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Participatory Assessment of Institutional and Operational Challenges Affecting Small-Scale Dairy Chain Actors' Market Participation in Kenya

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Abstract

The dairy sector in Kenya is characterised by the dominance of small-scale actors. Although usually labelled as the informal chain compared to milk trade and processing conducted by large scale operators, small-scale actors increasingly fulfil formal requirements such as paying taxes and acquiring health certificates. However, they still face constrained market access due to lack of adequate information, infrastructure, and financial and human capital endowment, so that there is a need for an integrated assessment of the dairy system. This paper deals with the institutional and related operational challenges of the small-scale dairy sector through a participatory analysis with both primary (e.g. farmers, transporters, retailers) and secondary stakeholders (e.g. government officials) in Nakuru County, Kenya.

The Institutional Analysis and Development (IAD) Framework serves as the theoretical background on which the process of milk production and marketing, and the outcomes obtained by the different actors are analysed using a participatory action research approach. Semi-structured interviews with stakeholders, as well as multi-stakeholder exercises to map stakeholder relations and challenges along the value chain provided information to analyse the institutional environment. Multi-stakeholder processes with the primary stakeholders are facilitated to co-identify entry points for a socially inclusive market development.

Institutional challenges in forms of deficient input and service provision, high transportation costs, and substantial milk price fluctuations raise the need for increased coordination among primary stakeholders. In this regard, the multi-stakeholder processes revealed several entry points for collective action as a promising approach of economic organisation and smallholder advocacy. Furthermore the need for increased harmonisation among research, training, and extension services, as well as among law and enforcement was revealed. As some milk transporters can already afford to shift towards use of aluminium cans, and as some milk retailers are in the position to purchase milk pasteurisers, public and private support to such gradual harmonisation towards formalisation within the institutional environment can enable greater social inclusion of the more vulnerable actors along the chain. Context-specific and demand driven input and service provision, aligned with investments in infrastructure in the remote areas are some of the recommendations that emerged from this participatory assessment.

Keywords: Dairy, IAD framework, Kenya, smallholder market participation, value chain development