Effects of Reforms on Productivity of Coffee in Kenya

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Abstract

Coffee is a major player in the agricultural sector and has contributed immensely to the Kenyan economy through foreign exchange earnings, farm incomes, and employment. To streamline the coffee subsector, many policies have been implemented since 1986. These policies were aimed at enhancing the performance of the coffee subsector in terms of increasing productivity. The general objective of this study was to assess the impact of policy reforms on coffee productivity in Kenya for the period 1980 to 2010. The study found out that only commercialization of many millers could spur productivity in the coffee sector. The study recommends that there is need to reform the cooperative societies which is the direct mechanism of the reforms transmission .The government should also put measures that focus on value addition of coffee enabling the country to export finished coffee products and thus fetch better prices for the same output.

1.1 Overview of Kenya's Agriculture

The role of agriculture in the overall economic development of Kenya and indeed sub- Saharan Africa is very vital. This is because agriculture is the backbone of most economies in the region. The reforms in agricultural practices to boost production are therefore central to economic progress in many of these countries. In Kenya, agriculture is recognized as one of the pillars necessary to support economic recovery (Republic of Kenya, 2008). The country's socio-economic and political development is heavily dependent on agriculture and the sector's growth is indeed a catalyst for growth in other sectors. More than 65% of Kenyans living in the rural areas derive their livelihoods from farming and related activities. With a contribution of 24% of GDP directly and another 27% indirectly, agriculture is the main productive sector upon which the success of Vision 2030 is anchored. The sector also remains critical to the attainment of the 10% economic growth the country is targeting from the year 2009 to 2030 (Republic of Kenya, 2008).

Agriculture continues to be a fundamental instrument for sustainable development, poverty reduction and enhanced food security in developing countries. Agricultural productivity levels in Sub-Saharan Africa are far below that of other regions in the world, and are well below that required to attain food security and poverty reduction goals. Sustained and accelerated growth in the sector thus requires a sharp increase in productivity of farmers. In the past, agricultural production was largely a function of acreage, but further growth in production will have to be driven by productivity growth (Kibaara, *et al.* 2008).

Nyangito and Okello (1998) noted that the turnaround from low to high growth in agricultural and economic development for most sub-Saharan African countries was seen to lie in reforming the policies under the structural adjustment programmes (SAPs). The SAPs, promoted by the World Bank and the International Monetary Fund advocated for both a reduction of government's intervention in the economy whereby market forces and the private sector could play a dominant role. The transition from government-controlled policies to liberalized markets has been in operation for most developing countries since 1980, but the impacts of these policies on agricultural productivity are not clearly understood.