PRESM
Productive Employment in Segmented Markets of Fresh Produce

Knowledge Sharing Workshop
KARLO Horticulture Research Institute, November 23, Thika

Dissemination Workshop
Safari Park Hotel, November 24, Nairobi
About PRESM

The Productive Employment in Segmented Markets of fresh produce in Kenya (PRESM) project is part of the research agenda of the Knowledge Platform on Inclusive Development Policies and funded by the Ministry of Foreign Affairs of the Netherlands through NWO-WOTRO. The project investigates the segmentation of the avocado sector in Kenya by comparing modern and innovatively programmed value chains with more traditional, non-programmed modes of farming.

In modern value chains, farmers are directly linked to exporters through contractual relationships, they produce according to global good agricultural practices (GAPs), and their products can be traced back to the producer. In traditional value chains, farmers use non-certified production methods, sell their outputs to ‘brokers’ or middlemen, and their products cannot be traced in the production chain.

The aim of this project is to study alternative approaches to modernizing the avocado sector in Kenya and the effects of these approaches on small-scale avocado growers in terms of productive employment. The study surveyed 790 households and farmers’ groups in the Kandara sub-county of Murang’a County in Central Kenya, including farmers who already had a contract with an exporter during the 2015 season, farmers who had signed a contract with an exporter for the 2016 season, and farmers who had not signed a contract. A qualitative survey was carried out in March 2017 to investigate whether and how avocado contract farming is or can become a successful model of structural transformation in the avocado sector in Kenya. An end line survey targeting the 790 households was carried out in late July 2017.

**Prof. Jane Mariara**
Executive Director, Partnership for Economic Policy

Jane Kabubo-Mariara is the Executive Director of the Partnership for Economic Policy (PEP). She is a Professor of Economics at the University of Nairobi. She is also a member of the German Institute of Global and Area Studies (GIGA) Advisory Board and Interim President of the African Association of Ecological Economists (ASEE). She is the immediate former Director of the School of Economics, University of Nairobi. Her key research interests include poverty, labour markets and income distribution issues, with emphasis on multiple dimensions of child poverty and youth employment, the impact and adaptations of climate change on agriculture, and environmental and natural resource economics.

**Remco Oostendorp**
VU Amsterdam

Remco Oostendorp is Professor of International Economics and Director of the Amsterdam Centre for World Food Studies at the Vrije Universiteit Amsterdam. His main research interests are in development and international economics, specifically the effects of globalization, integration of labor markets, firm performance, and agricultural intensification. He is also a Research Fellow of the Tinbergen Institute (TI), Fellow of the Amsterdam Institute for International Development (AIID), Research Associate of the Centre for the Study of African Economies (CSAE, University of Oxford), and Resource Person for the African Economic Resource Consortium (AERC). He has worked as an international consultant for the World Bank, ADB, ILO, UNDP, USAid, and IDRC.
Menno Pradhan  
VU Amsterdam, University of Amsterdam and Amsterdam Institute of Global health and Development (AIGHD)

Menno Pradhan is Professor in Project and Program Evaluation for International Development at the VU and UvA Economics Departments since 2007. He is also a Co-academic Director of the Amsterdam Institute for International Development and a fellow at the Tinbergen Institute. His research interests are in the areas of basic education, early childhood development, community empowerment and health. All of his work is empirical, usually based on household surveys, or surveys that were specifically designed for the purpose of an impact evaluation.

Rose Miriti  
Policy Officer Water & Food Security, Netherlands Embassy

Rose Miriti is a Policy officer for Food Security and Water at the Embassy of the Kingdom of the Netherlands, Nairobi since 2014. She supports the implementation of the Embassy’s Aid to Trade agenda by contributing to the development and management of the Embassy’s Food Security and Water initiatives in Kenya. Rose did her Bachelors in Zoology and Chemistry from the University of Nairobi, and her Masters in Environmental Management and Legislation from Jomo Kenyatta University of Agriculture and Technology.

Ricardo Fort  
Grupo de Análisis para el Desarrollo (GRADE)

Ricardo Fort has a PhD in Economic Development from Wageningen University in Holland and a Master’s Degree in Agricultural and Applied Economics from the University of Wisconsin-Madison in the United States. He is currently a Senior Researcher at GRADE, where he undertakes issues related to rural development and agricultural economics. His recent research projects include the analysis of various strategies for improving the links to markets of small rural farmers and increasing their standards of living, as well as the design and measurement of the effects of public policies.

Lydia Miriti  
Kenya Agricultural and Livestock Research Organization (KALRO)

Lydiah Miriti is a Research Officer at Kenya Agricultural and Livestock Research Organization. Currently, she is pursuing a PhD on Gender and Development Studies in Kenyatta University. She holds a B.A in Sociology and M.A. in Gender and Development from Kenyatta University. She is also a gender specialist at the Horticultural Research Institute (HRI) in Thika and Kandara Centre, and a part-time consultant in gender and development research. Her key research interests include gender-responsiveness in agricultural production and marketing with a focus on agricultural value chains to enhance equity in resources, income generation, food security, and poverty alleviation.
Margaret Karienyeh  
Partnership for Economic Policy

Margaret Muthoni Karienyeh is a research associate with PEP. She is currently pursuing a PhD in Rural Development at Kenya Methodist University. She holds a Masters degree in Agricultural Economics from the University of Nairobi and a Bachelors degree in Agricultural Economics from Egerton University. She is a research consultant for sustainable agribusiness value chains valuations, implementations, and monitoring and evaluations for rural development.

Anthony Mutiso Kyalo  
Fresh Produce Exporters Association of Kenya (FPEAK)

Mr. Anthony Mutiso is the Operations Manager for the Fresh Produce Exporters Association of Kenya. He has 24 years’ experience in the horticultural production industry: extension work, advocacy, lobbying, and capacity building for good agricultural practices in the public and private sectors at various managerial capacities in Kenyan, Tanzanian, and Namibian communities. He has considerable experience in international horticulture export business. He is a graduate of Egerton University where he studied Horticulture and he has international training in Soil Fertility Management from the Nordic Agricultural Academy (Denmark) and a qualification in Management of Extension Organizations from the International Agricultural Centre (IAC), Wageningen University and Research (the Netherlands).

Edna Johnny  
University of Nairobi

Edna Johnny, a Liberian national, is a PhD candidate at the School of Economics, University of Nairobi. Her research interests includes contract farming and gender.

Boniface Mutungi  
Technical Advisor, Morfarm Fresh Fruits Exporters Ltdv

John Mwaniki Gitau  
Chairman of the Gaichanjiru Avocado Farmers self help group
### Knowledge Sharing Workshop

**KALRO – Horticulture Research Institute – Thika, Kenya**  
**Thursday, 23 November 2017**  
**Workshop program**

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<tr>
<th>Time</th>
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<tr>
<td>8 h 30</td>
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| 9 h 00 | Welcome, Opening, and Introductory Remarks  
Jane Mariara, Partnership for Economic Policy (PEP) |
| 9 h 20 | Costs and Benefits of Participation in the Modern Sector of Avocados: Evidence of Two Rounds of Data Collection.  
Remco Oostendorp, VU Amsterdam |
| 9 h 40 | Dynamics of Avocado Contract Farming in Kenya. Evidence from a Qualitative Study of Kandara Sub-County, Kenya  
Lydia Miriti, Kenya Agricultural and Livestock Research Organization (KALRO) |
| 10 h 00 | Open Discussion and Q&A Session  
Anthony Mutiso Kyalo, Fresh Produce Exporters Association of Kenya (FPEAK) |
| 10 h 30 | Coffee break                                                                              |
| 11 h 10 | Lessons of Peru’s Expansion in the Exports of Avocados for Kenya  
Ricardo Fort, Grupo de Análisis para el Desarrollo (GRADE) |
| 11 h 30 | FPEAKS Strategy to Support Farmers to Take Advantage of the Export Opportunities  
Anthony Mutiso Kyalo, Fresh Produce Exporters Association of Kenya (FPEAK) |
| 11 h50 | Open discussion and Q&A session  
Remco Oostendorp, VU Amsterdam |
| 12h 20 | Forum discussion: How can Kenya Obtain More Benefits from Expanding Access to the International Avocado Markets?  
Chair: Jane Mariara  
Panelists: Ricardo Fort, Anthony Mutiso Kyalo, Remco Oostendorp, Boniface Mutungi and John Mwaniki Gitau |
| 13 h 20 | Closing Remarks & the Way Forward  
Jane Mariara, Partnership for Economic Policy (PEP) |
| 13 h 30 | Lunch and departure                                                                      |
targeting the 790 households was carried out in late July 2017. An end line survey in March 2017 to investigate whether and how avocado contract farming is or can become a productive employment. The study surveyed 790 households and farmers' groups in the Kandara area. The aim of this project is to study alternative approaches to modernizing the avocado sector in Kenya. Several factors influence smallholder farmer participation in the modern avocado sector.

The Impact of Training, Certification and Contracting on Productive Employment in the Avocado Sector in Kandara, Kenya

Menno Pradhan, VU Amsterdam, University of Amsterdam and Amsterdam Institute of Global health and Development (AIGHD)

Determinants and Impacts of Side-Selling in Avocado Contract Farming in Kenya

Remco Oostendorp, VU Amsterdam

Non-Market Barriers to Entry into the Modern Avocado Sector

Menno Pradhan, VU Amsterdam, University of Amsterdam and Amsterdam Institute of Global health and Development (AIGHD)

Gendered Labour Allocation in Avocado Contract Farming

Edna Johnny, University of Nairobi

Dynamics of Avocado Contract Farming in Kenya. Evidence from a Qualitative Study of Kandara Sub-County, Kenya

Lydia Miriti, Kenya Agricultural and Livestock Research Organization (KALRO)

Closing Remarks & the Way Forward

Jane Mariara, Partnership for Economic Policy (PEP) and Remco Oostendorp, VU Amsterdam

Lunch and departure
FINDINGS

Several factors influence smallholder farmer participation in the modern avocado value chain, including:

- Awareness of and access to reliable information about the farmer groups linked to exporters, possibly through avocado groups;
- The number of trees and agricultural assets a farmer owns;
- Trust between key players in the modern avocado value chain.

Increased investment in technology can increase productivity. Farmers’ willingness and ability to invest can be encouraged through market assurance from export companies.

Farmers who grow avocados for the modern sector employ significantly more hired labour per unit of production, compared with farmers selling to the traditional chains. However, avocado production is not labour intensive.

Successful contract farming schemes tend to provide farmers with higher and more stable incomes, however, side-selling remains common among contract farmers.

- Side-selling is strongly linked to various incentives offered but it results in farmers receiving lower prices.

Women and youth are marginalized in the modern avocado value chain. Women participate mostly in the lower end of this value chain, while youth are involved in harvesting.

POLICY MESSAGES

Provide access to farm technology and market information to increase awareness and reduce uncertainty about the expected outcomes of participation.

Support knowledge-building in agronomy related to avocado production. This can be done through active and interactive farmer-extension services focusing on new technologies, production techniques, and market information.

Improve household welfare and agricultural assets to enable farmers to hire labour and to participate in the modern value chain.

Mobilize avocado farmers into contract farming to boost crop productivity and help generate employment.

- Local authorities should encourage and provide support to new and existing agricultural groups that serve as an important medium of social capital.
Productive Employment in Segmented Markets of Fresh Produce

PRESM is supported by

PRESM partners

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