

REMARKS BY MR. WILLY BETT; CABINET SECRETARY, MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES DURING THE HANDING OVER OF CHEQUE FOR BULK FARM INPUT TO KIPKELION FARMERS UNION ON 26TH FEBRUARY, 2016

Your Excellency the Deputy President of the Republic of Kenya;

Your Excellency the Governor;

The principal Secretary: State Department of Agriculture;

Members of Parliament and County Assembly present;

All National and County Executive Government officials present;

Farmers;

Ladies and Gentlemen

Your Excellency the Deputy President, Sir!

It gives me much pleasure to be in your company here today, in support of the development of our agriculture sector, and more specifically, the coffee subsector.

Your Excellency, Sir;

It is a common knowledge that the coffee industry is one of the key agricultural subsectors in the Kenyan economy employing over 30% of the total labour force in the agriculture sector.

Your excellency Sir;

In 2013/2014, the subsector earned this country 229.9 Million US dollars (22.9 Billion Kenya Shillings) from a production of 49,475 Metric tons. In 2014/2015, this production slightly reduced to 45,000 Metric Tons, against a potential of 130,000 Metric tonnes which this country produced in late 1980s.

Of great concern to me and my ministry, is to address some challenges that face this subsector in order to not only achieve the full production potential through increased acreage and efficient production of coffee and its value addition, but also to increase the producer earnings.

These challenges which are both at production and marketing levels of the coffee value chains, are the reasons that have led to a significant drop in production and earnings, including:

- High cost of input
- Climate change effects
- Poor cooperate governance at grower institutions
- Declining soil fertility leading to low productivity per unit area
- Decline in land-under-coffee farming
- Low value addition of Kenyan Coffee
- Fluctuating global coffee prices
- Low domestic consumption of Kenyan Coffee
- Inadequate coffee marketing information dissemination
- Low grower (producers) - market interaction
- Aging coffee farming community

Your Excellency Sir;

The government has taken a number of measures geared towards addressing the above mentioned challenges, including:

a) Agriculture reforms:

You excellency Sir;

I glad to inform you that the reforms that you initiated back in 2004 to merge over 130 statutory laws that existed in the agriculture sector then led to creation of AFFA Act 2013, which commenced in February 2014 and Crops Act 2013, which came to effect on 1st August, 2014.

As a result, the new Authority, Agriculture Fisheries and Food Authority was established under AFFA Act, 2013, and it took over the mandate of all former regulatory institutions in the agriculture sector, when Crops Act, 2013 took effect. The reforms have reduced the overlapping regulatory mandate in the sector, making it possible to reduce the long service provision processes.

In addition, so as to address the cost and accessibility of credit facilities to the agriculture sector, a Commodities Fund was established under Crops Act, 2013 (article 9(1)), which took over, among others, the mandate of former Coffee Development Fund.

Your Excellency Sir,

I would highly encourage our sector producers and marketers to take advantage of this fund, which is meant to provide not only easily accessible loans, but also very cheap at that, way below the market rate.

While on these reforms, **Your Excellency Sir**, I can't fail to point out that, agriculture being one of the devolved functions, we are working in close consultation with county governments geared towards promoting and developing the sector. I would wish to particularly laud the county governments for availing resources towards lowering the cost of coffee planting material, especially the seedlings as a way of promoting coffee expansion.

b) Review of coffee Industry regulations

Following the repeal of Coffee Act No. 9 of 2001, and enactment of AFFA Act, 2013 and the Crops Act, 2013, the National government, in consultation with county Governments and industry stakeholders, is in the process formulating new regulations to facilitate the production and business in the coffee industry.

The review of these regulations seeks to empower all industry players, including the producers, by establishing a level playing ground for the development of the subsector, while increasing competitiveness and sustainability of the industry for posterity.

In addition, the national government, in consultation with county governments and stakeholders, has initiated the formulation of the national coffee policy to guide the industry.

c) Coffee Milling and Marketing by Coffee Growers

Your Excellency Sir, it is of great interest to us that the producers of our agricultural commodities have to get more returns from their produce.

In coffee subsector, we are making a deliberate effort to support growers' engagement with the subsector's value chain, as far as possible. Currently, Your Excellency, I glad to point out that we have licensed 7 (seven) growers' owned coffee Mills including the following:

- Lower Eastern Cooperative Coffee mills (Machakos)
- Kipkelion Coffee Farmers Cooperative union
- Gusii Farmers cooperative union
- Meru County Cooperatives union mill
- Tharaka Nithi Cooperative Union County Coffee Mill
- Murang'a Cooperative Union Coffee Mills
- Othaya Farmers Cooperative society Mill (Nyeri)

More grower unions have been issued authority to establish coffee mills to empower farmers to mill and market their produce, thus shortening the value chain.

d) Improve Coffee marketing Systems

Your Excellency Sir!

Whereas the Kenyan coffee marketing system has demonstrated an effective coffee price-discovery mechanism, a number of aspects need to be put in place to make it more efficient, competitive and transparent.

We are in the process of modernising the coffee marketing systems in the country by upgrading the Auction systems infrastructure at Nairobi Coffee Exchange: We are planning for development of an **e-auction** platform, an enhancement of the automated system where the traders will now be conducting the bidding online, in a manner that the producers can track their coffee purchases at the regions.

Also, in collaboration with county governments, we are intensifying market knowledge dissemination to empower coffee Producers to engage buyers more effectively through market trainings and strengthening cooperative movement.

The ongoing review of regulations, in consultation with stakeholders is expected to enhance further producer participation in the marketing system.

e) Promotion of domestic market

The government is promoting local consumption of Kenyan Coffee to increase the domestic market share with an ultimate aim of cushioning producers from fluctuating global prices.

f) Promoting Value addition

The government is registering and licensing coffee growers to participate in roasting and packaging coffee for sale. So far, several growers have been licensed and therefore, ventured into roasting and packaging. These include: Othaya farmers cooperative society, Gusii cooperative farmers Union, Meru farmers Union, Muramuki Cooperative Society, among others.

g) Branding of Kenyan Coffee

The government has developed the **Kenya Coffee mark of Origin** with a slogan "***So rich, So Kenyan***" in order to position Kenyan Coffee in the global market. This will accord the Kenyan coffee the much needed visibility and thus trigger its demand.

h) Promoting coffee production and productivity

Your Excellency Sir;

The National government, in collaboration with county governments, has developed a project – The Integrated Coffee Productivity Project (ICPP) to increase production and productivity. It is projected that the project will spur production from the current 45,000 Metric Tonnes (MT) to 92,000 MT by 2020. This will be achieved through the distribution of quality planting materials by the Coffee Research Institute, capacity building of farmers and county extension officers, facilitate market linkages and provision of easily accessible and affordable credit facility.

In conclusion;

Your Excellency Sir; I wish to sincerely thank you for accepting to grace this auspicious event, in support of our growers.

Thank you!