

# Structure, Conduct and Performance of Tea Marketing in Nandi North County, Kenya

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### 1. INTRODUCTION:

Tea, like many other crops in Kenya is produced on both small and large scale basis. Smallholder farmers in Kenya make a significant contribution to the industry producing 61% of the total national production and with 66% of tea acreage (Mwaura et al, 2005). There is only one Kenya Tea Development Authority agency (KTDAg, Chebut factory) which serves smallholder tea farmers in both Nandi North and Nandi South County. The liberalization of the smallholder tea sector led to the emergence of two marketing systems (Nyangito and Kimura, 1999a). The first system is the old KTDAg that gives factory directors a say in the provision of services to farmers. The second marketing system emerged as a result of liberalization of the smallholder tea sub-sector. Under this system, the farmers deliver their green leaf directly to non-KTDAg outlets or sell to middlemen for immediate payment. However, the structure and performance as well as the benefits of this new marketing system remain unclear (Nyangito, 2001).

**Problem Statement:** Government interventions in the 1980's in KTDA (Nyangito, 1999) and more recently post-liberalization problems such as limited ownership and decision making by smallholders on the processing, marketing and distribution of profits at factory levels have been a challenge in the tea industry. The situation was further worsened by the decline in producer prices due to low world prices (Nyangito, 1999) against high inflation rates. This ultimately pushed down the real producer prices. It seems that structural changes in the green leaf marketing system have taken place after liberalization. However, little is known about the nature of tea marketing in the post liberalization era in Nandi North County of Kenya. The actions of farmers who are also shareholders of KTDAg at the same time seems to complicate the market ...