



Tropentag, September 9-11, 2020, virtual conference

“Food and nutrition security and its resilience
to global crises”

Impact of Collective Marketing of Local Poultry Breeds on Smallholder Farm Incomes in Eastern Kenya

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Abstract

Agriculture is a viable exit strategy from the poverty cycle in Kenya, where it contributes to 23% of the gross domestic product (GDP). Moreover, collective marketing in agriculture has the potential to reduce on transaction costs and mitigate on marketing risks, which reduce on farm incomes. However, less than 20% of households in Eastern Kenya are currently participating in collective marketing of the farm produce. Therefore, the objective of this study was to determine the factors that determine participation in collective marketing of local poultry breeds and its impact on farm income and gross margins in Eastern Kenya. A random sample of 237 households was obtained from Wote, Kee and Kaiti divisions within Makueni County. First, we randomly picked three districts and a division from each of these districts. Subsequently, we collected data using pretested questionnaires and from focus group discussions and key informant interviews. Thereafter, we used a logit regression, propensity score matching (PSM) and average treatment effect on treated (ATT) to estimate effects of socioeconomic factors on collective marketing and its impact on gross margin. The results indicate that participation in collective marketing is significantly affected by education of household head (0.21)**, frequency of contact with extension worker (0.02)**, distance to nearest market(-0.11)**, distance to all weather roads (-0.17)**, source of labour(-0.15)** and marketing channel(-0.08)**. Moreover, participants in collective marketing improved gross margins by Ksh 2125.36*** (US\$20), compared to the non- participants in collective action. Therefore, to enhance participation in collective action farmer field schools and open field days should be used to promote collective action among smallholder in Makueni County. Furthermore, innovative strategies such as subsidised extension services should be adopted. Basic infrastructure such as markets and all weather roads should be improved to improve participation in collective action. There is also need to invest in training of labour and promotion and adoption of efficient and reliable sources of labour. Finally, shorter and efficient marketing channels should be promoted among smallholder to improve on their participation in collective marketing. Therefore, Government policy, specifically on rural development and extension, should focus on consolidating smallholder farmers into commodity marketing groups.

Keywords: Breeds, collective, propensity, marketing, margins