwhile, has developed in several different ways.
Saccos for people in small businesses and at the community level, and it has completely changed the way Saccos work in this country. The amount of capital and the number of members that we have—the figures are just staggering. Our Sacco sector has [been very innovative], and we are very proud of that.

What made that innovation possible?

EG: Legislation has helped a lot. Under the colonial government, members used to look at cooperatives as extensions of the government, because the commissioner of cooperatives had a lot of power. But the 1997 Cooperative Societies Act put more of an emphasis on member education. Education is paramount, because the employees, the leadership, and the board members need to understand their roles.

[Since then], a lot has happened. Now cooperatives take education very seriously. Even when people are not taking formal courses, there is a lot of education happening on an informal level. For example, in my own cooperative we [regularly] organize trainings for our members and for our employees. I think that has really helped.

Also, since 2008 we have had separate legislation for the financial cooperatives, and that has created a lot of confidence, because now members no longer fear going to get lost. The financial cooperatives are no longer operating merely as social entities, as they did before. Before, committee members tried to please their members by paying overly large dividends at the expense of the cooperative. But now that they are better supervised, they have to be more prudential.

Are there disadvantages to the laws formalizing the sector? Do they end up making it more like the non-cooperative sector?

EG: No, I wouldn't say that legislation is making them less cooperative. The model that we are using was developed by WOCCU, the World Council of Credit Unions. It takes into account the characteristics of cooperative identity and the cooperative principles that have to be adhered to.

At first, we wanted to put cooperatives under the supervision of the Central Bank of Kenya. But then we realized that we couldn't, because of the nature of cooperatives. The Central Bank of Kenya supervises all the other financial institutions except cooperatives.
If they are properly observed, the regulations will strengthen the cooperatives.

KM: At times we have thought that too much government regulation was affecting cooperatives negatively. The 1997 legislation removed a lot of power from government and gave a lot of power to the cooperatives themselves—which is in line with cooperative principles, since members are the supreme authority.

But once the legislation passed, a lot of things went wrong—not because of the law as such, but because cooperatives did not have enough experience managing their own affairs. They were too dependent on the government for too many years of things that were not in the interest of the cooperatives.

That is why, in 2004, the government changed the law and reintroduced some government control. Kenyans have realized that the government has been one of the reasons for the success of cooperatives in this country. Positive government involvement helps cooperatives grow and sustain their businesses. Kenya is basically the only country in Africa that has had a full-fledged ministry for the development of cooperatives for many years.
Historically, agricultural enterprises dominated Kenya’s cooperative sector. Weren’t that ministry folded into the Ministry of Industrialization and Economic Development?

KM: Exactly—which we think is good, because it emphasizes that cooperatives are actually enterprises and not merely social organizations.

We have a government organization specifically looking at Saccos, an agricultural tribunal, which is a government institution for dispute resolution among cooperatives, and another institution called ECCOS—the Ethics Commission for Cooperatives.

To help interface with the government, the cooperative movement has an apex organization, which is actually based here on campus, called Coop Kenya. Within that, there is one organization that represents [finance] and another that represents Saccos for the agricultural sector, and another for cooperative insurance services, and KCCE, for the coffee cooperative exporters.

We have NGOs that support cooperatives, and international donors. This college also plays a very important role in supporting policy formulation. We have a very...
Say more about what it means to think of a cooperative as an enterprise rather than a social organization. In the U.S., we often talk about cooperatives as relating to a kind of solidarity economy that is distinct from mainstream business.

EG: I think it is more a change of emphasis. Before we can say that a cooperative offers both economic and social benefits to their members, we have to recognize that in our history we have given more emphasis to its role as a social institution than as an enterprise.

So when the emphasis on enterprise came—and I think it began around 1995—it was a chance to focus on the other, forgotten side. Now we say that cooperatives must make a profit in order to support the social part of their mission, because if you don't make a profit, the social part won't work well. We try to look at both pillars and see how they balance each other, rather than concentrating on one.

What led to Kenya's having such a significant cooperative sector? When people think about cooperatives in this country, what are the historical associations?

EG: Cooperatives in Kenya signify the togetherness and the solidarity in our past. Even before the colonial government came, we had traditional cooperatives: When people worked on small-scale farms, they would trade off helping one another. It was better than working alone. But during the colonial period, at first, Africans were not allowed to join cooperatives.

That changed in the mid-1940s. By the time of independence, people had become used to working this way. The new government used cooperative groups to organize development. People here are proud of how they work in groups—especially women. I think women by nature feel more like they need one another than do men.

KM: In 1964, after independence, the government encouraged people to form cooperatives. We formed a lot of cooperatives in different sectors, though not all of these became viable businesses. A lot of those early cooperatives collapsed. Some of those experiments were very painful, but we learned lessons, and the government created policies to encourage better practices.

For 30 years, between 1967 and 1997, the Nordic countries helped Ker...
training manuals to help us learn lessons from our experimentation.

Financial cooperatives, particularly Saccos, or credit unions, also play Kenyan economy. *(Bandari Sacco)*

How important is foreign aid and collaboration with outside donors to Kenya’s cooperative sector?

EG: The Nordic countries were already having a lot of success with cooperatives by the time they came here. One of the very first things they wanted to do was to establish this cooperative college, because they knew how important it would be to train people to understand the model. That relationship has continued for many years. At first, they would send their support through the government. When the cooperatives here developed, donors started working more through other channels, like the apex or other cooperative organizations.

How involved are religious organizations?

DS: Not here at the college. But in the countryside, churches are involved.

KM: They’re involved more in community development, not in cooperatives.

DS: The churches are now starting cooperatives, but only recently.

EG: In fact, every Catholic parish has a cooperative.
What do you see for the future of the Kenyan cooperative sector?

EG: I think in the future there will be a lot of innovation in new types of ventures, especially because there have been deliberate efforts to involve young people. The government has established specific programs for youth, and the minister of enterprise development is helping form them into cooperative groups. Young people are very innovative, and they have not been fitting well into the traditional type of cooperatives. But we know they are very good with technology, so when it comes to cooperatives they will be incorporating that in new ways.

Cooperatives have also been forming small think-tanks within their own organizations to see how they can compete in the market, which is new. As a university, we want to play a key role in this. In the past, we have not done a lot of research, but now we are going to do more systematic research to help inform cooperatives about the kinds of products that are relevant to their members. I think there’s going to be a lot of dynamism.

KM: We also envision having more worker cooperatives, so that artisans, consultants, and professionals can have their own cooperative businesses. Consumer and housing cooperatives are growing as well.

DS: Cooperatives hold quite a large amount of capital. The government can be used to foster industrialization. Rather than relying on the Chinese for new development projects, for example, why not finance them with cooperatives? The government, now, is telling cooperatives to make use of what they have to enhance other aspects of the economy. It is a sign that the sector has come of age.
The Merrueshi Women's Cooperative engages in a range of income-generating activities, including handmade crafts and livestock production. (Maasai Cultural Heritage Center)
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