

IMPACT BRIEF 06

Cooper K-Brands Limited (CKL), Kenya

Background

In line with its mandate of positively impacting agricultural production and smallholders in Africa, AATIF assesses its progress and impact on five key outcome areas including (i) agricultural production and productivity; (ii) employment; (iii) income; (iv) outreach to smallholder farmers and; (iv) living and working conditions. As part of its research efforts, AATIF commissioned a rapid appraisal of Cooper K-Brands Limited (CKL) - one of its direct investee companies in Kenya. AATIF extended a loan to CKL for an 8-year term in 2017, to be used for capital expenditure for a



Construction of new CKL processing facility at Tatu City.
Photo taken by Research Support Services (RSS)

processing plant for animal health products (i.e. nutritional supplements) and a warehouse in Kenya. CKL is a leading animal health and agricultural inputs company in Eastern Africa and is the franchise distributor of the 'Coopers' range of products (www.coopers.co.ke). CKL manufactures 60% of its products, while the remainder are produced by third parties. 20% of the products are also imported as finished goods. The rapid appraisal compares two farmer groups, one from Kiambu and one from Uasin Gishu¹. The baseline data collected in December 2018 will serve as a basis for assessing the future impact of the investment in CKL at the end of the investment period in 2026.

Key Findings

The baseline report observed differences between the groups of farmers. However, these cannot yet be interpreted as causal impacts of CKL. At best, they can - together with qualitative evidence from the field - be taken as indicative of potential positive impacts. Below is a summary of the findings:

1. Agricultural production and productivity levels

Kiambu farmers generally manage relatively smaller sizes of land compared to Uasin Gishu farmers. The highest proportion of Kiambu farmers (63%) manage 1 acre or less, whereas 53% of Uasin Gishu farmers manage more than 5 acres. Kiambu farmers seem to use about a half of their lands for livestock farming (0.7 acres) either during long or short rains, compared to Uasin Gishu farmers (3.5 acres for long rains and 3.8 acres for short rains). Kiambu farmers mostly adopt "zero-grazing" type of farming, whereas Uasin Gishu farmers adopt the "free-range" type of farming. The major CKL livestock products used are mineral and nutritional supplements (93% Kiambu and 90% Uasin Gishu), followed by dewormers (73% Kiambu and 88% Uasin Gishu). Both groups practice dairy farming for commercial purposes. However, more Uasin Gishu farmers keep dairy cows for milk consumption as well. Kiambu farmers appear to have much higher annual milk production (9,417 ltrs) compared to Uasin Gishu households (5,278 ltrs). More Kiambu farmers purchase improved feeds for their livestock, and incur other rearing costs, including paid labour and veterinary consulting. Moreover, more Kiambu farmers report using CKL mineral and nutritional supplements on their dairy cows. Kiambu farmers also tend to incur higher costs on feeds, medicines, minerals, nutritional supplements and other costs for their dairy cows. About 4 in 10 Kiambu households also report using feed additives/premixes/milk replacer compared to 3 in 10 Uasin Gishu households. In addition, 13% of Kiambu households appear to have used either vaccines/biologicals or genetics (AI) products from CKL, compared to none in Uasin Gishu. Finally, more than a quarter (29%) of Uasin Gishu farmers face constraints accessing CKL products compared to only 10% of Kiambu farmers. The main constraints faced in Uasin Gishu are far distance from stockists and product unavailability. Use of farm equipment and machinery related to dairy farming also seem to be mostly

¹ Cooper K-Brands Ltd. (CKL) works with dairy cooperative unions in Kenya, who have some form of contract agreement with small and medium sized livestock farmers, who supply milk for bulking and purchase CKL mineral and nutritional supplement products as well. These include; Githunguri and Ndumberi in Kiambu County; and Sirikwa and Ainabkoi in Uasin Gishu County. These two counties are the largest markets for CKL dairy and animal health products.

associated with Kiambu farmers. Adoption of these practises and technologies could explain why Kiambu farmers appear to have improved milk productivity.

2. Farm and overall household income

Livestock keeping (including sales) is the dominant source of household income in Kiambu, accounting for more than half (55%) of overall household income. Crop farming, practised by all households in Uasin Gishu, is the dominant source, accounting for 45% of their overall household income. Livestock keeping (including sales), follows crop farming closely, accounting for 40% of Uasin Gishu household revenue. Both Kiambu and Uasin Gishu farmers appear to be less engaged in other non-agricultural income sources. Uasin Gishu households are generating more income during long rains², compared to Kiambu households (KSH 433,804 vs KSH 253,931), while Kiambu households appear to generate more income during short rains compared to Uasin Gishu households (KSH 297,658 vs KSH 133,604). Annual agricultural industry minimum consolidated wage rate is KSH 87,156. However, no big difference is observed with regards to annual overall household income (KSH 567,408 Uasin Gishu and KSH 551,589 Kiambu). Kiambu farmers seem to generate income from livestock products (mainly milk) close to three times (KSH 341,391) as much as Uasin Gishu farmers (KSH 123,392), while the later seem to generate income from crops about six times (KSH 292,148) as much as Kiambu farmers (KSH 47,909).

3. Employment

CKL provides direct employment opportunities to local communities through its processing operations. CKL reports a workforce of 159 employees in Kenya (2018), with females constituting 19%. Permanent employees are 69%, those on fixed term contract are 29%, while interns form 2% of the total staff. Additional staff include approximately 20 casuals engaged for short duration assignments on a need basis. Workers are provided with a number of benefits, including meals during working hours, support for training, medical insurance and pension for permanent staff. CKL has a detailed HR Policy (updated in February 2018) that it adheres to, conducts regular safety and health audits, and has procedures for managing hazardous waste and effluent. CKL also adheres to the WHO GMP quality system in all its manufacturing and warehousing facilities. The company's daily rates for contract and casual employees are well above the government minimum wages rates.

4. Company outreach to smallholder farmers

CKL directly engages smallholder farmers through a number of channels such as trade and sales staff, farmer events and trainings, marketing and promotion through advertisement (Above the Line (ATL) and Below the Line (BTL) advertising approaches), and automation. Through its network of 13 distributors and approximately 6,000 stockists stationed near and in farm lands across Kenya, CKL is able to reach numerous farmers with agricultural inputs (animal health and crop protection products) and tailored trainings by its work with various farmers' cooperative unions. Each cooperative reports an estimated membership of 10,000+ smallholder farmers. Furthermore, Kiambu farmer households (40%) as well as Uasin Gishu farmer households (20%) have reported their participation in CKL programme/training on Good Agricultural Practices.

5. Improvement in living and working conditions

12% of Uasin Gishu farmer households and 5% of Kiambu farmer households were living on less than USD 1.90 per person per day; while more than a third (36%) of Uasin Gishu households and a fifth (21%) of Kiambu households were living below USD 3.10 per person per day. Uasin Gishu households thus appeared to have relatively higher poverty rates than Kiambu households. The mean Household Dietary Diversity Score (HDDS max=12) is relatively higher for Kiambu farmers (8.4) compared to Uasin Gishu farmers (7.3). The diet of the majority of all households (96%) is within the highest Dietary Diversity.

² In Kiambu, the long and short rains were reported to last 5 and 7 months respectively, while in Uasin Gishu, the long and short rains were reported to last 8 and 4 months respectively.

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