

# Croton tree – Is it the answer to Africa’s growing demand for cheap, low-carbon energy?

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## INTRO

- Access to energy needed to fuel livelihoods. Bioenergy products can provide energy income, while reducing (GHG) emissions.
- *Croton megalocarpus* (Croton) is an indigenous, prolific and widely distributed tree in East Africa.
- It is valuable feedstock for several applications.
- Croton seeds contain approximately 30-32% oil by weight and have a high protein content of 50%.

## METHODS

Business case study and a choice experiment to examine household preferences in planting, cultivating, collecting and selling of seeds to the market.

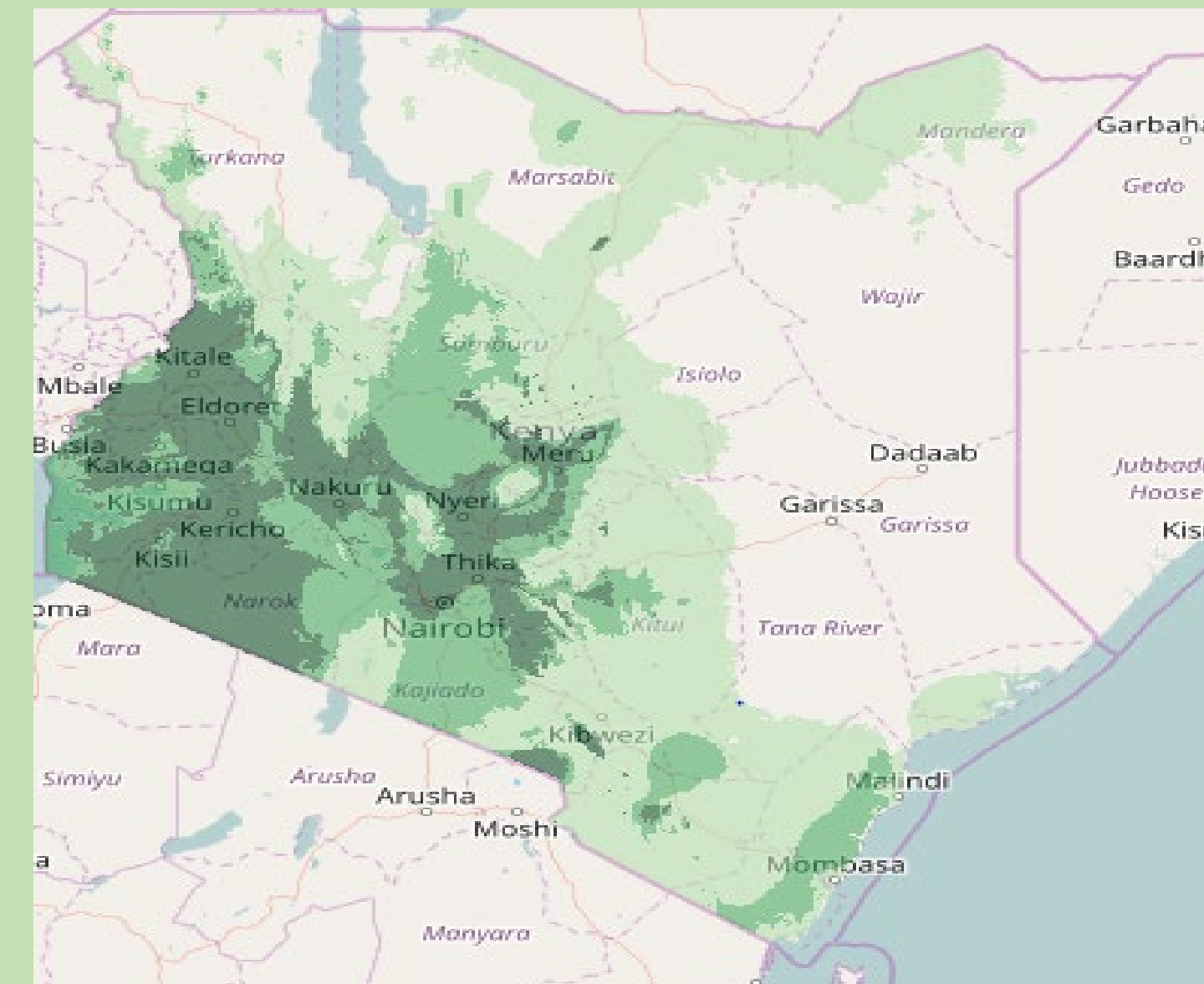
## RESULTS

- For the poorest farmers surveyed, this additional income contributed up to 33-50% of their annual income.
- ‘grateful to have money now’ and, ‘this is our coffee’.
- 91% of the respondents) are interested and willing to plant (more) croton trees.
- Only 48% of the collectors are satisfied with the current model arrangement.

## ACTIONS

- Low labor requirements (alternative business models).
- Production efficiencies.
- Commercialization of products: optimal product mix, new products, niche markets.

# Development of a Croton value chain can have positive impacts on rural livelihoods in East Africa



Croton suitability map for Kenya based on temperature, rainfall and elevation (landscapes portal: <http://landscapeportal.org/maps/1740/view>)



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Using a choice experiment approach to assess production tradeoffs for developing the croton value chain in Kenya

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|               | Cost of Seedlings | Maturation and Yield   | Labor to Collect Seeds | Seed Price | Choice |
|---------------|-------------------|------------------------|------------------------|------------|--------|
| Alternative 1 | 0 KES             | 10 kg, 25 kg, 10 years | Collected by Company   | 15 KES/kg  | ●      |
| Alternative 2 | 0 KES             | 10 kg, 40 kg, 10 years | Collected by Household | 3 KES/kg   | ●      |

Table 1 Attribute description and levels.

| Attribute                  | Definition   | Level   |
|----------------------------|--|---|
| Labour option (labour)     | Households collect the seeds themselves  | ● 1 = Yes (standard practice)<br>● 0 = No                   |
| Maturation period (mature) | Age at which tree starts bearing seeds. An annual production of 10 kg is assumed for the initial years (until 10th year) | ● 0<br>● 3<br>● 4 (standard age)<br>● 6                     |
| Seedling Price (seedling)  | Cost of seedlings in KES   | ● 0<br>● 10 (standard price)<br>● 20                        |
| Yield (yield)              | Average kg the tree produces from 10 years onwards   | ● 15<br>● 25 (standard yield)<br>● 40                       |
| Seed price (price)         | Amount in KES farmer receives for 1 kg of harvested seeds  | ● 3<br>● 5<br>● 10 (standard price)<br>● 15<br>● 20<br>● 40 |

Table 4 Random parameter logit base model.

| Attributes and characteristics | Attribute main effects (standard errors) | Standard deviations (standard errors) |
|--------------------------------|--|---------------------------------------|
| Labour option                  | -0.695*** (0.231)                        | 1.056*** (0.314)                      |
| Maturation                     | -0.392*** (0.077)                        | 0.437*** (0.105)                      |
| Seedlings Price                | -0.030** (0.014)                         | 0.042 (0.027)                         |
| Yield                          | 0.079*** (0.010)                         | 0.017 (0.025)                         |
| Seed Price                     | 0.320*** (0.038)                         | 0.185*** (0.028)                      |
| # of choice questions          | 2000                                     |                                       |
| Log-Likelihood                 | -592.98                                  |                                       |
| Pseudo R <sup>2</sup>          | 0.572                                    |                                       |
| # of Parameters <sup>d</sup>   | 10                                       |                                       |

Table 5 Marginal rates of substitution (using Krinsky-Robb procedure with 1000 draws and the yield attribute as the common denominator) and relative importance of attribute.

| Attributes      | Marginal rates of substitution (MRS) |                 |                          | Relative importance |
|-----------------|--------------------------------------|-----------------|--------------------------|---------------------|
|                 | MRS                                  | Standard errors | 95% confidence intervals |                     |
| Labour          | -8.794                               | 2.772           | [-14.226, -3.361]        | 0.043               |
| Maturation      | -4.958                               | 0.953           | [-6.825, -3.090]         | 0.072               |
| Seedlings Price | -0.376                               | 0.188           | [-0.744, -0.080]         | 0.037               |
| Yield           | 1.000                                | n.a.            | n.a.                     | 0.121               |
| Seed price      | 4.046                                | 0.448           | [3.168, 4.924]           | 0.727               |



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