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“Solidarity in a competing world —
fair use of resources”

Economic Returns and Smallholder Participation in High-Value Markets for African Indigenous Vegetables in Rural Kenya

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Abstract

The existence of effective markets holds potential for maintaining a consistent supply of produce in rural areas and possibly ensuring adequate surplus for trade. This is critical in promoting the transition from subsistence production to vibrant commercial farming. In recent literature and policy debates, much focus has been on the growth of supermarkets, particularly in developing countries. However, there is limited documentation of the extent of penetration of and farmers' participation in other emerging high-value agri-food markets such as schools, hospitals and restaurants in the rural remote areas. In order to address this critical knowledge gap, this study analysed the effectiveness of such markets for African indigenous vegetables in Siaya county; a relatively remote lake-side rural area of western Kenya. The findings of the study revealed that less than one-tenth of the smallholder farmers sell their vegetables in high value markets. Surprisingly, the high-value markets have a marketing margin of over 60 %, but smallholder farmers' share of this margin is less than one-third. Comparatively, traditional open-air markets have marketing margins of less than 30%; but this is fairly distributed as the farmers who supply open-air markets receive more than two-thirds of this margin. The findings from this study call for interventions that seek to improve the distribution of market margins along high-value markets so as incentivize smallholder farmers to supply their produce to these channels. Alternatively, it looks plausible to accelerate infrastructural investments in value-addition facilities in open-air markets so as to improve the commodity prices, enhance shelf-life and assure better quality to consumers. This would in turn guarantee better returns to smallholder farmers. It is envisaged that spending resources in making markets work for smallholder farmers will ultimately contribute to welfare improvement and development of the rural economic base.

Keywords: High-value markets, indigenous vegetables, Kenya, smallholder farmers