

**Market Dynamics as a Key Factor
Influencing Banana Production.
The Case of Igoji Division, Meru Central
District, Kenya.**

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Introduction

- ❑ ACP imports enter the EU market duty free.
- ❑ incentive for African countries to trade internationally.



Intro.....

- In Kenya, there is; **I1**
 - High population growth rate
 - increasing demand food crops for
 - food security and income for the household
- Banana is the ideal solution.



Slide 3

I1

emphasis on production but little complimentary coordination both within production and btm marketing.

IT-Department, 10/3/2008

Intro....

- Declining production despite tc bananas
- biotechnology and devpt of new varieties for increased productivity
- Alliances have been formed between research institutions thus, [I2](#)
- improvements on the production frontier



Slide 4

I2

e.g IITA, Agro-Genetic Technologies (uganda) and JKUAT (Kenya)
IT-Department, 10/3/2008

Intro...

- Lack of proper institutions to support technology and general production.
- Missing markets and limited local market research
- need for complimentary co-ordination both within production and btn marketing.



methodology

- A case study of Igoji division in Meru central District.
- high potential area for banana production
- Farmers were to identify the factors for making production decisions



methodology

- Primary data collection using personal interviews and observations.
- Secondary from literature, agricultural institutions, and the Internet.
- Data analysis using SPSS (Statistical Package for Social Science, version 11.5).



Results and discussion

■ **Pest and diseases**

- Banana has been known to be attacked by various pests and diseases.
- Thirteen percent % felt that pests and diseases were a major constraint to production.
- Tissue cultured bananas has reduced losses due to pests and diseases.
- Exits from the more demanding coffee enterprise thus, not a major concern.



Results....

- **Capital requirement**
 - ranked as a major constraint by 8.7% of the farmers.
 - Banana requires a relatively large capital outlay.
 - Total production cost per acre is Kshs91,800
 - Propagation by groups to reduce costs.



Results....

- **Sustainability of t. c. bananas.**
 - Aspects as the life cycle of banana.
 - Ranked by 12% as an important factor.
 - Claims of degeneration of the variety over time
 - Adaptation of the tissue cultured banana to the local conditions
 - Technological devpt under ideal condition
 - Missing production infrastructure and unpredictable climate



Results....

▪ **Market issues**

- Farm-gate prices, absence of buyers, exploitation by brokers, market fees and transportation costs.
- Ranked as most important factor by 65% of farmers
- Total traded volume in a market day 60,000 bunches
- Absence of a standard measure
- Twenty percent of the farmers took the bananas to the market.
- Others waited for brokers and buyers at the farms



Results.....

Brokers and buyers groups yet no farmer groups

- Opens a channel for opportunistic behaviour by buyers.
- Collusion to offer very low prices to the 'desperate' farmer.(ksh150 /US\$2.3)
- Disincentive for engagement in “expensive unrewarding” t-c banana production
- Embedding productivity and market research.
- Market information provisions for success in banana.



Production patterns – the farmers dilemma



.....dilemma

- Rational producers aiming to maximize returns
- Preference of consumption today unless otherwise compensated.
- Profit maximizing and prompt payments are considered in enterprise choice.
- Risk minimization through diversified production
- Allocation of scarce resource, land, to various crops.
- The conflict between coffee and banana production



dilemma

- Seasonality of coffee allowing intercropping with food and fodder crops.
- Land exclusivity of banana over time, but a cash, food and fodder crop
- What are risks and uncertainties of each crop esp in terms of prices?



Technology adoption-dilemma



Technology.....

- Conflict in choice of technology.
- Traditional varieties for consumption;
 - Require less capital.
 - Yield less
 - Fetch relatively low at the market
- Tissue cultured bananas for commercial purposes;
 - Higher productivity
 - More capital requirements



Technology.....

- Goals of farmers such as;
 - Profit maximization
 - Food security
 - Variety conservation
 - Prestige
- How much land should be used for t-c production?
- Results in inadequate technology adoption.



conclusions

- T-c can address poverty and food security.
- Kenya has high potential for commercial production
- Market failures due to poor information flows hamper production
- Need for development of supporting institutions
- Complimentary co-ordination of production and marketing
- Equal efforts on market research as in productivity research
- Need to address social economic problems.



Way forward? we can start here

- Thank you for listening

