Potential of Corporate Social Responsibility for Poverty Alleviation among Contract Sugarcane Farmers in the Nzoia Sugarbelt, Western Kenya

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Although contract sugarcane farming is the most dominant and popular land use among farmers in Nzoia Sugarbelt, results from a 2007 study suggests that the intended goal of increasing farmers’ incomes seems to have failed. With a mean monthly income of Kenya Shillings 723 (US $ 10) from an average cane acreage of 0.38 hectares, it would be difficult for a household of eight family members to meet their basic needs and lead a decent life. Analysis of farmer statements showed that up to 86% of the changes in net income were significantly determined by six cost variables as a group (i.e., acreage, tillage costs, seedcane costs, transport costs, yield, and farmer’s education level). Area under sugarcane had the greatest influence on net income whereby an increase in one hectare under cane would result in an increase of Kenya Shillings 110,427 in net income (per crop cycle of 21 months), holding other variables constant. This translates into Kenya shillings 5,258 per month (or 175 per day per household, or for a family of eight people—KES 22 or US $ 0.3) per member, which is far below the international standard of absolute poverty. Key net income depressors were tillage, seedcane, and transportation costs, all of which were determined by the company with no input from farmers. To bridge income gaps between the company and farmers in favor of sustainable community livelihoods, this paper argues strongly for the need to institutionalize Corporate Social Responsibility within the daily operations of the company particularly to address net-income depressors. Ten key building blocks for such a policy for Nzoia Sugar Company are suggested, based on farmers’ responses and ethical considerations.