

The Role of Project Location on the Utilization of Markets in the Small Holder Market Access Program by Horticulture Micro enterprises: A Case Study of Imenti South Sub County

Nicholas Karani Njebi.

*This research work was done in Kenya, Meru County, Imenti South Sub County.
December 2017.*

Abstract: *Agriculture is the main driver of social economic development in Kenya. The rural economy of Kenya is driven by Agricultural micro enterprises where the small holder farmer plays a central role. Horticulture has emerged as the most profitable of all the Agriculture sub sectors in Kenya currently. The Government collaborates with development partners to develop this sub sector by designing and implementing various initiatives. Small Holder Market Access Program [SHoMAP] is such a collaboration between the Government of Kenya and International Fund for Agricultural Development (IFAD). This study investigated the influence of project location on the utilization of markets in the Small Holder Market Access Program by horticulture micro enterprises in Imenti South Sub County. The case studies studied were Nkubu and Miruriri SHoMAP markets in Imenti South Sub County. Analysis of the findings showed that project location influences utilization of markets in the Small Holder Market Access Program by horticulture micro enterprises. It was recommended that the effects of this factor be addressed to ensure optimal utilization of SHoMAP markets and all other markets serving small holder farmers' value chains. Further studies were recommended to understand the effect of devolution in agriculture project management.*

Key Words: *Project Location; Utilization of Markets; SHoMAP Markets.*

Date of Submission: 27-12-2017

Date of acceptance: 08-01-2018

I. Introduction

It has been demonstrated worldwide by IFAD (2011) that market oriented agriculture has the capacity to generate incomes and support sustainable economic growth especially through the partnership of governments, private sector, civil society, NGOs, small holder farmers and their associations. The support enables small holders to invest in emerging high value horticultural crops hence increased productivity, improved incomes and better lives especially for children (IFAD, 2011). In Kenya, agriculture was devolved to the rural economy in the counties and it is an anchor sector of the social pillar in Kenya's long-term development blue-print, Vision 2030 (Kenya Vision 2030, 2017). Horticulture is the emergent sub-sector in agriculture. ERA (2015) showed that in Kenya and especially Imenti South Sub County within Meru County, a favourable tropical and temperate climate supports growth of a wide range of horticultural crops. Horticultural Crops Development Authority [HCDA](2013) identified the main market for Kenyan fresh horticultural produce as Europe, Saudi Arabia and South Africa. Data from the ERA (2015) indicated Kenya's horticulture production in the year 2014 was 200,000 tonnes and was worth over 80 Billion Kenya Shillings. Locally, a significant portion of horticultural produce output by small holders is traded in the local markets which are the open-air markets and the SHoMAP markets. Most of the open-air markets are not physically constructed. According to the ERA (2015) SHoMAP markets were initiatives implemented by the government of Kenya in collaboration with IFAD to facilitate horticulture trading activities. Despite their importance, Chan, Scott, and Chan (2004) identified a number of variables influencing the success of such project utilization as human-related factors, project-related factors, project procedures, project management actions, and the external environment. The HCDA (2013) further identified the following factors; poor and inadequate infrastructure in the rural areas with high productivity, limited post-harvest capacity, inaccessible agriculture finance models, and poor market linkages. The five-year Meru County Integrated Development Plan [CIDP] (2013-2017) identified major development challenges affecting various agricultural sub sectors as follows; Poor infrastructure development which hinders access to markets by traders and farmers. Poor state of feeder roads that serve the agricultural areas especially during the rainy seasons. Poor infrastructure increases the cost of transporting produce. Inaccessibility to markets for perishable products like horticulture and milk contributes to heavy losses for the farmers. Poor marketing systems where most agricultural commodities are sold in raw form lacking value addition and contributing to low market prices. Poor market organization which leads to very low prices. And

also, exploitation by middlemen which reduces investment in agriculture sub sectors, hence the inception of SHoMAP.

1.1 Small Holder Market Access Program (SHoMAP)

This intervention was implemented in Kenya to address market utilization by small holders. Implementation partners were International Fund for Agricultural Development [IFAD] and the Government of Kenya [GoK] as showed by the (ERA, 2015). IFAD (2014) stated the aims of SHoMAP were to improve farm productivity, incomes, health, supply of inputs, functioning of marketing chains and welfare of rural Kenyans; to invest in value chains and market infrastructure; and to build the capacity of private-sector service providers, Government institutions and farmers' organizations. The project was designed to meet requirements of small holder horticulture farmers. These according to ERA (2015) were to increase domestic horticulture productivity, improve the farm input and farm output marketing system. The targeted number of farmers expected to benefit from the programme were estimated to be over 60,000 in 12,000 smallholders' farm families to be reached through groups and individuals, as informed by (IFAD, 2014). The project period was 2007 – 2014 with a scope of 7 counties at a cost of 2.3 billion Ksh (ERA, 2015).

Besides SHoMAP other initiatives aimed at resolving market utilization challenges by horticulture small holder farmers in Kenya were described by ERA (2015) as follows: Smallholder Horticulture Empowerment and Promotion Unit Project (SHEP-UP) from 2010 to 2015 by Government of Kenya and JICA; Smallholder Horticulture Empowerment Promotion Project for Local and Up scaling (SHEPPLUS) from 2015 to 2020 by Government of Kenya and JICA; Small-scale Horticulture Development Project (SHDP) from 2008 to 2015 by Government of Kenya and Africa Development Bank. However, the success rate of their utilization has been wanting and it's against this background that this study sought to find out the role that the channels of distribution plays on the utilization of SHoMAP markets by horticulture micro enterprises.

1.2 Statement of the Problem

The problem being investigated in this study was the non-utilization of SHoMAP markets. This reality was informed by information from the SHoMAP Supervision Report by Republic of Kenya (2014) which showed that it was classified by International Fund for Agricultural Development "as a problem programme" and that only four (4) markets out of twenty nine (29) markets were in use while others were not such as Nkubu and Miruriri SHoMAP markets. The role project location had in influencing this problem of non-utilization of SHoMAP markets in Imenti South Sub County was investigated.

1.3 Objectives of the Study

- i. To assess the role of project location on the utilization of SHoMAP markets by horticulture micro enterprises in Imenti South Sub County.

1.4 Research Questions

- ii. How project location influences the utilization of SHoMAP markets by horticulture micro enterprises in Imenti South Sub County?

1.5 Significance of the Study

This study was to benefit the following. The Government of Kenya and its donor partners in decision making and policy formulation on the utilization of markets for small holders in the horticulture subsector. It was to benefit value chain players in agriculture with information on factors that influence utilization of market facilities. It would be useful to schools, students and organizations interested in understanding the factors influencing utilization of markets by small holder micro enterprises. It would benefit scholars and research institutions investigating emerging issues in the agriculture sector with information on the utilization of horticulture market projects. It would be useful to scholars interested in furthering research on utilization of small holder horticulture markets. It would equip small holder communities with information enabling resolution of issues influencing their utilization of markets.

1.6 Conceptual Framework

The study was guided by the conceptual framework in the following Figure 1;

Independent Variable

Dependent Variable



Figure 1.1 Conceptual Framework

II. Literature Review

Literature was reviewed on the theories that informed the conceptualization of this study. These were the theory of change and the stakeholder theory.

2.1 Empirical Review

Trading activities are enabled by fair trading for both the demand and supply side. When farmers produce, they need traders to close a good deal and turn their produce into value. Inadequate traders and an underdeveloped market system encourages the thriving of brokers or middlemen along the project value chain. This is supported by Bindu, Chigusiwa, Muchabaiwa, and Mudavanhu (2013) who found that middlemen thrive along the value chain because they have the whole day to market the produce, have better storage facilities, are very mobile, have greater market access, and have a lower probability of making losses than small holder farmers. Middlemen are aware of the market reality facing farmers. They take advantage of this reality to broker deals with small holders by offering to inherit their market risk. Colihan, Ann, Chorney, and Robert (2004) argued that farmer markets need to form partnerships between farmers' markets and groups such as municipalities, service clubs, chambers of commerce, community organizations, local agriculture groups, business improvement associations, government planning departments, economic development agencies, consumer groups, and non-profit organizations, because these can provide significant advantages to a market in the form of funding, expertise, public support, and market space. When a network of competing interest groups is won over through consultations and negotiations, the possibility of developing a successful farmer market exists.

III. Research Design and Methodology

This study used the case study research design method. It was preferred because much research has not been done about the SHoMAP markets and thus not much is known about them. Secondly because the uniqueness of projects under the SHoMAP initiative required investigation in their particular natural context. The case study research design would inform the study on why the market projects under SHoMAP are unutilized because success or failure of government programs and projects has direct and indirect consequences on the livelihoods of the society.

3.1 Target Population

The target population in this study included various participants in the small holder horticulture sub-sector of agriculture in Imenti South Sub County, the target population of 5,981 and was a mixture of all the intended beneficiaries of the SHoMAP markets constructed in Nkubu and Miruriri. The target population is displayed in Table 3.1 below.

Table 3.1 Target Population

Categories	Frequency
Micro traders	220
Small Holder Horticulture Farmers	5,700
SHoMAP market committees	30
Agriculture Professionals	31
Total	5,981

Source: Republic of Kenya, Department of Agriculture, Livestock and Fisheries, Directorate of Agriculture, Imenti South Sub County Agriculture Office (2017)

3.2 Sample Size

This was determined using Slovin's formula as follows; $n = N / (1 + N e^2)$. Where at 90% confidence level; the error tolerance is 0.10; and N is 5,981. On substituting the figures in the formula; $n = 5981 / (1 + 5981 (0.10)^2)$; $= 5981 / 60.81$; $= 98.35553$. Sample size, n hence was 98. The sampling size is described in Table 3.2 below.

Table 3.2 Sampling Frame

Categories	Frequency	Sample
Micro traders	220	3
Small Holder Horticulture Farmers	5,700	93
SHoMAP market committees	30	1
Agriculture Professionals	31	1
Total	5,981	98

Source: Researcher (2017)

3.3 Data Collection Procedures

Interview questions for Focus Group Discussion sessions were prepared. Questionnaires for traders and market committee were prepared. Three (3) questionnaires to collect data from traders, 93 questionnaires to collect data from individual small holder farmers, and 1 questionnaire for the SHoMAP market committees chair in Meru County; 1 key informant interview to collect data from the Sub County Agriculture Officer; 9 Focus Group Discussion Interviews to collect in-depth data from the small holder farmers; and the observation schedule where the researcher's natural eyes were used to observe the two 2 markets for trading activity.

IV. Data Analysis and Presentation

Descriptive statistics utilized the statistical package for social sciences version 22. Data was displayed using prose, bar charts, pie charts, and graphs. It was presented using percentages, frequencies, means and standard deviations.

4.1 Data Analysis and Presentation of Findings

The objective of the study was to find out how project location influenced utilization of the SHoMAP markets by small holder farmers.

In interviews with farmers, farmers were requested to indicate their level of agreement with the statement 'the market is not in a suitable location for trading' by indicating whether they 'totally agree', 'agree', 'disagree', 'totally disagree' or 'not sure'.

Figure 4.2 below shows their responses in summary.

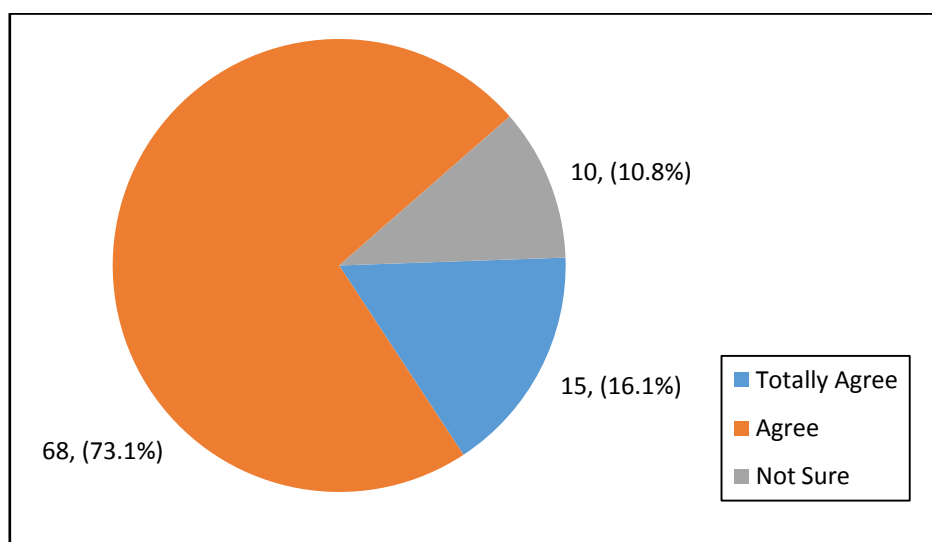


Figure 4.2 Farmers' Agreement with the Statement that SHoMAP Markets are not Suitably Located
Source: Researcher (2017)

Figure 4.2 shows that most of the small holder farmers did not find the location of the markets to be suitable for trading their produce. They mostly agreed (73.1%) or totally agreed (16.1%) that the location was not suitable while only ten (10) farmers were not sure. On the same statement, two traders totally agreed and one trader agreed that the markets are not suitably located for trade. The study found that location of the Nkubu and Miruriri markets is a factor that prevents utilization of the markets by the small holder farmers for which they were designed. This finding is similar to prior findings such as Maina and Gathenya (2014) that identified location of markets as an important determinant of their utilization. Berhanu and Moti (2010) also found that farmers preferred taking their produce to markets that are located near their farms and Link and Ling (2007) found that farmers favoured markets situated in sites accessible to customers, close to public transportation and far from competing traders.

V. Summary of Findings, Discussion, Conclusions and Recommendations

The objective was to find out the influence of project location on the utilization of SHoMAP markets by horticulture micro enterprises in Imenti South Sub County. Around 89% of the farmers were of the view that the location of the SHoMAP markets was not suitable. The traders also felt that the location of the SHoMAP markets made them unsuitable for trading. The chairman of the SHoMAP market committees in Meru County and the agriculture officer however did not agree with the farmers' and traders' view that the SHoMAP markets were not properly situated for trade. The farmers' main complaint was that the SHoMAP markets were not near

the main road where customers were easily found. The various levels of government responsible for agriculture such as the national government and the county government should develop effective strategies that will result in utilization of SHoMAP markets by small holder horticulture value chain players. For example market projects should be in future located near lines of customer flow.

Recommendations were also made to investigate the role of main roads in influencing utilization of markets.

References

- [1]. Berhanu, G., & Moti, J. (2010). Commercialization of Smallholders: Is Market Participation Enough?. Contributed Paper presented at the Joint 3rd African Association of Agricultural Economists (AAAE) and 48th Agricultural Economists Association of South Africa (AEASA) Conference, Cape Town. Retrieved February, 5, 2017, from <http://ageconsearch.umn.edu/bitstream/96159/2/100.%20Market%20Orientation-Market%20Participation%20in%20Ethiopia.pdf>
- [2]. Chan, A. C., Scott, D., & Chan, A. L. (2004). Factors Affecting the Success of a Construction Project. *Journal of Construction Engineering and Management*, 130(1), 153-155. doi:10.1061/(ASCE)0733-9364(2004)130:1(153)
- [3]. International Fund for Agricultural Development. (2011). *View Point: Small holders can Feed the World*. Rome, Italy: Author. Retrieved June, 1, 2017 from <https://www.ifad.org/documents/10180/ca86ab2d-74f0-42a5-b4b6-5e476d321619>
- [4]. International Fund for Agriculture Development. (2014). *Smallholder Horticulture Marketing Programme Supervision Report*. Rome, Italy: Author. Retrieved February, 4, 2017, from <https://operations.ifad.org/documents/654016/f26b9d66-d971-45f9-a615-c07bcf60f1ed>
- [5]. Horticultural Crops Development Authority. (2013). *Role of Horticultural Crops Development Authority and Horticulture Sector Performance Report*. Nairobi, Kenya. Retrieved January, 22, 2017, from <http://horticulture.ucdavis.edu/2013/other/HCDA%20Horticulture%20subsector%20brief.pdf>
- [6]. Meru County Government. (2013). *First Meru County Integrated Development Plan 2013-2017*. Nairobi, Kenya. Retrieved January, 27, 2017, from <https://cog.go.ke/images/stories/CIDPs/MERUCIDP.pdf>
- [7]. Republic of Kenya. *Kenya Vision 2030*. (2017): Economic Pillar. Retrieved February, 1, 2017, from <http://www.vision2030.go.ke/pillars/>
- [8]. Ministry of Agriculture. (2014). *Smallholder Horticulture Marketing Programme Supervision Report*. (Report No: 3649-KE). Nairobi, Kenya. Retrieved January, 28, 2017, from <https://operations.ifad.org/documents/654016/f26b9d66-d971-45f9-a615-c07bcf60f1ed>
- [9]. Maina, C., & Gathenya, J. (2014). Influence of Economic Factors on Performance of Project Management among Petroleum Marketing Firms in Kenya. *International Journal of Academic Research in Business and Social Science*, 4(6), 146-173. doi: 10.6007/IJARBS/v4-i6/933
- [10]. Link, A., & Ling, C. (2007). *Farmer's markets and local food systems*. Retrieved December, 4, 2016, from <http://crcresearch.org/case-studies/crc-case-studies/farmers-markets-and-local-food-systems>

Nicholas Karani Njebi.. The Role of Project Location on the Utilization of Markets in the Small Holder Market Access Program by Horticulture Micro enterprises: A Case Study of Imenti South Sub County." *IOSR Journal of Agriculture and Veterinary Science (IOSR-JAVS)* 11.1 (2018): 01-05.