

Case Study: Slim pickings for cotton farmers

Meshack Oonje knows his cotton. He was once a wealthy cotton farmer and proud of his achievements. But now he struggles to get by. "We've seen a big change," says the elderly man, speaking from 30 years experience of farming.

His comments are met with nods of agreement from the other farmers who have gathered in Aheru to talk about how they can work together.

Oonje remembers the three decades from independence to the 1980s when huge sums of money were spent developing cotton farming, ginneries, spinning and textile manufacturing industries. It was also a time when co-operatives were strong. "I farmed my 5 acres alone. From that I was able to raise money and pay dowry of 14 cows," says Oonje.

The profit from his small cotton farm provided enough for his 13 children. He bought another 1.5

acres of land, more cows and built two permanent houses with iron sheet roofing. "Everything I have has been built on cotton. But now there is no profit," he says adding that farmers are paid less than half the suggested government price.

Oonje is amazed that cotton farmers do not get more support: "This cotton can turn our lives around in a couple of years. It's not one of those crops you wait for years to harvest."

Now Jane Achieng Mbei a fellow farmer says she will not risk having her life turned upside down again by the uncertain rules. When the Cotton Board supported them they could be sure they had the right inputs and extension workers taught them how to raise the best cotton. "There was help, there was credit. Now you just struggle on your own," says Mbei.



Meshack Oonje struggles to earn a living as a cotton farmer. He is working with fellow farmers to try and revive the local co-operative society.



Kenya's cotton and textile industry can't compete with the cheap second-hand clothes which flood the market.

Standing in the empty store of the Kimura Farmers Co-operative Society the 56 year old widow explains that with such high risks she can not afford to plant more than half an acre of cotton on her three acre property.

"We lose a lot of cotton to pests. Then when we take the cotton to the ginnery they tell us it is not clean cotton and we get low prices," she says. An ideal harvest should give up to 450 kilograms of cotton lint per acre but yields have dropped to as little as 90 kilograms from the same acreage.

Mbei now has most of her land under subsistence crops but it is crucial that she grows the cotton in order to obtain cash to buy clothes and pay school fees.

"Cotton is the crop we know. We cannot abandon it," says Oonje.

The industry is again in disarray as cheap goods flood the market and foreign direct investment relocates to cheaper destinations like China.

Further liberalisation could destroy the investment in training and other initiatives that were meant to re-launch Kenya's cotton and textile industry.

Case Study: Free market 'madness' hurts dairy industry

Jeffrey Githae works with his father on their small dairy farm. He missed several months of college when the dairy industry was hit hard by liberalisation.



John Njogu Wahome is earning a decent income for the first time in almost a decade. And he hopes the investment made in his cows will continue to pay off. Not so long ago a desperate Wahome fed fresh milk to the neighbourhood dogs.

"Processors told us our milk was bad. What could we do? We gave it to the dogs," he says.

It's been a difficult few years for the Kenyan dairy industry. Cheap powdered milk imports have glutted the market putting local dairy farmers out of business. Unable to earn an income some farmers were forced to resort to extreme measures in a last-ditch effort to draw attention to their situation.

"Farmers threatened to burn down the processing factories in Nakuru," says Hellen Yego another dairy farmer. *"Then farmers wrote to the government complaining of food dumping in Kenya."*

Following the protests and representations from farmers the Kenyan government increased tariffs on imported milk products from 35 per cent to 60 per cent limiting the flood of imports. This along with some internal restructuring has allowed the dairy industry to regain some muscle.

Milk is a hot political issue. Despite the set-backs it has faced, Kenya has one of the most developed dairy sectors in Africa and has the potential to develop a thriving industry. There are now over 46 registered milk-processing companies and most are doing steady business. Kenyan dairy farmers are keen to see their sector grow and improve but fear that further liberalisation will simply destroy it.

"When we got into this free market, that was madness," Wahome says, *"it hasn't helped me or any farmer of Kenya."*

Wahome was forced to take his son out of college for five months in 2001 when the imports of milk were at their height.

"There used to be limited imports. Then it just went out of hand," explains Isaac Laboso. Laboso's animal feeds company closed when the dairy industry collapsed in the 1990s. Cushioned from the full flood of imports, he's now working hard to rebuild, helping local farmers to introduce good quality feed that results in better yields.

Laboso has put his heart and soul in to his business, working 12 hours a day to keep his children in school. He fears a return to the days of high imports *"The experience was very bad,"* he says, *"some farmers committed suicide because they had no income."*

Dairy farmers in Kenya understand that the industry has been inefficient in the past. But they believe given the time to regenerate, protected from the full impact of liberalisation the industry can compete internationally.

Since the collapse of the farmers co-operatives farmers have lacked a united voice. Justus Monda is helping to change that through Ngombe na Maindi (NGOMA) a farmers advocacy group based in the Rift Valley Province.

"Now farmers are getting organised and raising the issues. They recognise that there are some issues they are not able to tackle on their own."

But Monda's work will be in vain if international decision-makers are not prepared to listen to the voice of the African farmer.

Stephen Ngososei has many years experience as an agriculturalist and a dairy farmer. He sees EPAs as a fresh danger coming in through another door.

"The opening up of the market is a big threat. Our government must come up and say categorically that we are not ready."

Having staggered back from one bout of liberalisation the Kenyan dairy industry may not survive another.



Cheap European imports threaten to wipe out Kenya's dairy industry.

Case Study: Industrial future uncertain with free trade

At the Agro-Chemical and Food Company (ACFC) complex in western Kenya, managers may have to stop production if they cannot find a new source of raw materials. The nearby Muhoroni Sugar Company and Miwani Sugar Company have closed, cutting off a major supply of molasses – the waste material of sugar production and the starting material for ACFC.

"We depend on molasses so anything that affects sugar production affects us," says Silas Otieno, Administration Officer at ACFC, which was set up in 1982 as a joint venture between the government of Kenya and Meta Group International, an Indian investor.

ACFC was set up near three sugar companies in order to be close to the raw material. Now only Chemelil struggles to stay open in a market over

supplied with cheap sugar imports. Also situated nearby is the Homa Lime Company whose main business is to produce lime for sugar processing.

The agro-chemical company has had to transport molasses from Mumias Sugar Company, over 150 kilometres away adding an extra KSh1,200 (US\$16) to the cost of each tonne of molasses. Now they may have to search even further. *"We're thinking of importing molasses from Tanzania,"* says Otieno.

He says they are accustomed to fluctuations in availability of molasses brought on by drought and other changes in weather. But nothing can compare to the impact of sustained imports of cheap sugar says Otieno. *"I think this year we are going to witness the worst shut-down because of lack of raw materials."*



The Mumias sugar factory is one of the few that's survived liberalisation. It provides molasses to ACFC for industrial processing.



A successful local sugar industry is a vital ingredient in Kenya's industrial future.

A shut down will mean that all the companies ACFC supplies with various grades of alcohol will also be affected; that includes drug companies, paint, ink, shoe polish manufacturers as well as brewers, hospitals, hotels and homes.

It will also cut off plans to export to regional markets in neighbouring Uganda, Tanzania, South Sudan as well as Rwanda and the Democratic Republic of Congo from where they have had queries. And bakeries who buy the yeast products will also have to find alternatives.

"Before we came into operation almost all these products were imported," says Otieno. He says when all the linkages are taken into consideration, sugar cane is more valuable than tea – one of Kenya's leading exports. And the long-term effect of liberalisation in the sugar sector is to leave Kenya's industrial future looking bleak.

Case Study: Back to basics for Kenyan leather industry



Peris Njeri is one of thousands of people who've been hit hard by the closure of Kenya's tanneries.

Peris Njeri sold a lot of leather when she first opened her small shop on the outskirts of Nairobi's central business district. Trading under the name Perinn Enterprises, the single mother bought leather supplies from several tanneries and retailed them to shoemakers for repairs.

Then the leather supplies became harder to find as tanneries across Kenya closed down. Njeri was eventually forced to find a place where she could do the tanning herself. *"Business was not good. There was nowhere to get good quality leather,"* says Njeri who is a trained leather technologist.

She turned to the Leather Development Centre in Kenya where she waits her turn for service. It is tiring and the chemicals are expensive, but this is Njeri's livelihood. *"You can wait here for even three weeks before machines are available to do your work,"* says Njeri who wishes she could start her own small tannery.

The number of people like Peris has swelled with the closure of the tanneries. In early 1990, there were 19 operational tanning companies in the country producing leather most of which was consumed by local leather industries. By 2005 that number was whittled down to 4. With the exception of Bata Shoe Company, all operate at less than 30 per cent of their installed capacity. Many former employees are now struggling to set themselves up as independent tanners and traders, joining the queue with Njeri.

"I was there when it was very good and now when it has gone bad," says John Muriuki, manager of the Leather Development Centre. He remembers the decade from 1985 to 1994 when the leather industry was prime. Commercial tanneries exported semi-processed and high quality finished leather to Italy, UK and other parts of Europe.



Second-hand and cheap imported shoes have contributed to the collapse of Kenya's leather industry.

Closure of the tanneries is partly blamed on second-hand leather goods imports that have flooded the market. *"The government should control the dumping of second-hand shoes into the country. They are causing factory closures, loss of employment and denying the government revenue,"* says Fernando Garcia, managing director of Bata Shoe Company, which has had to scale back its workforce.

The threat is not only from second-hand shoes, according to George Kamau, manager of the Training and Production Centre for the Shoe Industry. *"Mitumba (second hand goods) has its impact but the cheap imports from Asia are the ones that have really affected the market,"* says Kamau who received training in management of shoe factories in Italy after completing his MBA in entrepreneurship.

These imports have devastated the informal

sector, which in the past saw street-side cobblers supplying almost 50 per cent of all shoes sold locally. Almost 12,000 jobs were lost from the informal sector popularly known as "jua kali". Thika Town which was once a hub of the leather industry, used to have 80 small shoemakers in the mid 1990s. Now there are five.

The formal sector has fared no better. Today the hides, skin and leather supply chain employs just 60,000 people – less than half the number employed in the 1980s.

Both Kamau and Muriuki agree there must be some form of protection for the market. They are not blind to the huge changes that must be made locally but they are sure that with the right international policies the leather industry can be turned around. But in the current environment of unplanned and externally driven liberalisation the sector does not stand a chance.

Case Study: Hostages of free trade in sugar



Magdalene Wandere and Christabel Sunga lost everything when the local sugar factory closed. They're forced to rely on handouts to survive.

Stranded hundreds of miles away from his home on the Tanzania border, Richard Omollo feels trapped. *"It is as though I'm being held hostage in my own country,"* says the 34 year old Omollo who now depends on donations to survive.

Omollo worked as a clerk at Miwani Sugar Company until it was closed in 2000 after struggling for years against a flood of cheap

imported sugar in the market. The best paying job he can find is casual work on nearby farms where he earns a mere KSh40 (US\$0.54) for working a 12-hour day. He needs to make at least KSh180 (US\$2.42) daily for his family to afford the absolute basics.

Although primary education is free, Omollo's four children do not go to school. *"My children walk barefoot, they're nearly naked. So they can't go to school."* He has given up hope that the company where he worked for nine years will re-open and wants to go back to his home in Kanyamuar where at least he would be able to grow his own food. But he cannot raise the fare.

Alice Akoth Okongo helps Omollo with food and a little cash when she can. She used to be a well-known farmer in the Miwani area. Working the 50-acre farm inherited by her husband from his parents, Okongo says she never saw people in the area ask for handouts until Miwani Sugar Company closed. Miwani is the oldest sugar cane processing company in Kenya and has been crushing cane since 1922.

The closure came within a few months of the shut down of the giant textile company, Kicomi, in nearby Kisumu, leaving thousands of employees and their families stranded. Okongo blames sugar imports for the impossible struggles faced by the community in the area. *"They want to kill us, to kill the factory."*

Signs of lost wealth litter Okongo's front yard where four tractors, an assortment of trailers and ploughing equipment stand disused and decaying, the grass growing up to fill the crevices. When Miwani first closed, the tractors were a cushion and helped her to earn a living by hauling cane from her farm and for neighbours the long distance to Chemelil Sugar Company. Until Chemelil also started to weaken and payments became delayed.

Okongo says the way free markets are being handled has created mass poverty where it never existed before. The result is instability and soaring crime rates with prostitution becoming a way of life for women in Miwani who have no other means of earning an income.

She regularly visits widow Magdalene Wandere who is now over 80 years old and blind and her co-wife Christabel Sunga. Their husband died in 1983. Seated outside their small hut Wandere says: *"This is the way we live, we have no hope."*

They delivered a 5 tonne trailer of cane harvested from their ½ acre plot in the expectation of earning KSh10,000 (US\$135) which they hoped to plough back into the land. Then Miwani Sugar company closed and they lost everything. They now depend on a 10 year old grandson to look after them relying on handouts from neighbours.

"If anyone wants to eradicate poverty the resources are here. We are people who have the potential," Okongo says.

Linet Muga is separated from her husband and survives with her five children on a three acre plot given to her by her parents. Linet and Alice are fighting hard to get the voice of the sugar farmers heard. In August 2004 they formed the Kenyan Women Sugar Cane Farmers Network. They are campaigning to their own government and wrote to the G8 ahead of the summit in Edinburgh.

But Linet cannot hide her anger: *"The people making these rules should come to the ground and see how we live. We are very bitter. We are sad and we are stranded because we don't know what tomorrow will have for us. Will they come to help us when we are dead?"*



Alice Okongo has had to watch her machinery for harvesting and transporting sugar rust away. She is determined to campaign for the voices of sugar farmers to be heard.

Case Study: Old set-backs for Kenya's new textile industry

The Ahero Training Centre is providing vital training for women. It is one of a number of initiatives aimed at reviving the crumbling cotton and textile industry.



The clatter of wooden weaving looms does not distract Ms. Flacia Nyamu as she answers questions from trainees at Ahero Multipurpose Training Centre in Western Kenya. The room is full of women from different parts of Kenya who hope to learn skills that will dramatically improve their lives.

Ms. Nyamu is teaching spinning, dyeing and weaving using simple equipment. She believes that this training will create a foundation for cloth making within the community and allow each woman to be self-employed.

"Kenya no longer has a textile culture," says Ms. Nyamu. The skills to work cotton into cloth were dismantled when the textile industry collapsed after cheap imports and second hand clothes flooded the country following liberalisation in the 1990s.

She is keen to ensure that this time around efforts to revive the textile industry are based on a strong cottage industry. The three-month workshop at Ahero is just one of the initiatives to rebuild the cotton and textile industry.

Much can be learned from the Indian experience and it is not just the technology, as Nyamu has found out from training together with an Indian textile expert, Sharma. Sharma says the Kenyan textile market is still in a very fragile state. Opening up the market to imports from the European Union proposed under Economic Partnership Agreements (EPAs) at this stage would be disastrous.

"You will not be able to grow without protecting the local market from imports for some time," says Sharma who believes the textile sector is an easy place to support industrialisation.

Textiles were once a thriving industry in Kenya and hopes ran high. *"In 1990 the textile industry was second only to the government as an employer,"* says Jayesh Shah shrugging his shoulders in frustration as he explains how liberalisation in the 1990s resulted in the numbers of those employed by the formal textile industry falling dramatically.

The technical director of Spin Knit, a large textile production company, Shah says the sector would easily have employed 500,000 today if it had not been interfered with. Spin Knit survived liberalisation although it had to close down less profitable cotton textile lines and now concentrates on blanket making and school knitwear, relying heavily on imported raw materials.

Most other companies did not fare so well. The giant textile manufacturing companies such as the Eldoret-based Rift Valley Textiles (Rivatex) and Raymond Cloth Mills and Kisumu Cotton Mills (Kicomi) closed after second-hand clothes imports and cheap textiles flooded the market.

The tens of thousands of employees who lost their jobs survive as best they can. But they are still living with the impact. Since Kicomi closed down

five years ago Evans Amuko has been employed as a security guard outside the neglected Kicomi shop in Kisumu town centre.

Amuko was employed as a fitter at Kicomi and trained on the job, repairing machines when they broke down. He says his life was devastated by the Kicomi shut down. *"The little I get now goes to food only. Buying clothes is a problem."*



At 45 Amuko is too old to train for a new profession. He tried looking for work as a fitter without luck. Since most textile companies faced similar trouble to Kicomi he has had to settle for what is available and has given up the dreams

of seeing at least one of his six children through university education.

He watches helplessly as his older children reach the end of free primary education and then drop out as he cannot pay school fees for high school.



The closure of the Rivatex textile factory had a devastating effect on the local community. Thousands of people lost their jobs and many are still struggling to recover.