

**KABARAK UNIVERSITY
5TH ANNUAL INTERNATIONAL
CONFERENCE**

**RESEARCH, INNOVATION FOR SUSTAINABLE
DEVELOPMENT AND A SECURE WORLD**

14TH-17TH JULY 2015

AGRI-BUSINESS SUSTAINABILITY IN KENYA

Challenges of Tea Farming Enterprise at Household
level

PRESENTERS

ESTHER WANJIRU MAINA

DENNIS MAINA GATAHI

STEPHEN MUCHINA WANYOIKE

Objective of the Paper

- To examine the Challenges of Tea Farming Enterprise at Household level as an Agri business activity.
- Issues of land fragmentation and productivity, price fluctuations, declining tea consumption locally and the cost of production of black CTC with a view of making appropriate recommendations to make the enterprise more profitable and improved returns to the tea farmer.

TEA ENTERPRISE: CONTRIBUTION TO THE ECONOMY

- The Agricultural sector contributes about 24 % directly to the Gross Domestic Product (GDP), while tea alone accounts for 4%.

The good performance of the tea enterprise attributed to:

- ❖ Government support
- ❖ Facilitative institutional structure e.g. Tea Directorate, Research Institute, Processors, Marketers.
- ❖ Privatisation of the industry.
- ❖ Increasing International demand for high quality Kenyan tea-used to blend other teas.

Conti.....

- Kenya mainly produces oxidised black Curl, Tear and Cut (CTC) tea, sold for blending lower quality teas from other countries.
- About 400 metric tons of black CTC tea is produced annually and over 95% of the made tea is exported in bulk.
- About 4 million Kenyans derive livelihoods from the tea industry.

Cont.....

- Other teas include: green tea, oolong tea, orthodox green or black tea, white tea, products which can earn more income for the farmer.
- Products that are obtained from tea extracts include: soap, shampoos, body and hair beauty products, oral health care products, industrial cleaning agents, health supplements, bio-fuel, foods and confectionaries.

Tea industry is labour intensive.

50% of the workforce are women thus tea plays a role in gender empowerment



Tea leaf pickers hard at work

Cont.....

Tea contributes to the development of rural infrastructure averting rural-urban migration.

Tea plays a role in environmental conservation: enhanced water percolation, reduced surface erosion and mitigation of global warming through carbon sequestration.



Challenges Facing the Tea Enterprise

“The Cup That Cheers has Tears”

Key markets in Turmoil



Challenges Cont.....

- ❖ Political instability in traditional markets
- ❖ Land fragmentation and ownership
- ❖ Increasing cost of production eroding profitability
- ❖ Declining global tea prices due to competition
- ❖ Climate change
- ❖ Unregulated production with cycles of over and under production
- ❖ Varying quality
- ❖ Minimal value addition
- ❖ Low local consumption

Justification

This study targets all stakeholders in the Tea Industry.

It has identified numerous problems facing smallholder farmers in Kenya and recommended viable strategies to alleviate these challenges.

The **Challenges** are characterized as :

- ❖ Economic
- ❖ Political
- ❖ Technological
- ❖ Demographic
- ❖ legal
- ❖ Ecological
- ❖ Competition
- ❖ Socio-Cultural

Justification cont...

- The small tea farmers are mostly price takers
- There is declining local tea consumption in Kenya thus over-reliance on exports.
- Reduced productivity- due to cultural practices like land fragmentation and ownership, climate change, poor farm practices and logistics. (Sanne, 2008).

Methodology

- The survey was set to analyze the global performance of the black CTC over the last 5 years, local tea consumption against exports, production costs, and effect of land fragmentation on tea productivity Kenya.

Results and discussions

From Fig. 1, it was evident that the prices of black CTC have been fluctuating over the last 5 years.

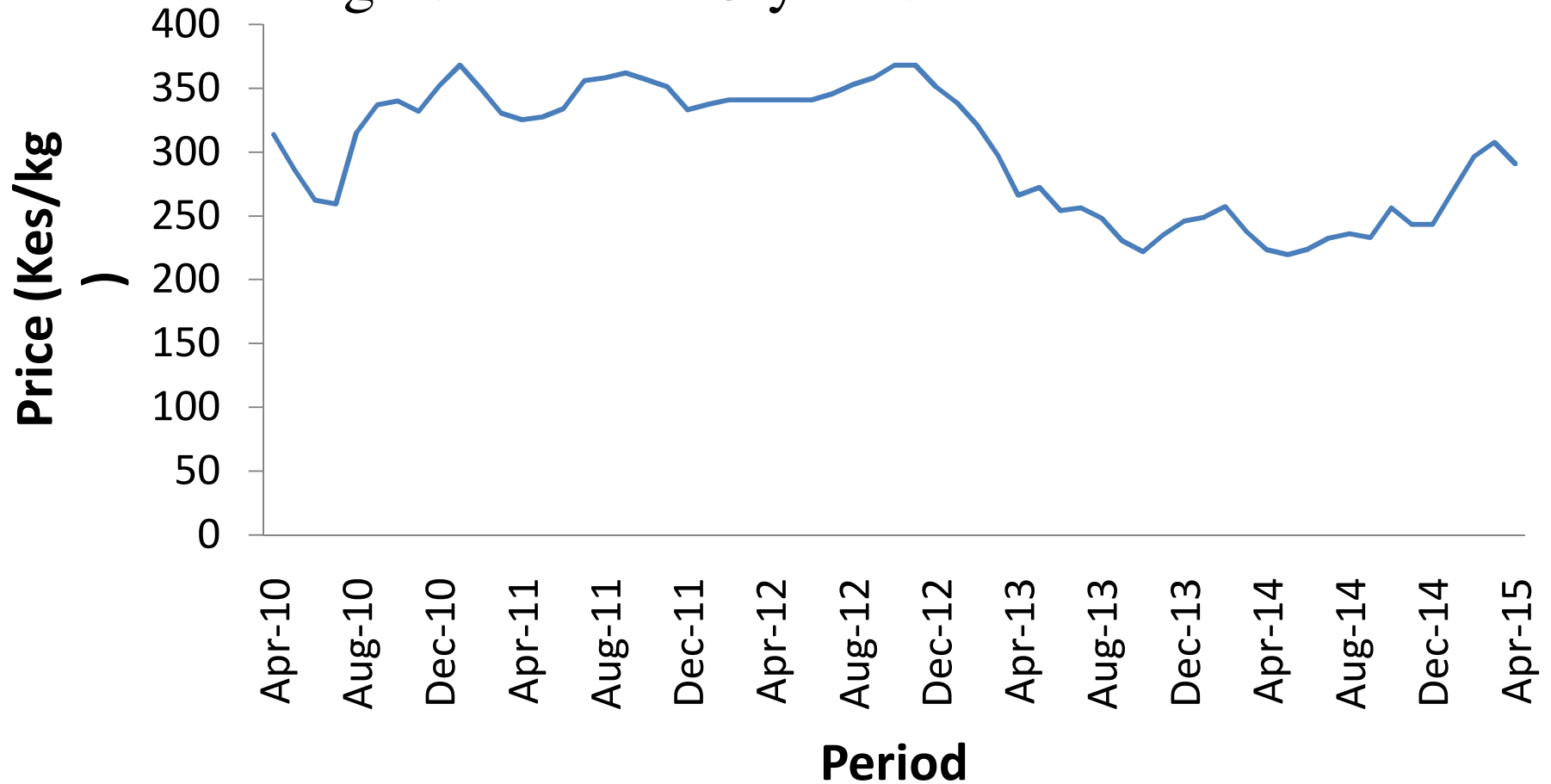


Figure 1: Black CTC tea price fluctuations in Mombasa auction 2010-2015
Source: TBK, 2015.

Results and discussions cont...

Fig. 2 Analysis of the local and export market performance. The trend showed a decline in local tea consumption.

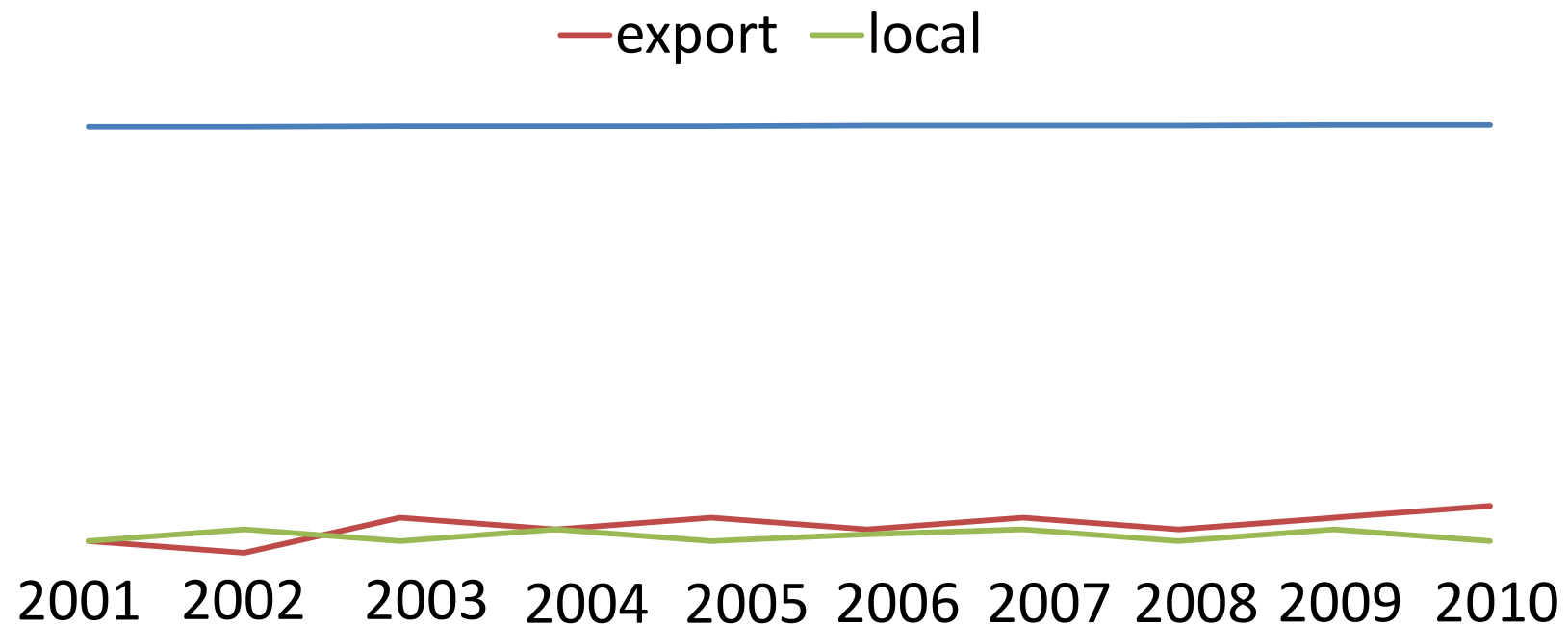


Figure 2: Local versus export tea consumption trends between years 2001 and 2010.
Source: TBK, 2011.

Results and discussions cont....

Fig. 3 **Cost of production of black CTC tea in Kenya.** The cost of production indicates high of fuel, labour, maintenance, marketing and packaging which depress the farmers' income indicated as the raw material.

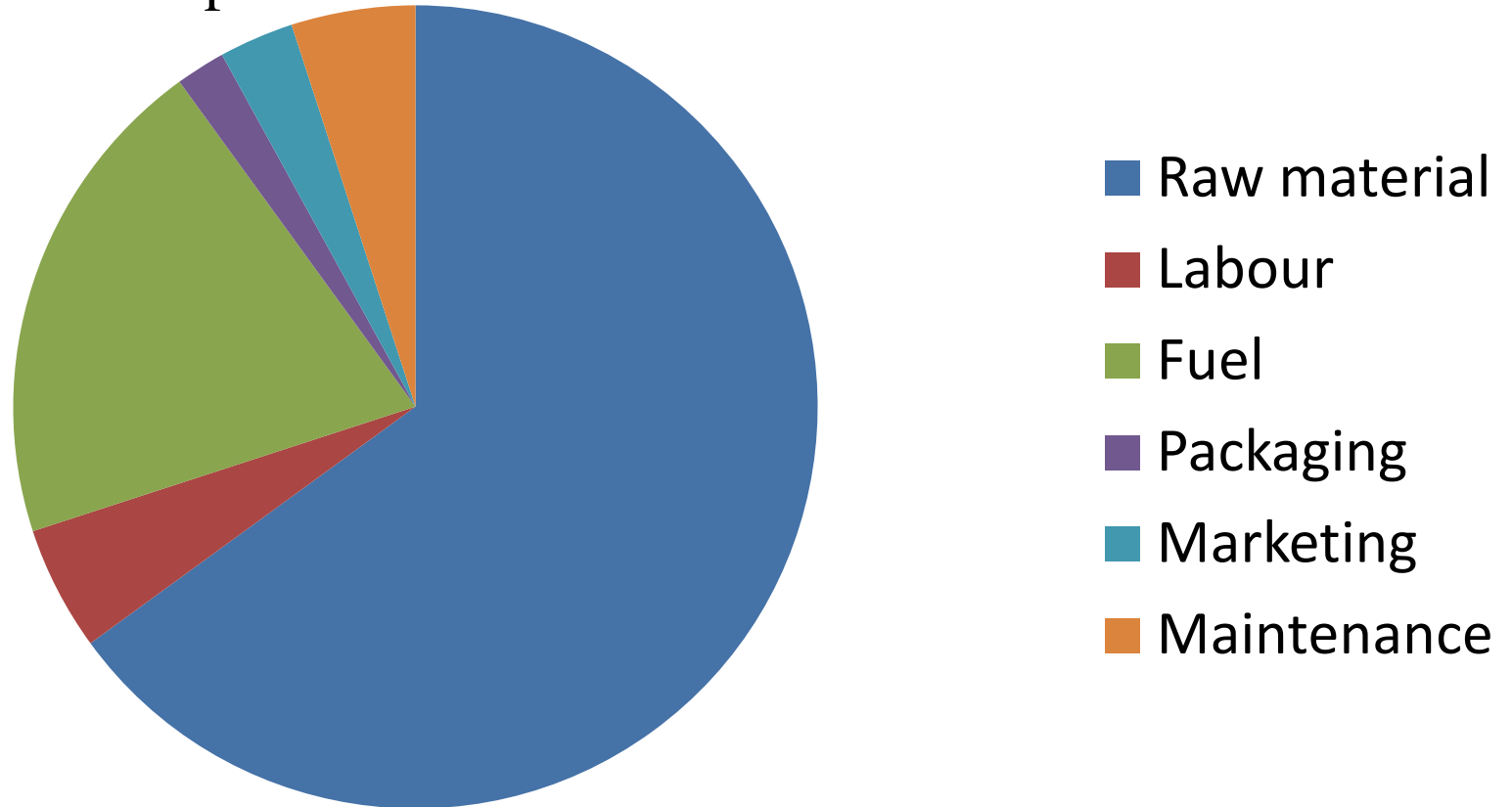


Figure 3: Average cost of production for KTDA tea.
Source, KTDA, 2014

Results and discussions cont...

Fig.4 Land fragmentation resulted in lower tea bush productivity.

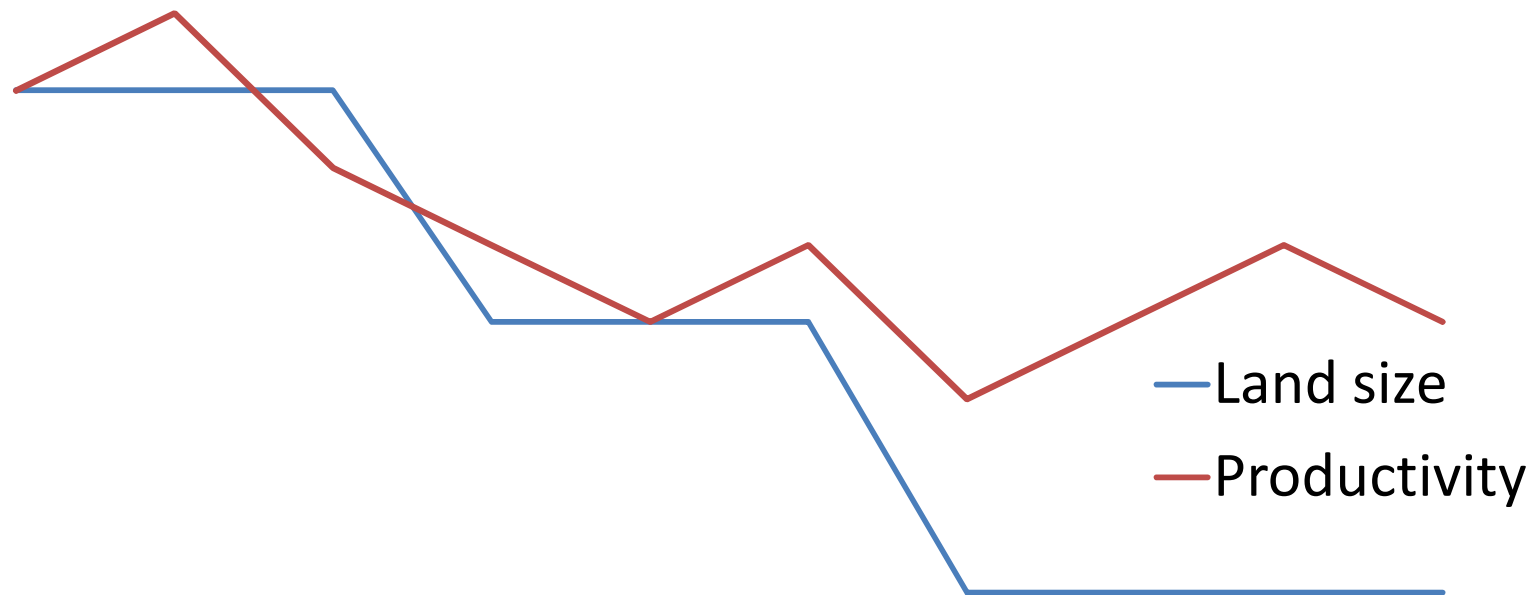


Fig. 4 land size and tea bush productivity in Kenya.

Source: TBK, 2011.

- The paper recommends that policy on land fragmentation be implemented due to the negative impact on productivity.
- Develop value added and diversified tea products to reverse the trend on reduced local and international demand.
- Develop reliable, low cost and sustainable renewable energy resource for use in tea production.
- Mechanisation of farm operations such as in plucking and pruning

Acknowledgements

The authors wish to express their gratitude to Karatina University, KTDA, Kabarak University, Kenya Tea Directorate and Institute for availing resource information and support for the research work.



MAKE ANY TIME YOUR TEA TIME FOR SUSTAINABILITY



k9735433 www.fotosearch.com



k11464544 fotosearch.com



k7602565 www.fotosearch.com

THANK YOU