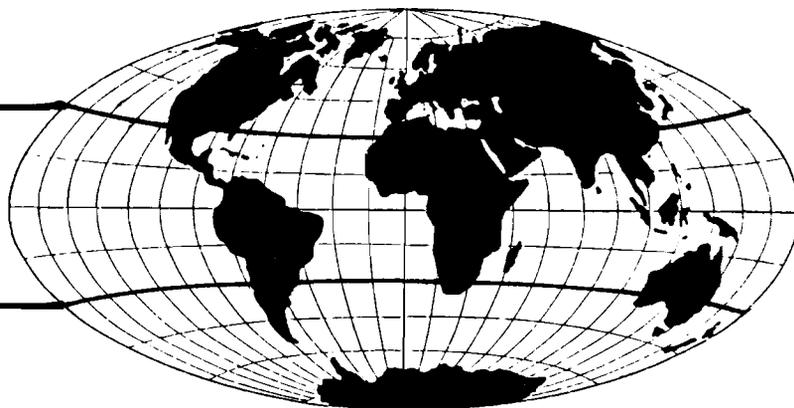


COOPERATIVE AGREEMENT ON SETTLEMENT AND RESOURCE SYSTEMS ANALYSIS

RURAL-URBAN EXCHANGE
IN KUTUS TOWN AND ITS HINTERLAND

EXECUTIVE SUMMARY



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EXECUTIVE SUMMARY

The Republic of Kenya's Sessional Paper No. 1 of 1986, "Economic Management for Renewed Growth," sets forth the government's approach to long-term economic development. An integral part of that approach is "rural-urban balance," a strategy of local level investments meant to take advantage of the opportunities for development of small towns and secondary cities associated with expanding agriculture. Rural-urban balance explicitly recognizes the interdependence of agricultural development, urban development, and the creation of off-farm employment opportunities for members of rural households.

One important mechanism for implementing rural-urban balance is the Rural Trade and Production Centre (RTPC) Programme. As described in the Sessional Paper, "The purpose of this programme is to concentrate scarce resources for urban infrastructure in a limited but growing number of selected rural centers which have the best potential for supporting agriculture and its linked productive activities, including processing, manufacturing and services." Kutus is one of the first designated RTPCs.

This study of rural-urban exchange in Kutus town and its hinterland was undertaken for three primary purposes: to yield insights into potential RTPC interventions in Kutus and the nearby vicinity, to develop baseline information on the area especially suited to evaluating effects of the RTPC Programme several years hence, and to provide guidance for rural-urban balance policy and implementation of the RTPC Programme. The research effort was also intended as a first experimental step toward developing a field research approach that could be used for other RTPCs.

Because it was desired that findings of the study be useful to other endeavors related to rural-urban balance in addition to the RTPC Programme, the researchers were instructed not to limit their consideration of potential interventions in the Kutus area to the basic infrastructure investments called for under the RTPC Programme.

OVERVIEW OF THE STUDY AREA

Kutus town is located northeast of Nairobi, about an hour and a half away by motor vehicle over paved roads. It lies more or less in the center of the settled area of Kirinyaga District, at the convergence of major roadways linking the larger settlements of the district with each other and with larger cities such as Embu to the east and Nairobi to the south. The study area can be roughly described as a circle with a seven-kilometer radius around Kutus town, and it can be characterized as a midlands transition area. It encompasses lands ranging from relatively steep-sloped, at elevations up to about 4,800 feet in the north, to gently-sloped, at elevations down to about 3,900 feet in the south. It includes areas designated as coffee, marginal coffee, sunflower-maize, and cotton agricultural zones (see maps).

The population of the study area in 1987 was estimated to be about 48,000 with nearly 5,000 in Kutus town. The population of Kutus town has been growing at an average of 9.4 percent per year in recent years, due in large measure to immigration. There has been little migration to the farming portion of the study

STUDY AREA POPULATION ESTIMATES, 1987

	<u>Kutus Town</u>	<u>Farm Households</u>	<u>Other Nontown</u>	<u>Total</u>
Number of households	1,294	4,527	1,020	6,841
Average household size	3.69	8.37	5.33	7.03
Population	4,775	37,891	5,437	48,103
Percent of total study area population	9.9	78.8	11.3	100.0
Percent of District population	1.2	9.4	1.4	12.0

area. A large proportion of migrants to Kutus have been attracted from outside the district, while among study area farm households virtually all heads of households and 94 percent of migrants to the area are from Kirinyaga District. A further possible indication of the perceived economic health of the area is that in the age group representing prime working years the proportion in the study area exceeds that in Kenya as a whole. The average age is youthful but higher than nationwide.

Kutus households derive nearly 90 percent of self-employment earnings, 78 percent of wage earnings, and 87 percent of all earnings from Kutus. Among Kutus self-employment activities in which residents engage, commercial activities dominate. Average household self-employment earnings from service and commerce activities in Kutus are easily two to three times the average earnings from industry. The services sector provides the highest level of Kutus household earnings from wages.

A large number of Kutus households earn self-employment income from farming, and nearly 20 percent from farms in the study area. Yet self-employment cash income from farming inside or outside the study area is substantially less than from any other sector inside or outside the study area. Thus, farming is a significant self-employment activity for Kutus residents but apparently for reasons other than maximizing current cash income.

Study data show that farm households in the Kutus area also derive substantially more of their cash earnings from nonfarming activities than from farming, and are even more diversified than Kutus households in their nonfarm activities. It is not an uncommon practice for farm households, especially the more prosperous ones, to engage in commercial businesses and to a lesser extent in service businesses in Kutus town. Farm households in the study area derive about 25 percent of their cash income from farming self-employment, and of this, 23 percent from farming in the study area. Overall, only about 40 percent of farm household cash income in the study area is derived from local rural activities; another 28 percent is derived from activities in Kutus town, and 32 percent is derived from activities outside the study area.

Nevertheless, agriculture appears to be central to the economy of the region on at least three counts. First, apart from providing a significant amount of

income to farm households and most income to less prosperous farm households, farming appears to provide a food source, safety net, and revenue base for undertaking nonfarm entrepreneurial activities. Second, the commercial sector in Kutus in particular is closely linked to and heavily dependent upon agricultural production and marketing. Third, both commerce and services in Kutus depend heavily on spending by farm households from the study area.

The following table summarizes estimates of basic crop production statistics for the study area. Coffee clearly dominates as the main source of agricultural cash income, yielding 1.75 times the gross revenues of all other crops combined on a per farm basis. It is grown by nearly 90 percent of farm households in the study area. All coffee is marketed through the Kirinyaga District Coffee Cooperative Union facilities in Sagana.

STUDY AREA AGRICULTURAL PRODUCTION STATISTICS, 1987

Crop	Per Farm Household			% of HHs that Grow (%)
	Avg. Acres Grown (Acres)	% of Yield Sold (%)	Ann. Value of Sales (Ksh)	
Coffee	1.12	100	16,778	86
Maize	3.19	41	3,475	100
Beans *	2.87	41	2,721	100
Tomatoes	.12	79	1,182	32
Potatoes	.26	17	606	71
French beans	.02	99	133	5
Other **	.81	61 +	1,468	80 ++

* Some acreage is double-counted owing to intercropping, a practice especially common for maize and beans.

** Acreage for fruit trees is not included, as farmers reported these in numbers of trees rather than acreage.

+ Ranges from 0% for peas to 97% for sugar cane.

++ Ranges from 10% for sugar cane to 80% for fruit.

Maize and beans are grown by all farmers in the study area, often on the same acreage, for both consumption and sale. Both crops are 41 percent commercialized, and, except for portions marketed locally for home consumption, by regulation they are marketed through the National Cereal and Produce Board facilities in Sagana, with traders in Kutus acting as agents for the board.

Tomatoes represent a relatively high-value and highly commercialized crop, and they are traded on the open market. Tomatoes yield the fourth highest gross

revenue of any crop in the study area on a per farm basis, and are grown by nearly a third of farm households.

Other crops include potatoes, french beans, sorghum, peas, sugar cane, and a range of vegetables and fruits. Among these, sorghum and bananas are the most prominent.

On the whole, farms in the study area are small: 28 percent are between 4.5 and 6.5 acres, with a like percentage smaller in size. On average, small farm revenues amount to 41 percent of large farm revenues, but earnings vary considerably in accordance with capital intensity. For large and small farms combined, low-capital farms average 46 percent of the average gross revenues per year realized by high-capital farms.

Coffee production is an important factor in cash income from farming. Regression analysis reveals that an additional acre of coffee yields a farmer in the study area approximately fifteen times the additional annual net income yielded by an additional acre of all other crops combined.

Economic activity in Kutus town is not only vibrant but surprisingly diverse. The industrial sector includes sawmilling, cart manufacture, furniture making, hides and skins preparation, leatherworking, tobacco processing, transformer manufacture, slaughtering, brake bonding, shoe manufacture, tailoring, basket making, and diverse crafts. The commercial sector includes general retailing, bookselling, hardware, bicycles, agricultural bulking and trading, cement retailing, soft drink wholesaling, household goods, personal care goods, food sales, textiles, and other goods in larger and smaller shops, kiosks, stalls, and in the open air market. The services sector includes restaurants, hotels, hairstyling, manual small-load hauling, transportation, metal goods repair, vehicle repair, tire repair, a petrol station, mechanical repair, electrical repair, guards, barbers, teachers, administrators, real estate, religious services, drivers, and much more.

The 377 businesses in Kutus that operate out of fixed places of business employ an average of between one and two employees full time, and about one employee part time. This means that each such business can be thought of as occupying the equivalent of about three workers including the owner and quite often at least a small amount of family or other unpaid labor as well.

Industrial enterprises have the smallest average number of full time employees of the three urban sectors, and the largest number of part time employees, despite its relatively high average wage rate. As might be expected, startup costs are highest in industry; but the capital/labor ratio and profits per worker are lowest. These could be further indications that industry is the least vibrant and perhaps has the least potential for significant expansion, except for micro-enterprises requiring little capital. By contrast with industry, commercial establishments, which include trading businesses, have the highest average number of full time employees, the lowest average number of part time employees, the highest capital/labor ratio by far, and nearly twice the median profits per worker as the other two sectors combined.

PERCENTAGE DISTRIBUTION OF KUTUS BUSINESSES
BY AVERAGE NUMBER OF EMPLOYEES, 1987

<u>Businesses</u>	<u>Average Number of Employees</u>							<u>Total</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>>5</u>	
Fixed Places of Business (FPB):								
Industry								
% of total	3.5	2.5	2.5	4.5	0.5	0.5	2.5	16.5
% of industry	21.0	15.0	15.0	27.0	3.0	3.0	15.0	100.0
Commerce								
% of total	9.5	6.5	5.0	1.5	0.5	0.0	3.0	26.0
% of commerce	36.5	25.0	19.0	6.0	2.0	0.0	11.5	100.0
Services								
% of total	4.5	3.5	1.5	2.0	0.5	0.0	2.5	14.5
% of services	31.0	24.0	10.0	13.0	3.0	0.0	17.0	100.0
All FPB								
% of total	17.5	12.5	9.0	8.0	1.5	0.5	8.0	57.0
% of FPB	30.5	22.0	16.0	14.0	2.5	1.0	14.0	100.0
Open Air Market (OAM)								
% of total	24.5	5.0	4.5	1.5	0.0	0.0	0.0	35.5
% of OAM	69.0	14.0	12.5	4.0	0.0	0.0	0.0	100.0
Transportation								
% of total	3.0	3.0	4.0	0.0	0.0	0.0	0.0	10.0
% of transp	30.0	30.0	40.0	0.0	0.0	0.0	0.0	100.0
Total All	45.0	20.5	17.5	9.5	1.5	0.5	8.0	100.0

Notes: Includes full and part time employees, but not owners.

Figures have been rounded to nearest 0.5; totals do not actually add to 100 because of rounding.

On the whole, businesses in Kutus are quite small, most being a part of what is often referred to as the informal sector. The following table shows that when all businesses are included 45 percent provide employment only for the owner and 65 percent provide employment for the owner and one other worker either full or part time. Only 8 percent employ more than 5 full or part time workers.

Half of all businesses in Kutus were started in the past five years, and over 80 percent of all current businesses were started since 1970. Survey data suggest a Kutus town economy that has had a measure of strength for some time and has seen acceleration in growth of numbers of both small and large businesses in recent years.

Of the 377 Kutus enterprises operating out of fixed places of business, 92 are located in the new southern commercial area or in nearby neighborhoods. The observer wandering through the new commercial area sees tidiness and solid modern structures, including a new open air market that remains unutilized owing to lack of utilities, but a lightness of activity at an unhurried pace. The older northern commercial area situated on the main road, on the other

hand, is somewhat ramshackle, untidy, and chaotic, but teems with economic activity conducted mostly in the open air.

If the new commercial area is properly served with utilities and convenient access, and if certain improvements are made in the old commercial area, Kutus will have the physical conditions for efficient long-term economic expansion. If the current rate of economic expansion in Kutus continues unabated, both the old and new commercial areas are likely to be thriving by the turn of the century.

COFFEE, MAIZE, AND TOMATO MARKETING AND INPUT SUPPLY IN THE KUTUS REGION

Rather than viewing agricultural production as a broad aggregate, this study focused on the rural-urban exchanges and income multiplication effects associated directly and indirectly with marketing and input supply related to three "key" commodities in the Kutus area: coffee, maize, and tomatoes. Coffee was selected because it is the dominant cash crop; maize was chosen because of its importance both as a staple grown by virtually all farmers and as a commodity for domestic markets; and tomatoes, representing the fourth highest gross sales per farm household, were selected as representative of a class of commodities in the region with similar potential and unregulated marketing channels.

On the whole, agriculture in the study region, as reflected in coffee, maize, and tomatoes, is prospering. However, the results of this study suggest several possibilities for improving levels of production, producer prices, input costs, value added, and income multiplication associated with agricultural marketing and input supply in the study area.

Marketing

Productivity in coffee production is limited by payment delays from the union to the societies. Delays in payments accruing to societies from coffee sales force cutbacks in credit extension upon which many farmers depend for purchase of production inputs. The fact that the productivity level of farmers who do not use fertilizer is about one-third the level of those who do use fertilizer suggests that eliminating payment delays would have a material beneficial impact on coffee production.

The prices farmers receive for maize is depressed by delays in payment to maize store traders from the NCPB. Payment delays inhibit store traders from purchasing maize from farmers and thereby force farmers to sell at lower prices to open air market traders. The price a farmer receives from store traders is roughly 10 percent higher than from open air market traders. Procedures resulting in more timely payments to traders would increase competition among buyers and likely result in improved producer prices.

The producer price for maize is also depressed by controls placed on marketing that commodity. Relaxation of price and movement controls would likely draw additional traders into the market and broaden marketing options for farmers, yielding higher producer prices that in turn would stimulate expanded

production. To the extent that more maize trading took place in Kutus, higher levels of income multiplication in Kutus and the surrounding area would also result. The same applies to beans.

Farmers unable to grow tomatoes under irrigation have half the number of harvests as those who irrigate. Moreover, off-season prices for tomatoes are as much as five to seven times higher than regular season prices. Increased use of small-scale irrigation technologies in tomato growing areas near water, particularly in the eastern part of the study area, would substantially increase returns to tomato production.

Roads connecting coffee societies and factories that become impassable in wet weather interfere with collection of coffee for delivery to Sagana. This has the effect of increasing costs of society operations, which narrows the margin farmers receive for their product. It also effectively lowers productivity owing to spoilage. The problem is most severe in the highest potential coffee areas in the northern part of the study region, where slopes are steepest and rainfall is heaviest.

Poor farm to market roads increase costs of transporting both maize and tomatoes and thus decrease farmer returns. Of the 45 percent of surveyed farmers who complained of difficulty in getting their goods to market in Kutus, the vast majority listed impassable roads as the major reason. The problem is more severe for tomatoes than maize, as farmers make higher cash outlays for transport of tomatoes, and tomatoes are more perishable. Thus, priorities for addressing this problem should focus on the eastern portion of the study area.

A high differential prevails between the prices paid tomato farmers in the Kutus market by long distance traders and the prices those traders receive in Nairobi. The margin amounts to roughly 42-67 percent, accounted for in part by high expenditures on transportation costs and labor outside the study area. Measures that would capture for study area households more of the value added in the Nairobi price would increase returns to farmers and facilitate higher levels of capital investment, that could result in expanded production. This would also increase income multiplication in the study area, to the benefit of both farm and town households.

Input Supply

The coffee union's tendering and ordering process results in shortages and delays in the supply of important inputs to farmers, which reduces productivity and raises input costs. In the worst cases, inputs are completely unavailable to farmers for a period of time. Sometimes when the ordered stock of inputs is delayed the union is able to purchase stocks locally, albeit in smaller quantities and at higher prices, which are then passed on to farmers. Since supply of most inputs for all crops in the study area comes through the union, this matter affects all commodities. A more timely and efficient tendering and ordering process would improve productivity and reduce input costs to farmers.

The import licensing process also causes shortages and delays in the supply of inputs to farmers. Relaxed regulations and a more administratively efficient

process on the part of the government would expedite the supply of imported inputs and increase agricultural productivity in the study area.

Roads connecting coffee societies and factories that become impassable in wet weather also interfere with supply of inputs from society to factory to farmer. Once the society obtains inputs there is no certainty they will arrive in the hands of farmers in a timely manner. During rainy seasons it becomes extremely difficult for societies to distribute inputs to factories. At worst, farmer productivity suffers from lack of inputs. At best, transportation costs increase to societies and farmer returns are reduced. Again, this affects all crops in the study area.

Controlled prices of fertilizers and seeds have the potential benefit of keeping input costs to farmers low. Unfortunately, the same low prices also serve as a disincentive to private traders who might potentially stock the goods. Given the undependability of input supply through the coffee union, facilitating greater private sector involvement in input supply through relaxation of input price controls would have a beneficial effect on farmer productivity and input costs, and it would also improve income multiplication in the study area.

Paradoxically, in a region with 15 percent unemployment, farmers complain of a lack of labor for production. Almost 30 percent of farmers in the study area mention lack of labor as a constraint on current production. In addition, ten percent of coffee growers who claim they would like to expand production say they are unable to do so because of labor shortages. Any mechanism that would improve farmer access to wage labor would not only result in higher levels of production in both the short and long term, but would also have direct and indirect income generation benefits for Kutus town and the study region as a whole.

RURAL-URBAN EXCHANGE AND INCOME MULTIPLICATION IN THE KUTUS REGION

Overall, survey data reveal a healthy pattern of rural-urban exchange in the study area, with shares in the vicinity of 80 percent of the final prices of coffee, maize, and tomatoes accruing within the region as profits and labor wages or the second round of other expenditures on marketing and production. The total value of sales of these commodities amounts to over KSh. 96,000,000 annually. These sales, in turn, then result in an accrual of over KSh. 7,500,000 in Kutus and over KSh. 70,000,000 within the rural portion of the study area. In the second round of economic impact, the farm households then spend over KSh. 50,000,000 annually on household consumption in the study area, of which over 40 percent accrues to Kutus.

However, a substantial portion of this household consumption spending that does not accrue to Kutus is actually spent in Kutus, but ultimately accrues to study area farm households that market their agricultural commodities in Kutus and have household members engaged in business or working in Kutus. Farm households drive the town economy, from which both town and farm dwellers gain and then make 60 percent of their household expenditures in the study area, from which they gain again. This is the sort of rural-urban exchange dynamic desired in RTPCs.

The rural-urban exchange and income multiplication data generated by this study also reveal further opportunities for economic growth in the study area, some of them echoing observations made in the previous discussion of coffee, maize, and tomato marketing and input supply. For example, inputs to coffee marketing have relatively low income multiplication effects in the study area. This is due in part to the nonprofit nature of the coffee societies: what would otherwise be profits are reflected in better payments and other benefits to farmers. But it is also due in part to the fact that 90 percent of administrative costs accrue outside the study area. These administrative costs cover not only coffee marketing per se but other activities of the societies, such as input supply. To the extent that more of the costs associated with input supply were spent within the study area, and within Kutus in particular, the local economy to which study area farmers are most closely connected would benefit. An arrangement to make this possible might be worth pursuing as part of an effort to improve the coffee input supply situation mentioned earlier.

A comparatively low share of the final price of maize accrues to farmers in the study area. The combination of price and movement controls and delays in NCPB payments to traders introduce market distortions to the disadvantage of farmers. Measures making possible more competition in maize trading would provide farmers with improved market options and probably yield better producer prices and lower trader price margins. To some extent, this would amount merely to shifting benefits from local traders to local farmers. But improved producer prices are likely to call forth more production, which would result in more trading in the commodity, to the benefit of everyone.

Tomato marketing has comparatively low income multiplication effects in the study area and in Kutus. The reason is because large portions of this commodity are marketed through long distance traders who incur transportation and labor expenses outside the study area. To the extent that this arrangement best suits the needs of farmers and yields them the greatest effective returns, the study area is well served despite the low income multiplication effects from marketing. However, there may be possible arrangements that enable farmers to play a larger role in marketing their tomatoes in Nairobi and thereby improving both their direct returns and income multiplication in the study area.

Though roads are sometimes impassable in wet weather, on the whole farms in the study area have relatively reasonable access to Kutus. Farm households utilize this access heavily to buy and sell to and through Kutus as producers, as urban entrepreneurs and workers, and as consumers. This phenomenon highlights the importance of access for tapping the income generating power of rural-urban exchange, but also hints that even more such spending could be facilitated by further improved access and urban commercial facilities. It is likely that improved commercial facilities would also yield more spending in Kutus by Kutus residents, who now purchase a variety of goods and services elsewhere for lack of local suppliers.

POTENTIAL INTERVENTIONS

Following are suggestions generated by this study for potential interventions to improve rural-urban exchange, strengthen the role of Kutus as a rural

center, and accelerate economic growth in the Kutus area. These should not be taken as recommendations per se, since detailed examination of feasibility, funding, implementation, management, cost recovery, government policy, and related matters pertinent to specific recommendations was beyond the scope of the research effort. These suggestions are offered for further consideration by the government, local authorities and other institutions, donors, and citizens in their efforts to promote rural-urban balance in the Kutus area and elsewhere in Kenya.

A. Physical Capital

1. Market Infrastructure in Kutus
2. Small Workshop Space in Kutus
3. Coffee Input Supply Depot in Kutus
4. Wholesale Produce Bulking Depot in Kutus
5. Improved Society-to-Coffee Factory Roads in the North of the Study Area
6. Improved Farm-to-Market Roads in the East and South of the Study Area
7. Irrigation Technology for Tomatoes

B. Institutional Capital

8. Cooperative Tomato Marketing through Kutus
9. Kutus Labour Exchange in Kutus
10. Revolving Loan Fund for Small Businesses in Kutus
11. Relax/Remove Price and Marketing Controls on Maize

C. Policy and Procedure

12. Eliminate NCPB Payment Delays to Traders or Shift Incidence of Delay to the Public Sector
13. Relax/Remove Agricultural Input Price Controls
14. Streamline Procedures for Agricultural Input Importation
15. Expedite Coffee Union Tendering/Ordering of Farm Inputs
16. Eliminate Coffee Union Payment Delays to Societies or Shift Incidence of Delay to the Source

LESSONS FOR RURAL-URBAN BALANCE AND THE RTPC PROGRAMME

In some respects the selection of the Kutus area for this pilot study was initially thought to be an unfortunate choice. It was suspected that Kutus would be found to have been relieved of much of its potential regional, urban economic role by the several larger towns and Nairobi to which access is so convenient from the area, and this would deprive the study of a typical case of an RTPC. The high agricultural potential and relatively high levels of income in the area, and also the relatively good rural road network, were further causes for concern that the Kutus case would not yield broadly useful insights.

The researchers now believe the Kutus area to have been an extremely fortunate selection. Many of its characteristics offer clues to the potentials of successful RTPCs. Kutus was found to be playing a major and pivotal role in the economy of its surrounding area despite the competition of larger urban centers. And the role it is playing is very much the sort of role envisioned in rural-urban balance and the RTPC Programme. Yet, in Kutus and its surrounding area research identified no shortage of opportunities for public investments to enhance rural-urban exchange, agricultural development, urban development, and creation of off-farm employment opportunities for members of rural households.

Nevertheless, readers are cautioned that the following lessons for rural-urban balance and the RTPC Programme are based on a single case study.

Lessons for rural-urban balance:

1. The government's decision to stress agriculture as the basis of rural-urban balance is correct.
2. The emphasis in rural-urban balance on linkages between rural and urban activities as a means of increasing agricultural productivity is sound.
3. The government's objective of encouraging a broad spectrum of small-scale, nonfarm activities in small towns is feasible and sound.
4. The expectation underlying rural-urban balance that small towns can absorb rural population is correct.
5. Price controls and associated procedures and regulations on certain agricultural commodities generate effects that run counter to the objectives of rural-urban balance.
6. Import quotas and price controls on farm inputs generate effects that run counter to the objectives of rural-urban balance.
7. Policies designed to promote large-scale industrial operations at the expense of small-scale operations run counter to the objectives of rural-urban balance.

Lessons for the RTPC Programme:

Regarding RTPC selection:

8. RTPCs should be located in areas with reasonably good agricultural potential.
9. RTPCs must be reasonably accessible from larger towns or regional centres.
10. There must be, or be the potential for, a critical mass of agricultural production and farm population within an area of relatively easy access to the RTPC and in which the RTPC has a comparative advantage as a trade centre.

Regarding RTPC research needs:

11. Determination of RTPC investments should be supported by research on linkages and exchange between the town and its hinterland.
12. RTPC research should explore ways of increasing income from agricultural production as well as multiplying this income in the local area.
13. RTPC research should examine linkages between the RTPC and larger towns and regional centres.

Regarding RTPC interventions:

14. Good access between the RTPC and farms in its hinterland is essential for RTPC success.
15. Facilitating trade and commercial exchange within the RTPC through supportive infrastructure is a high priority.
16. The order of growth potential for sectors within RTPCs appears to be commerce, services, industry. However, there is potential for very small scale operations in all sectors, and facilitating such operations will enable the unique hidden economic growth opportunities of each RTPC to emerge over time in response to market demand.
17. Interventions should not be restricted to physical infrastructure; technical assistance, training, financial services, and local administrative and regulatory reform, sometimes at locations other than the RTPC, may be just as important.

ADAPTING THE STUDY METHODOLOGY

On the whole, the study methodology as described briefly in Chapter I of the full report is appropriate and suitable for application to other RTPCs. However, some modifications in the research focus are in order, some measures to increase research efficiency should be taken, and some hard decisions concerning resources dedicated to RTPC research need to be addressed before engaging in additional efforts of this sort.

A. Research Focus

1. Expand research on internal operations of the RTPC economy.

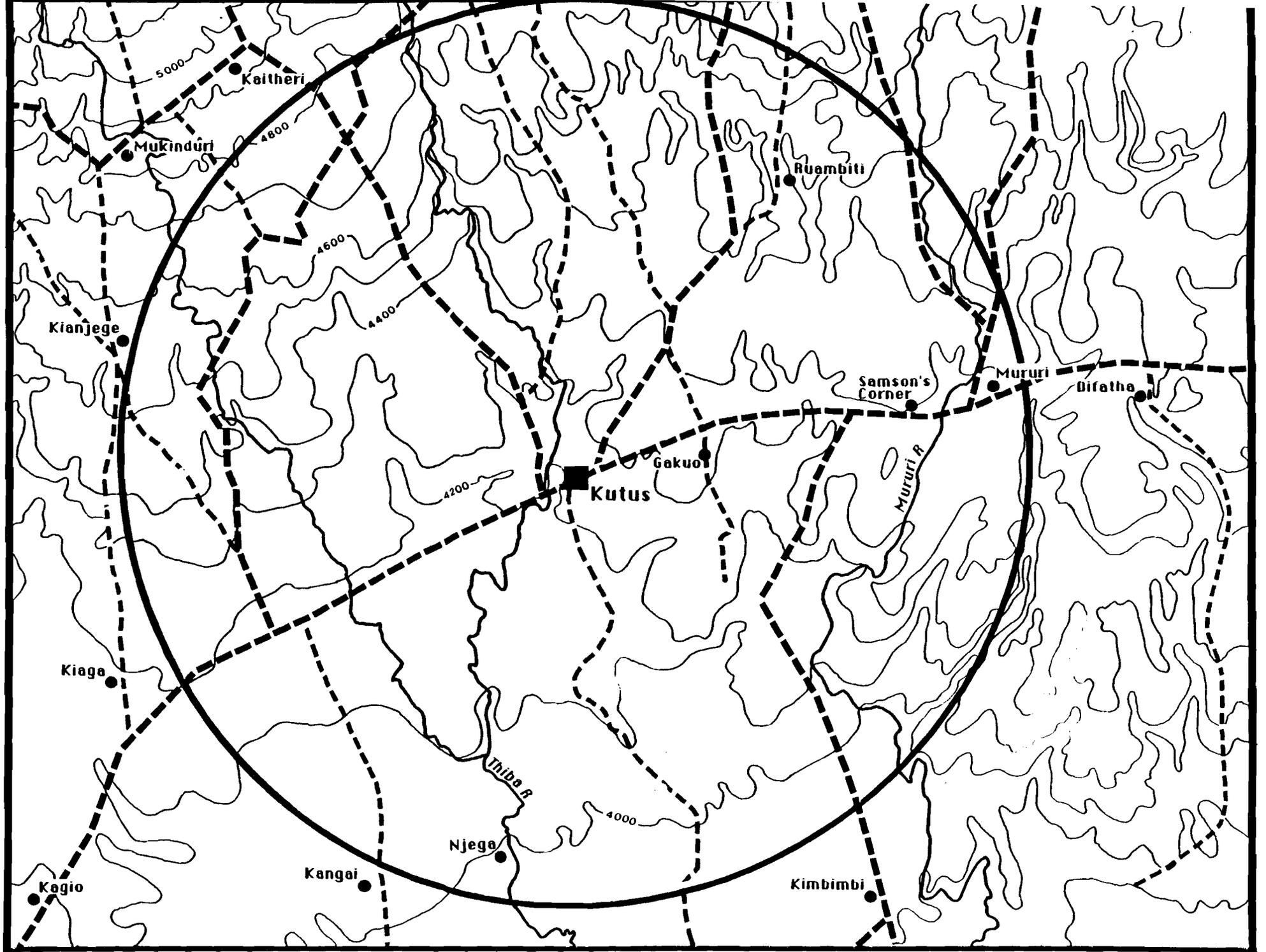
2. Expand research on rural-urban investment patterns.
3. Expand research on recent patterns of change.
4. Study the designated key commodity systems in greater depth.
5. Study forward and backward linkages further afield, including linkages with other towns.
6. Study macropolicy issues in greater depth.
7. Deemphasize the baseline aspects of research.

B. Improving Research Efficiency

1. Prepare a handbook of research procedures.
2. Define the study area more carefully.
3. Train research teams to undertake RTPC studies.
4. Adapt the commodity system approach to realities in each case.

C. Research Resources

1. Target the research and define its objectives very carefully, and provide funding adequate to the task.
2. Formulate an RTPC research programme that includes preparatory work, such as development of an RTPC research handbook, and identifies a sequence of RTPC studies coordinated with selection of RTPCs and implementation schedules for RTPC investments. The programme should be institutionalized, and a permanent coordinator should be designated.



Kenya

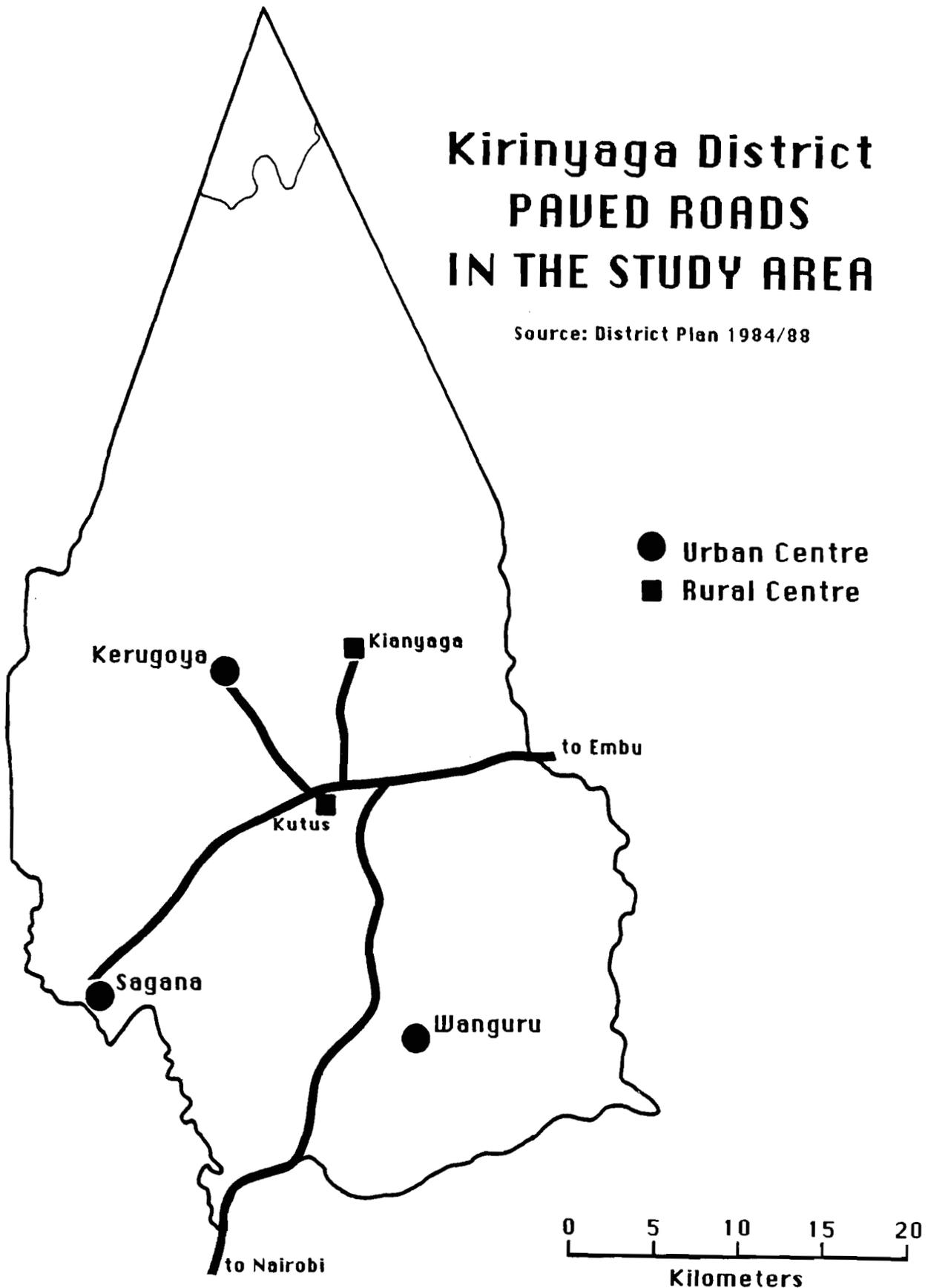
KIRINYAGA DISTRICT

Source: District Plan 1984/88



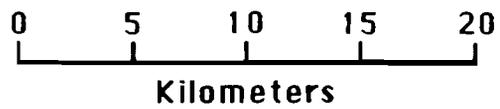
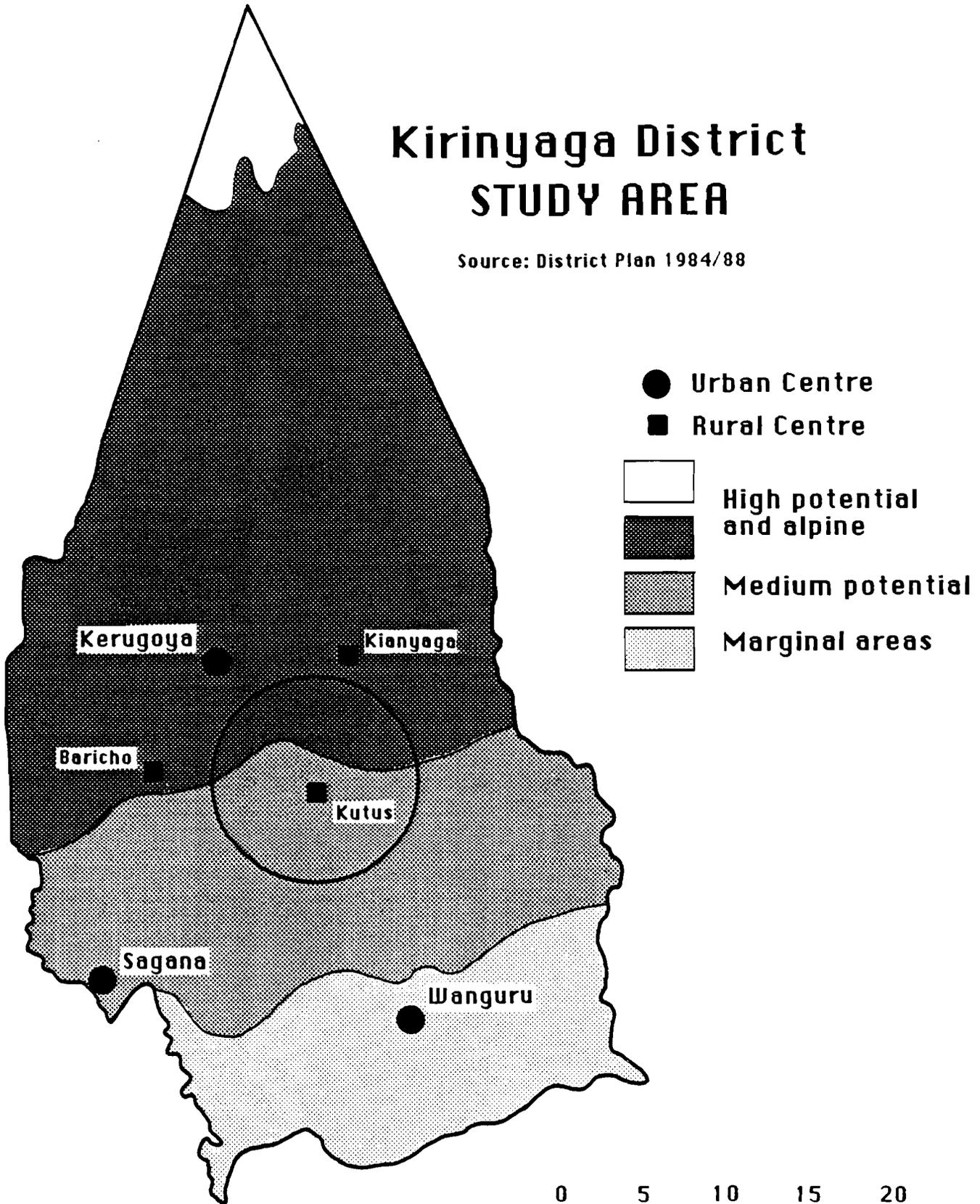
Kirinyaga District PAVED ROADS IN THE STUDY AREA

Source: District Plan 1984/88



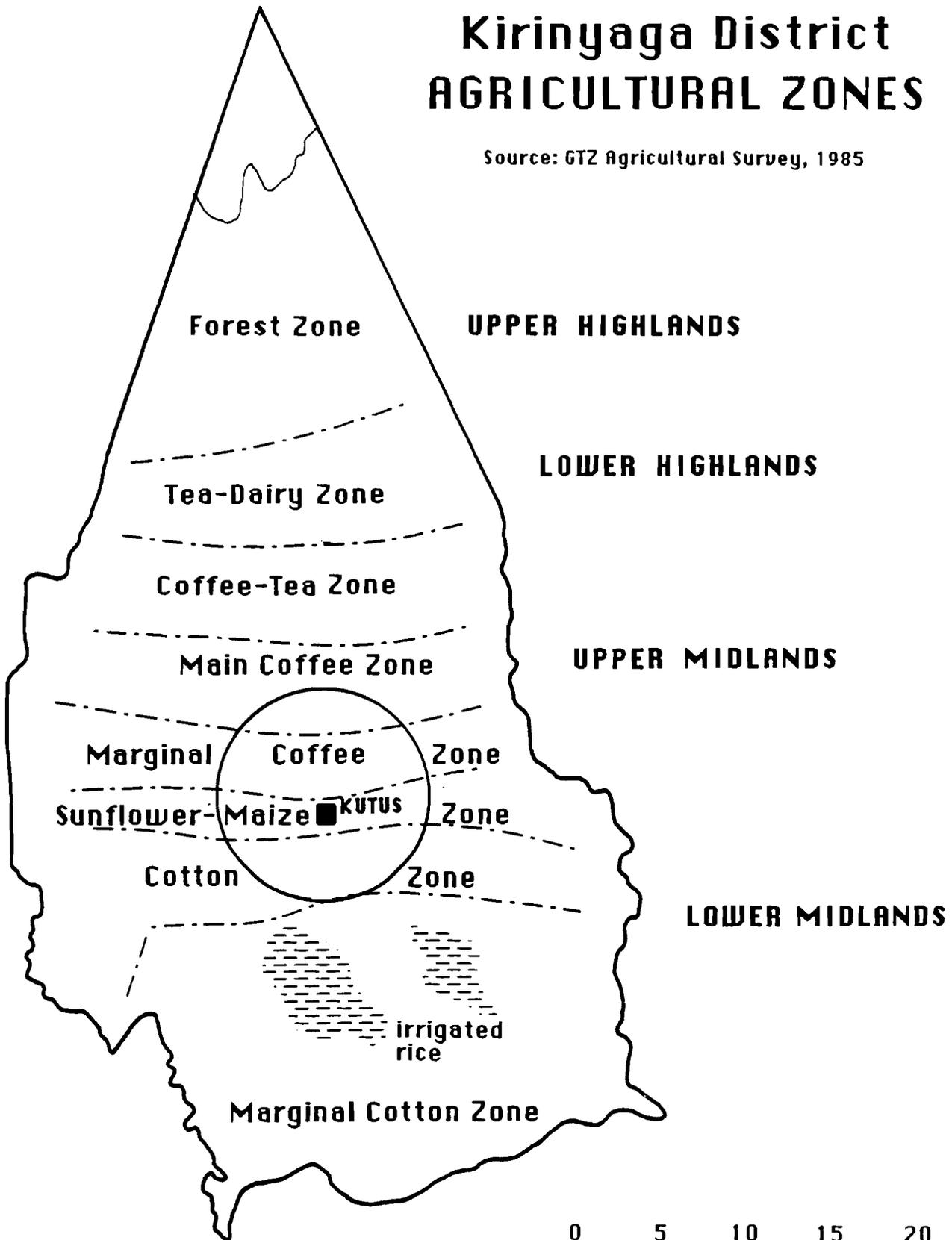
Kirinyaga District STUDY AREA

Source: District Plan 1984/88



Kirinyaga District AGRICULTURAL ZONES

Source: GTZ Agricultural Survey, 1985



Kutus Study Area: FARM HOUSEHOLD SURVEY SAMPLE

