Briefing Paper

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Harnessing Small-Scale Farmers' Potential in Kenya

Addressing the Productivity and Market Access Challenges

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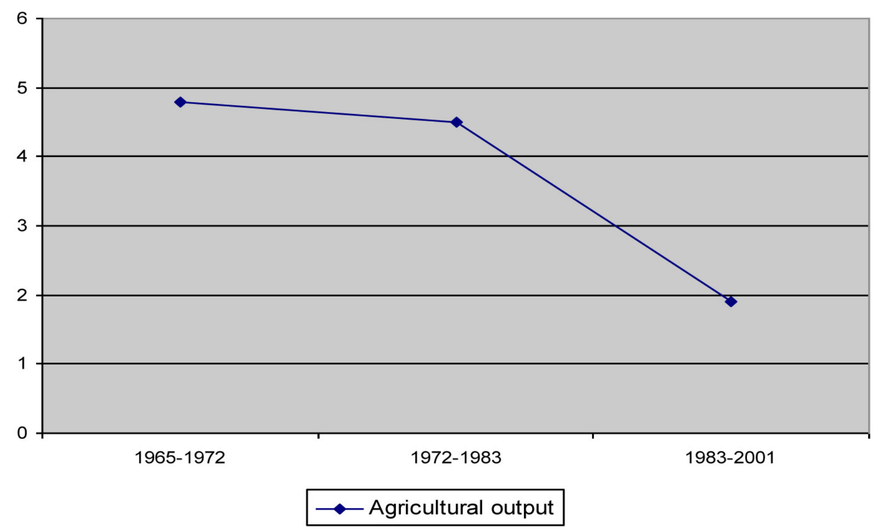
This paper provides an overview of the coconut, cashew nut and cassava sub-sectors in Kenya, which have high value potential but have remained neglected. It discusses the significance of these sub-sectors not only towards livelihoods improvement, but also for the Kenyan economy. It also provides recommendations to boost the productivity of these sub-sectors, and address challenges faced by the farmers.

Introduction

Over the decades, the Kenyan economy has witnessed significant dynamics in response to changes in both domestic and global economic settings. What has remained unchanged, however, is the fact that agriculture continues to be a key sector for the country. Agriculture is the biggest employer and absorbs approximately 75 percent of the nation's labour force. The sector also contributes between 20 and 25 percent of the country's gross domestic product (GDP).[1] Various reforms in the agricultural sector – from the pre-Structural Adjustment Programmes (SAPs) era to the SAPs and post-SAPs era – have however failed to boost the productivity of this sector (as shown in Figure 1). The sector is dominated by small-

Figure 1: Percentage Growth of Agricultural Output in Kenya (1965-2001)



Source: World Bank Africa Database, 2001

1 Odhiambo, W. Nyangito, H.O. and Nzuma, J. 2004. *Sources and Determinants of Agricultural Growth and Productivity in Kenya.* KIPPRA Discussion Paper No. 34.

scale farmers, who are largely poor and reside in far flung rural areas, with little or no access to inputs and facilities required to enhance production and improve market access.

The persistent poverty in production and livelihoods of the smallholder farmers motivated Consumer Unity & Trust Society (CUTS), Nairobi to undertake a study entitled, 'Kenya Agricultural Production and Market Access Development for Small-Scale Farmers' (KAPMAD Project) to map factors – both in inputs and outputs markets – that have affected smallholder farmers in three products – cashew nuts, coconut and cassava and explore certain possible solutions.

Methodology

The study was done in collaboration with the Kenya Small-Scale Farmers' Forum (KESSFF) and with financial support from Ford Foundation, Kenya. Inadequacy of resources restricted the study to only two districts – Homa Bay and Kilifi. The study focused on three crops, namely: cassava, coconut and cashew nut, the choice of which was influenced by the fact that the crops have high value yet government policy focus and attention towards these erstwhile high-performance crops seem to have faded over time. Information in the report was obtained from secondary sources as well as by analysing primary data obtained through in-depth interviews with farmers, traders and District Agricultural Officers. Table 1 shows where the analysis of the sub-sectors took place.

Table 1: Sub-sectors Analysed and Districts of Focus

Sub-sector	District of focus
Coconut	Kilifi
Cashew nut	Kilifi
Cassava	Homa-Bay

Sectoral Overview: Coconut, Cashew Nut and Cassava

The Coconut Sub-Sector

Coconut has mainly been grown in the erstwhile Coast Province of Kenya. This crop is deeply engrained in the cultures and traditions of the coastal communities, with its history dating back to a couple of centuries. Almost all households situated along the coastal belt plant coconut

trees. Coconut and its various ingredients are used for consumption, cooking, soap making, candle manufacture, cosmetics as well as for medicinal purposes. The market for the coconut crop extends beyond the coastal region and the crop often finds its way into other regions, including urban inland towns like Nairobi and Kisumu.

The value of the coconut crop has not been realised in Kenya. This is mainly because most people only look at dry nuts and ignore other components of the coconut tree which are equally significant. The CUTS study found that if all these components were considered, the value of the coconut crops at household level would be close to KES3.2bn (US$40mn). There is huge potential in various components of the coconut crop, such as coconut palm, which is largely unexploited.

Despite the significance of the coconut crop, it suffers from low productivity with the average production standing at 21 nuts per tree, compared to the optimal production level of more than 100 nuts in good-yielding varieties. The required attention by the government for improving this sector's performance is largely missing.

The Cashew Nut Sub-Sector

The cashew nut sub-sector is the second most important sub-sector in the coastal region, after the coconut crop. The sub-sector has, however, been neglected despite its potential role in reducing poverty in the region. The study revealed that majority of the cashew nut trees (more than 80 percent) in the region have surpassed their economic life. Cashew nut farmers do not have adequate information on improved farming methods and the sector has not received much attention from agricultural research institutions either. The sub-sector suffered from the adverse consequences that often befall farmers as a result of reforms proposed by the international community.

Specifically, the World Bank in the early 1990s advised the Kenyan government to remove protectionist measures in a bid to enhance gains from the sub-sector, but this only led to stiff competition from exporters driving out local buyers from the market. The cashew nut is regarded by farmers in the Coast Province as one of their most lucrative undertakings but like the coconut sub-sector, the cashew nut sub-sector's potential in employment creation, income earning and increasing exports remains untapped.

At the domestic front, 80 percent of demand for cashew nuts is not being met. The global market for this crop has been growing significantly over the past two decades with market leaders coming from Asia, viz. India, Japan, China, Hong Kong and Vietnam.

The Cassava Sub-Sector

The importance of the cassava crop varies from community to community and from region to region. Nyanza Province is the largest producer of this crop followed by the Coast and Eastern Provinces. Cassava crop is used in different varieties: it can be eaten as a root or be used to make flour for dishes, such as *ugali* and porridge, or processed to make crisps. Cassava leaves are also eaten as vegetables. The production of cassava in Kenya (0.86 million metric tonnes) is much lower than that in neighbouring countries: D.R. Congo (21m MT), Uganda (4.0m MT) and Madagascar (2.5m MT).[3] However, there has been an increase in the crop's production over the years following an increase in attention accorded to the crop by the government. This has further been attributed to the introduction of new variety of inputs which enable farmers to double their yields.

The role of cassava in the economy goes beyond mere consumption. The crop plays a critical role in the country's food security particularly by offering a stable source of food in drought and famine-prone areas. This is because the crop can withstand harsh climatic conditions and poor soils and requires minimal farm inputs. The crop has also been used as an alternative to maize (the main staple grain in Kenya) in times of maize shortage.

Policy & Practice Recommendations

The major challenges facing small-scale farmers in the country's cashew nut, coconut and cassava sub-sectors are summarised below along with some suggested recommendations:

- Market-related challenges: Small-scale farmers in Kenya lack adequate and timely information of both the input and output markets. Moreover, farmers revealed that low and unreliable prices which are disproportional to their efforts affect productivity. In most cases, small farmers end up being price-takers (rather than price-makers) and have low bargaining power.

- Poor market linkages: The study revealed that small farmers, in most cases, end up not selling all of their

produce due to underdeveloped markets. This discourages farmers from not only producing various products of crops but also taking good care of them. The market linkage challenge is further compounded by poor road infrastructure, which, in turn, increases the cost of transporting products to markets and ultimately affects the profit margins of farmers.

- Access to credit: In addition to output market challenges, these farmers also face challenges accessing input markets, from seeds to credit. This study revealed that smallholder farming is a complex and risky undertaking due to its reliance on natural resources which are susceptible to external shocks. As a result, financial institutions have often shied away from this sector, which means that these farmers have to rely on informal sources of credit, such as friends, relatives, 'shylocks', and sale of their assets (which plunges farmers deeper into poverty).

- Demographic profile of farmers: Majority of the farmers are old; and women dominate the sub-sectors. Yet women's time is divided into multiple family chores. Youth, who make up the majority of the country's population, should be encouraged to undertake farming as a source of livelihood. This will not only address productivity challenges but also high rate of youth unemployment, which currently stands at 70 percent.

- Investment in irrigation : This would help smallholder farmers (most of who rely on rain-fed agriculture) to address productivity problems that emanate from erratic weather conditions.

According to the Irrigation and Drainage Policy of 2008, Kenya has an irrigation potential of 539,000 ha (based on surface water availability) and a drainage potential of 600,000 ha. Out of the total potential, 110,000 ha (20 percent) and 30,000 ha (5 percent) have been developed for irrigation and drainage, respectively.

- Production and market linkages: This would entail providing training to farmers to enable them link their production with both local and regional markets as well as ensuring that farmers get timely market-related information.

- Strengthen producer organisations: They also lead to significant economies of scale, reliable relationships with input providers and traders, better prices and access to financial services. Investing in and building the capacity of smallholder farmer associations and promoting contract farming is, therefore, a principal means of enhancing agricultural productivity in Kenya.

- Promote a culture of savings: This would help them to better access credit facilities and other financial services required for further investment into their agricultural activities. Another option that may enhance accessibility of smallholder farmers to private credit would be the Cashless Credit Model, which links small farmers, financial institutions and input providers. It enables farmers to access inputs on credit upon which the financial institutions pay input providers from proceeds of farmers. It is called 'cashless' because the type of assistance offered to farmers is 'in kind' rather than 'in cash'. The model has been proven effective in countries, such as Ghana which had similar problems facing small farmers.

- Linking state investment to needs: With regard to state investment, the government should increase its public budget allocated to the agricultural sector, if it wants to witness a double-digit growth in this sector, which is one of the objectives of Kenya's Vision 2030. In addition to the amount or volume of investment/budget allocation the focus also needs to be aligned to small scale farmers' needs.

(Courtesy: Pictures are taken from the internet)

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