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Theme: Creating Futures Through Research - Meeting Challenges, Embracing  
Opportunities & Delivering Impact

## Value Chains as an Intervention Tool for Promoting Competitiveness of Smallholders Coffee Farmers.

*A Case Study of Smallholder Coffee Farmers in Githunguri District, Kiambu  
County, Kenya.*



**Presenter**  
**Dr. Emmanuel Awuor**  
**Management University of Africa**

# Inaugural Research Conference,

## STRUCTURE OF PRESENTATION:

- **Background of the study**
- **Statement of the problem**
- **Research objectives**
- **Conceptual framework**
- **Research design/ Methodology**
- **Findings and Results**
- **Discussion**
- **Conclusion**
- **References**

# Background of the study

- Coffee is a key industry of the economy, as it is the fourth largest earner after tourism, tea and horticulture (Bagal et. al, 2013)
- It is further estimated that out of the 70% of Kenya's workforce engaged in agriculture, 30% (about 6 million Kenyans) are employed in the coffee industry

# Background of the study

- The Government of Kenya through the Coffee Act (2012), has taken several steps to assist small scale coffee farmers in Kenya by attempting to influence the structures, systems and relationships that define the coffee value chain
- In the same trend, the Kenya Planters Cooperative Union (KPCU) and other financial institutions have advanced loans to farmers to assist them to improve on their farming
- Coffee Board of Kenya (CBK) helps farmers to market their coffee (Muthoni, 2014)

# Coffee Farming in Githunguri District, Kiambu County

- Githunguri District is a rural area that lies between latitude 00°22' 00" E and longitude 00°23'43.5", situated within reach of the city of Nairobi
- The district is characterized with predominantly agricultural activities including coffee farming which is one of the most important economic activity in terms of employment creation and income generation (Chege, 2012)

# Problem statement

- The concern is whether the small-scale coffee farmers can gain a functional position within the coffee value chain so as to achieve positive value chain outcomes (benefits and competitiveness)
- Are they empowered to face the competition in the internal and external environment?
- How then can the small-scale coffee farmers be more competitive in the coffee industry bearing in mind that the coffee market requires constant efforts in increasing productivity, thereby creating the need for technological innovations and focused production?

# General Research Objective

- The objective of this research was to identify potential areas of value addition for small-scale coffee farmers in Githunguri District, Kiambu County of Kenya and how to promote competitiveness in the coffee sector

# Specific Research Objective

- i. To determine the current coffee value chain outcomes (performance) for the small-holder coffee growers in Githunguri
- ii. To identify the current major constraints that hamper enhanced accrued benefits and competitiveness within the coffee value chain for small-scale farmers in Githunguri
- iii. To identify upgrading strategies that will enable the small-scale coffee growers to secure a gainful position (accrued benefits and competitiveness), within the coffee value chain in Githunguri

## Research design

Qualitative research design was used to assess the causal link between the coffee value chains structure, dynamics and outcomes



# Target Population and Sample Design

- The target population were coffee farmers with farm size ranging from 5 to 10 hectares in Githunguri district in Kiambu County
- The sample frame was 10,000 small coffee producers.
- A stratified sampling technique was employed and a selected sample size of 100 respondents sampled

# Literature Review

- Theoretical underpinning of the study was based on the **value chain analysis model** ( Porter, 1985)
- Empirical literature review revealed the high potential for the coffee industry in Kenya with an exporting value of US\$ 500M making it the fourth source of income for Kenya after tourism, horticulture and tea (Bagal et al, 2013)
- Nearly 1 million people working directly in the coffee sector in Kenya

# Findings and Results

- The study revealed that coffee farming represents the main source of income for most of the respondents (67.1%)
- However, the value chain outcomes of the coffee sector are restricted to the production itself which in turn shows no tangible signs of particular improvement
- Value addition activities within the coffee production stage could be a source of competitiveness and other accrued benefits. These are credit facilities, training on farming methods and provision of fertilizers at subsidized prices

# Discussion

- Furthermore, smallholder farmers face challenges such as lack of information and poor dissemination structure, high production costs, high labour costs and slow payments implying that the producer is facing several challenges while the profit appears to be too little
- Very little has been done to facilitate the small-holder farmers to secure a gainful position in the value chain as their participation in coffee value chain does not extend beyond forwarding the coffee to cooperatives

# Conclusion

- There is also need to increase investment in extension services so as to reinforce the capacity of the farmers on how to produce good quality produce that will be competitive in world market. An increase in numbers of factories will also be required in high production areas
- Similar studies should be replicated in other areas of the country to see if the same conclusions can be made

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