

Abstract

The participation of smallholders in export horticulture is often seen as problematic because of the high transaction costs involved and this has further been exacerbated by the introduction of food safety standards in the destination markets. Farmers have to participate in institutional arrangements that help to reduce these transaction costs particularly with the absence of government involvement in marketing. Eight arrangements were identified in Kirinyaga county , a dominant French producing area in Kenya. These arrangements had characteristics ranging from spot market to contractual types of arrangements and farmers participated in them as individuals or as part of a group. 228 French bean farmers were interviewed to assess the factors that influence their participation in the alternative marketing arrangements. A multinomial logit regression was used to identify factors that influenced the choice of each arrangement identified and key determinants included producer's perception of market risk, frequency of transactions, total land acreage, number of years of schooling of household head and distance to nearest agricultural office. The individual farmer-exporter seemed most exclusionary since the choice to participate was influenced by higher levels of mean years of schooling and larger landholdings. Risk and uncertainty were the most common determinants of participation in the eight arrangements