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Commercialisation of Smallholder Horticulture: A Panacea or a Deterrent to Reduction of Rural Poverty Vulnerability, an Asset-Based Approach

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Abstract

Commercialisation and diversification into horticulture has often been seen as a pro-poor development strategy in Kenya. Whereas the horticultural sub-sector seems to be successful in economic terms at macro level, the extent to which these economic gains derived from commercialisation of horticulture impact on the poor at the household level in the long-run has not been clearly understood. The argument of “pro-poorness” of commercialisation of the horticultural sub-sector is often based on cross-sectional income or expenditure poverty measurements, reporting who is poor at the time of survey. These methods not only fail to show who is likely to remain poor in the future or who is moving out of poverty. The current study follows an asset-based poverty measurement approach utilizing two-wave panel data comprising of 309 vegetable producing smallholders from selected districts in eastern and Central Kenya. Results indicate that over 37 % smallholder farmers have exited from commercial vegetable production as their main livelihood activity while about 20 % have abandoned production of vegetables altogether. While per capita income among farmers who have abandoned horticulture business have increased by about 40%, per capita asset holding have reduced by about 10 %. Using logistic regression model, factors such high dependency ratio, availability of remittances, opportunities for small business enterprises and old age are seen to have contributed to shifting away from horticultural business. On the other hand, household with higher income and land endowments and have access to extension services are likely to remain in commercial horticultural farming. Policy implication focuses on creating a better investment environment to promote small rural based businesses as an alternative livelihood to vegetable production business, exploring the potential role of safety nets to allow investment in household assets, and promoting access to extension services. Further research should look at contribution of horticulture to gender differentiated groups of smallholder farmers.

Keywords: Assets, commercialisation, horticulture, Kenya, poverty, smallholders