

Financing Models for Upgrading Mango Value Chain in Kenya. A Case Study of Eastern Province.

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ABSTRACT

This study is informed by a study titled “Opportunities for financing mango value chain”. A case study of lower Eastern Kenya covering three counties namely Machakos, Makueni and Kitui, commissioned by Kenya Financial Sector Deepening (FSD) programme. This study concluded that mango production is rapidly growing in Kenya, increasing supply by an estimated 250,000 tonnes by 2016. This will lead to an increased absorptive capacity of the domestic fresh market, fresh export and processing market. This has an implication on how various actors in the value chain position to seize the opportunities presented by this supply chain.. To serve these growing markets, integration of the value chain will play a key role in enhancing the relationships and coordination of the various actors geared towards making the value chain more efficient and competitive.. Supporting services are critical for enhancing productivity. Most smallholder mango farmers produce sub-optimally due to lack of extension services, limited access to certified planting materials, and lack of adequate and timely finance to support their mango production activities. The study recommended that The focus should be targeted towards financing and upgrading farmers, the related services and linkages for increased productivity and improved competitiveness. The purpose of this study is to develop a financing model to address the challenges identified above.. The study adopted a meta analysis approach to review various mango value chain financing models in developing countries (Africa, Latin America and Asia.) Empirical evidence shows that access to credit by smallholder mango farmers is a challenge, it will be addressed by the proposed model .The model is envisaged to improve the integration and support services for the value chain, translating into reduced transaction cost, ease and timely access to credit, increased productivity and profitability to the smallholder farmer.

Keywords: Value chain, Upgrading, Financing model, Smallholder Farmer

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