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KIRDI

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Enhancing Competitiveness in Taita Taveta County's Agro-Processing Sector: Insights and Recommendations

Key messages

- The economy of Taita Taveta County is predominantly driven by agriculture, with crop farming, livestock rearing and mining being key economic activities
- A value chain survey identified the following key sectors: rice, dairy, bananas, mushrooms, beekeeping, leather, and engineering services, the challenges and technology needs of the local enterprises.
- The survey revealed challenges, including outdated equipment, limited value addition opportunities, poor market access, weak infrastructure, and high input costs affecting farmers and processors.
- The survey recommends strategic interventions to enhance productivity and socio-economic growth through investment in value addition, product quality and product diversification to increase access to markets.

Executive Summary

Taita Taveta County is situated in Kenya's coastal region, approximately 360 kilometers southeast of Nairobi. The economy of the county is heavily reliant on agriculture, which contributes to 95% of the household incomes. KIRDI, through the Kenya Industry and Entrepreneurship Project, conducted a value chain survey in Taita Taveta County to identify challenges faced by small businesses in agriculture and processing, including rice and dairy. In alignment with the Bottom-up Economic Transformation Agenda (BETA) and Kenya's Vision 2030, the survey emphasized on interventions to support productivity along the value chain to enhance socio-economic growth and access to markets.

Methodology

The survey data collection was conducted through literature reviews, structured interviews, focus group discussions, site visits, observational techniques, data analysis, and stakeholder consultations to understand and address challenges in Taita Taveta's agricultural and livestock sectors

Findings

- The rice value chain in Taita Taveta relies heavily on irrigation schemes and quality seed supply. Farmers often face challenges related to access to quality inputs, including fertilizers and pest management tools.
- Currently, most rice processing is conducted manually due to the lack of mechanized processing equipment leading to poor quality translating to low financial returns
- Farmers typically sell their produce to middlemen who exploit them by offering low prices and thereafter transporting the rice to larger markets in neighboring counties

- Value chains such as dairy, leather and honey processing are not advanced due to inadequate technology and capacity building.

Identified Gaps in Value Chains

The following challenges were identified:

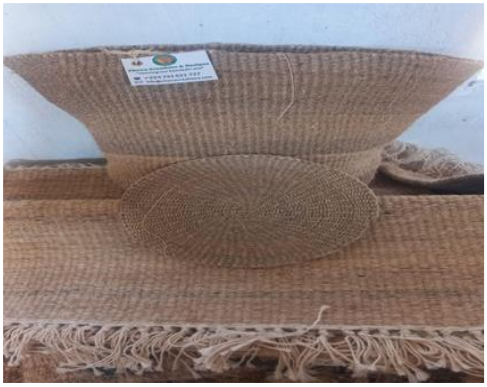
1. **Rice Value Chain**

- Limited access to modern rice processing equipment.
- Insufficient knowledge on pest control management and water conservation methods.
- Inefficient marketing system leading to exploitation of farmers by middlemen

2. **Dairy Value Chain**

- Inadequate infrastructure for value addition on dairy processing
- Limited access to reliable transportation for milk distribution.
- Insufficient knowledge on value addition and marketing strategies.
- Limited value addition and product diversification

3. **Banana Value Chain**

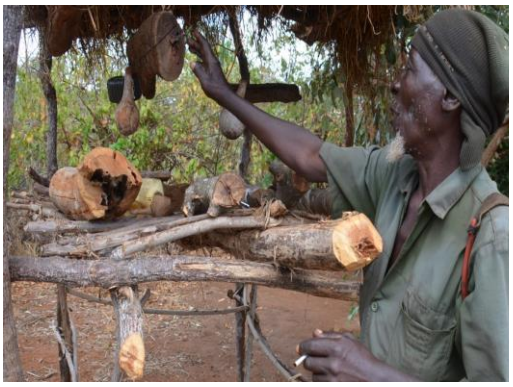


- Inadequate infrastructure for value addition on banana processing
- Limited access to reliable transportation for raw materials.
- Pest control management and irrigation practices.
- Limited knowledge and skills in marketing

4. **Mushroom Value Chain**

- Limited mushroom farming within the county.
- Limited knowledge and skills on value addition to mushroom.
- Inadequate facilities for drying and storage.

5. **Honey Value Chain**



- Inadequate modern processing facilities and equipment.
- Limited knowledge and skills on effective beekeeping practices.
- Inconsistent quality control measures for honey production.

Policy Brief Recommendations

- The report recommends prioritizing investments in infrastructure;

1. **Rice Value Chain**
   - Limited access to modern rice processing equipment.
   - Training and investment in modern rice processing technologies e.g. rice husking, polishing etc.
   - Establishment of aggregation and processing parks e.g. CAIP's
   - Insufficient knowledge on pest control management and water conservation methods.
   - Sensitization and training on pest control management and water conservation methods
   - Inefficient marketing system leading to exploitation of farmers by middlemen
   - Capacity building on marketing and business models

2. **Dairy Value Chain**
   - Inadequate infrastructure for value addition on dairy processing
   - Investment in modern infrastructure for dairy processing
   - Limited access to reliable transportation for milk distribution.
   - Establishment of aggregation and processing parks e.g. CAIP's
   - Insufficient knowledge on value addition and marketing strategies.
   - Training and capacity building on value addition, product development and marketing strategies
   - Limited value addition and product diversification

3. **Banana Value Chain**
   - Inadequate infrastructure for value addition on banana processing
   - Investment in modern infrastructure for banana processing
   - Limited access to reliable transportation for raw materials.
   - Establishment of aggregation and processing parks e.g. CAIP's

- Pest control management and irrigation practices.
- Training and capacity building on pest control and appropriate irrigation practices
- Limited knowledge and skills in marketing
- Capacity building on marketing and effective business models

4. Mushroom Value Chain

- Limited mushroom farming within the county.
- Investment in modern infrastructure for mushroom farming and processing
- Limited knowledge and skills on value addition to mushroom
- Training and capacity building on value addition, product development and marketing strategies
- Inadequate facilities for drying and storage.

5. Honey Value Chain

- Inadequate modern processing facilities and equipment.
- Investment in modern infrastructure for apiculture and honey processing
- Limited knowledge and skills on effective beekeeping practices
- Training and capacity building on value addition, product development and marketing strategies
- Inconsistent quality control measures for honey production.

6. Cross-cutting recommendation

The County Government should create partnerships and linkages to promote productivity and growth of the identified value chains.

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