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Smallholder Cash Crop Production and its Impact on Poverty in Kenya

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Abstract

This paper is based on an ongoing research on impact of smallholder cash crops production on living standards under different farm and family conditions. In Kenya, most farmers are small scale producers of cash crops such as tea and coffee. Prior to early 1990's, farmers earned enough income to provide for adequate food, education and good health to their families. These industries have been faced with challenges such as decline in world prices, entry of many competitors in the market including introduction of products that replace the functions of these cash crops. These challenges have negative impacts on competitiveness and market participation of the smallholders. Cash crop production is currently not contributing to alleviation of rural poverty. The daily efforts of the farmers do not trickle back to them but enrich the marketers and buyers. There is therefore a relationship between cash crop production, poverty and hunger among rural families. The paper will highlight issues of resource allocation and use among different groups of smallholder tea and coffee farmers. It will also highlight the relationship between cash crop production and living standards measurements such as food supply and security, family income, health and education. This paper is motivated by the fact that despite the allocation of almost all their resources and time in cash crop production, farmers are ravaging in poverty; unable to get enough food, pay health services and school fees. Most of the land was invested in cash crops and farmers do not have enough land left for food production and other income generating activities. Unemployment is spreading fast because the tea and coffee farms can no longer absorb the growing population which includes the farmers seeking off-farm income and youths who dropped prematurely out of school. The results show differences in resource allocation and use; and levels of living standards among the farming systems. The results show that financial and physical capitals and to some extent human capitals are the main resources that caused variations in both agricultural productivity and living standards in the two farming systems. Analysis has been done using econometric models.

Keywords: Kenya, low living standards, poverty, smallholder cash crops production