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Technical Policy Brief/ KIEP/3

Strengthening Agro-Processing in Nyeri County: Addressing Challenges in Key Value Chains



Key messages

- The sectoral value chain mapping in Nyeri County focused on tea, coffee, oil crops, banana and dairy sectors
- The survey identified challenges such as minimal value addition, inadequate equipment, lack of good manufacturing practices, counterfeit inputs and power supply variability.
- Recommendations made were ensuring enhanced value addition, procuring suitable equipment, developing appropriate good manufacturing practices, addressing counterfeit inputs and standby power supply.
- Implementing these strategies aims to achieve sustainable agricultural growth and economic development in line with Kenya Vision 2030.



Introduction

Agriculture is vital for socio-economic development in Kenya, encompassing crop, livestock, blue economy, and horticultural systems for cash and food. Alongside agriculture, key sectors include construction, manufacturing, and Micro, Small, and Medium Enterprises (MSMEs). In this context, the Kenya Industrial Research and Development Institute (KIRDI) with support from the Ministry of Investment, Trade, and Industry (MITI) conducted a sectoral value chain mapping survey in Nyeri County under the Kenya Industry and Entrepreneurship Project (KIEP), funded by the World Bank Group. The survey focused on agro-processing industries related to food crops and the dairy sector. In alignment with the Bottom-up Economic Transformation Agenda (BETA) and Kenya's Vision 2030, the survey emphasized on value chain development to enhance food security, growth and competitiveness. It analyzed the entire value chain, from production to consumption, assessing enablers and external conditions, while considering threats and opportunities to support local value chains and boost Micro, Small and Medium Enterprises (MSME's) growth.

Methodology

The survey data involved literature reviews, structured interviews, focus group discussions, site visits, observational techniques, data analysis, and stakeholder consultations to understand and address challenges in Nyeri County's agricultural and livestock sectors.

Findings

- The growing of tea and coffee by small and large-scale estates accounts for the largest proportion of export-oriented cash crops from Nyeri County.
- The smallholder farms are organized in cooperatives where they supply the raw materials for bulking and first-level processing and subsequently supplied to the processing factories for further processing, packaging and distribution. The produce is mainly handled by multinational companies including the international auction.

- Tea and coffee processors face challenges such as frequent power interruptions, difficulties in achieving desired dehydration during cold weather when using solar dryers, and lack of technological competence for raw material handling leaving them to opt for external technical support.

Identified Gaps in Value Chains

The following challenges were identified:

1. Tea and Coffee Value Chain



- Limited access to market for smallholder farmers
- Limited infrastructure for value addition
- Price fluctuation in the international market
- Regulatory challenges – sanitary and phytosanitary (SPS) barriers to trade

2. Oil Crops Value Chain



- Under-utilization of oil crops
- Limited access to market for smallholder farmers
- Limited value addition
- Inadequate access to finance by farmers
- Limited research and development along the value chain

3. Banana Value Chain



- Lack of standardized method of preparing banana tissue culture
- Inadequate banana waste management practices
- Unproductive seed material
- Inadequate value addition and product diversification
- Unreliable power supply

4.

Dairy Value Chain



- Insufficient knowledge on milk value addition
- Inadequate and inefficient equipment for milk processing and value addition
- Quality control issues in milk
- Inefficient equipment for animal feed formulation

Policy Brief Recommendations

i) Tea and Coffee Value Chain

- The county should invest in local infrastructure for value addition of tea and coffee by fast tracking the establishment and operationalization of the county aggregation and industrial parks (CAIPs).
- Improve access to market for smallholder farmers through cooperative networks and digital platforms
- Support price stabilization mechanisms
- Work with governments to reduce regulatory challenges by streamlining sanitary and phytosanitary (SPS) regulations to facilitate trade.



ii) Oil Crops Value Chain

Promote the utilization of oil crops through value addition technologies, enhance market access for smallholder farmers via cooperatives and digital platforms, improve access to finance through tailored credit schemes, and invest in research and development to drive innovation and efficiency along the value chain.

iii) Banana Value Chain

Establish standardized methods for banana tissue culture preparation, improve banana waste management practices through recycling and composting, promote the use of high-quality seed materials, invest in value addition and product diversification, and ensure a reliable power supply through renewable energy solutions or backup systems.

iv) Dairy Value Chain

Provide training on milk value addition, invest in efficient milk processing and value addition equipment, strengthen quality control systems for milk, and improve equipment for animal feed formulation to enhance overall productivity and quality in the dairy value chain

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