



Economic returns and smallholder participation in high value markets for African Indigenous Vegetables (AIVs) in rural Kenya

Authors: Dorcas Anyango Jalango¹ David Jakinda Otieno² and Willis-Oluoch Kosura³
 Department of Agricultural Economics, University of Nairobi, P.O Box 29053-00625, Nairobi, Kenya
¹ jalango88@yahoo.com, ² jakinda1@yahoo.com, ³ willis.kosura@gmail.com

1. Introduction

- Consumption of AIVs has tremendously increased among households due to their nutritional and medicinal value.
- Rapid expansion of high value markets e.g. supermarkets, hotels, hospitals and schools have consequently led to an increase in AIVs demand. However the supply has failed to meet the growing demand.
- Participation in such markets holds potential in combating food security and improving household income in rural areas. However smallholder farmers have not taken up the initiative to supply AIVs in such markets.
- Insights on economic returns on AIVs high value markets would be of essence in incentivising smallholder farmers to participate more in such markets.



Figure 1: An AIVs smallholder farmer

2. Materials and methods

- A participatory field survey on 150 AIVs farmers using semi structured questionnaire-based interview in Siaya County, Kenya.
- A Focused Group Discussion with stakeholders along the AIVs value chain.
- Analysis of: **Gross Margin (GM)** = Total Revenue (TR) - Total Cost (TC); **Marketing Margin(MM)**= Retail Price- Farm gate Price/Retail Price*100; **Farmer's Share**= Farm gate Price/Retail Price*100

3. Results

- Despite rapid growth of supermarkets and other high value markets, less than 13% of smallholder farmers supply AIVs to such markets. Open air markets and farm gate dominate in the traditional marketing outlets (Figure 2).
- The gross margin accrued by smallholder farmers who supply in high value markets is more than 10 times of those who supply in traditional markets (Table 1).
- High value markets have a market margin of over 60%, surprisingly smallholders' share of this margin is slightly more than 1/3. Comparatively, traditional markets have a marketing margin of less than 30% with more than 2/3 of this share distributed to the smallholders (Table 1).

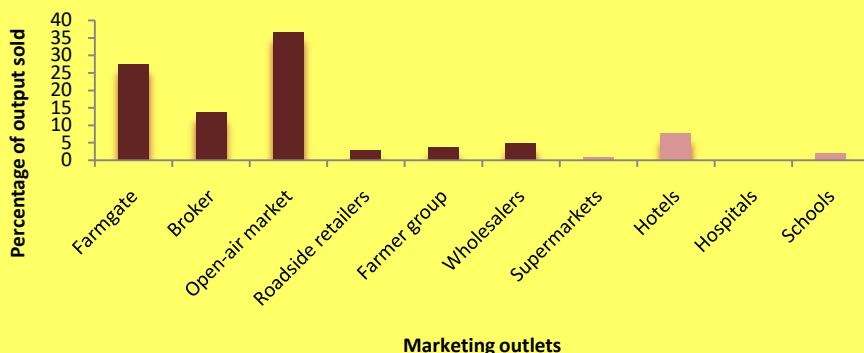


Figure 2: AIVs output sold in various marketing outlets

	High value markets	Traditional markets
Total Revenue (Ksh)	72596.0	7332.0
Total Cost(Ksh)	28236.0	3909.0
Gross Margin (Ksh)	40360.0	3423.0
Marketing Margin (%)	64.3	22.3
Farmer's share(%)	35.3	75.1

Table 1: AIVs marketing Margins

4. Conclusions & Policy Implications

- Despite the awareness of higher income opportunities in high value markets for fresh produce, participation in such markets by smallholder farmers of AIVs has not been embraced.
- Interventions that seek to distribute marketing margins along high value markets would be an incentive in enhancing their participation.
- Alternatively, accelerating infrastructural investments in value addition facilities in open air markets would be vital in increasing AIVs shelf life, quality and prices. This would guarantee better returns to smallholder farmers.

5. Acknowledgements

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