REPUBLIC OF KENYA

MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES

NATIONAL COFFEE POLICY

"SUSTAINABLE QUALITY COFFEE PRODUCTION FOR FOOD SECURITY AND WEALTH CREATION"

DRAFT 4

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CHAPTER ONE: BACKGROUND

1.0: Introduction

The coffee sub sector in Kenya is one of the major contributors to the growth of agriculture sector in terms of foreign exchange earnings, family incomes, employment creation and food security. The subsector at its peak was estimated to generate 30% of employment opportunities in the agriculture sector. For many years, coffee was one of three main foreign exchange earners and it's currently ranked fifth. The value of coffee as a percentage of all merchandise in Kenya in 2017 was 5.5 % while its contribution to agriculture Gross Domestic Product (GDP) was 8% (Economic Survey, 2018).

The land under coffee cultivation in Kenya in 1963 was 45,000 hectares (Ha) with a production of 43,778 metric tonnes (MT) of clean coffee. The hectares under coffee cultivation increased to 170,000 Ha by 1988 but decreased to about 114,500/ha with a total production of 41,375 MT in the year 2017/18. By 1963 the yields were 0.97 tonnes per ha but has also since decreased to about 0.38 tonnes per ha to 2 kg/tree/year against a potential of over 30 kg/tree/year under optimal management. The families involved in coffee production progressively over the years increased from 11,000 in 1963 to an estimated 700,000 families in 2017/18 (AFA, 2018).

The Government has always taken cognizance of the strategic role the coffee industry plays towards poverty alleviation, economic empowerment, foreign exchange earnings, food security and job creation, among others benefits. In the last two decades, the coffee industry has encountered a number of challenges which have eroded its contribution to the national economy, loss of incomes and job opportunities. Although a the Agriculture Sector Policy and Agriculture Sector Growth and Transformation Strategy (ASGTS) exist to guide the overall development of the agriculture sector, there are no specific policy guidelines or strategy for the coffee subsector. The last attempt to formulate a policy on the subsector was based on the Sessional Paper No. 2 of 2001 which focused on liberalizing and restructuring the coffee industry. Given the prevailing situation in the subsector and going by the recommendations of the National Task Force report (2016), there is need to develop a national coffee policy and strategy. It is the expectation of the National Government that the county governments will build on these documents when developing their county specific coffee development policies and strategies to revitalize and grow the subsector.

1.1: Global Perspective

Coffee is produced in over sixty countries and the major producers include; Brazil, Colombia, India, Vietnam, Mexico, Ethiopia, Guatemala, and Costa Rica among others. In the coffee year 2018/19 production is estimated at 170.94 million (60 kg) bags against an estimated world consumption of 165.18 million bags (60kg) per year. The excess supply continues to exert pressure on prices and is likely continue doing so into the future.

Globally coffee production for the last nine years grew by 13.7% from 139.5 million 60kg bags in 2010/2011 to 170.94 million bags in 2018/2019. Most of the clean coffee in the international market is consumed in developed and industrial countries in North America, Europe and Far

East. In the recent past consumption growth in emerging markets has superseded that of the traditional markets in Europe. A number of coffee producing countries such Brazil, India, Ethiopia and Mexico have become major coffee consumers of their own coffee. Overall an estimated 2.0 billion cups of coffee are consumed daily across the world. The growth of the specialty coffee markets has been phenomenal with the United States of America (USA) importing up to 13.11% of Kenya coffee in the year 2018/2019. This offers great opportunities for high quality coffee producers like Kenya. The increase in coffee trade is also attributed to increased consumer interaction as a result of growth in middle class populations in developing economies like China, South Africa and Kenya. Increased political support to coffee subsector is also evident in many coffee producing and consuming countries and more so in Kenya where Ksh 3.0 billion was allocated to initiate a Coffee Cherry Advance Revolving Fund in 2019/20 national budget allocation.

1.2: Regional perspective

Africa contributed 18.517 million (60kg) bags to the global coffee production in 2018/2019 representing 9.7 % of the global production (ICO, 2019) which is a slight decline from the previous year's contribution of 10.9% (ICO, 2018). Since 2010 to date, Ethiopia and Uganda have registered the highest contribution to African coffee production. However, African countries registered coffee consumption growth of 3.0% against the global growth of 2.2% during 2012/2013 to 2017/2018 period which is an indicator of a growing market in Africa.

Trends in coffee production in the neighbouring countries have been mixed with Uganda and Ethiopia registering impressive growth while Rwanda and Tanzania recording a decline. Uganda's production in 2010/2011 was 3.3million bags which rose to 4.7 million in 2018/2019, a significant growth of 42.42%. Ethiopia production in 2010/2011 was 7.5million bags and in 2018/2019 the production slightly rose to 7.78,million bags which is an increase of 3.68%. Despite the slow growth, Ethiopia has maintained its top position in the continent and is the 5th largest coffee producer in the world.

In comparison, Rwanda production was 323,000 bags in 2010/2011 and registered a production of 268,000bags in 2018/2019 which is a decline of 17%. Tanzania production was 846,000 bags in 2010/2011 which increased to 1,175,000 bags in 2018/2019 bags, a significant increase of 38.89% (ICO, 2019). It is however noted that Uganda is mainly a Robusta coffee producer unlike the other neighboring countries who mainly grow Arabica coffee.

1.3: Kenya Coffee Industry

Currently, coffee in Kenya is grown in 33 counties spread in Western, Nyanza, Rift Valley Central, Eastern and Coast regions. The types of coffee grown in Kenya are Arabica and Robusta of which Arabica constitutes 99%and the rest (1%) being Robusta. The main Arabica varieties grown are SL28, SL34, K7, Ruiru 11, Batian and Blue Mountain. The country Robusta coffee is grown in Busia, Siaya and Bungoma counties.. There is a lot of potential for expansion of coffee growing in the non-traditional coffee growing areas of the Rift Valley for the Arabica coffee while Western and Nyanza regions are suitable for Robusta coffee. There is no national coffee policy and strategy to promote the growing of coffee in the region.

Kenya coffee is produced under two farming systems namely; the small holder estimated at 700,000 growers and large, medium and small estates estimated at 3,000 growers. Due to its meticulous production, processing and handling systems developed and maintained over the years, Kenyan coffee is worldly renowned for its quality.

To benefit from economies of scale, the smallholders are clustered into 500 coffee cooperative societies with 1,000 wet mills where they process and market their coffee collectively. Additionally, the estates have 3,000 wet mills of various capacities and models. Majority of wet mills are old requiring frequent renovation and replacement with modern eco-friendly types. Out of the 3,000 estates 2,400 are small estates with acreage of 5-20 acres spread across the coffee growing areas. The small estates, as well as the medium and large estates produce high quality coffee but have challenges in accessing finances and processing facilities. The productivity of the coffee estates is 4kg cherry/tree/year against the smallholder farmers' productivity of 2kg/tree/year. In some instances, estate farmers have registered higher productivities of 10kg/tree/year.

All the farmers in the country are served by 22 dry mills which have a capacity of processing about 400,000 tonnes of coffee/year yet the country is producing about 41,000 tonnes per year. The farmers through their agents are free to market their coffee through a central auction at the Nairobi Coffee Exchange or through direct sales to overseas buyers.

Domestic coffee consumption in the country has been on the rise particularly in urban centers and this is attributed to an increase of coffee drinking culture among the growing middle-class income segment of the population which has attracted the establishment of modern coffee roasting, grinding and brewing facilities (AFA, 2018). For instance, domestic coffee consumption is estimated to have increased from 2% of total production in 2010/2011 to 5% in 2017/2018, courtesy of the efforts by stakeholders to reach out the youth and the subsequent increase in coffee houses. For the same period the number of coffee houses rose from a low of 45 to 399 (AFA, 2018).

1.4: Scope of the Coffee Policy

This coffee policy is guided by the Constitution of Kenya (2010), Kenya Vision 2030, Agricultural Policy, the ASGTS among other government statutes. The policy aligns the subsector with the constitution by promoting the property rights of the farmers, and unbundles the national and county governments' functions and provides clear roles of each and the private sector. The policy also provides linkages across government agencies, farmer organizations and private sector for the subsector development. It further provides clear guidelines towards improving coffee production and productivity, and maintaining and enhancing coffee quality which Kenya is worldly renowned. Lastly, the core to development of this policy is largely informed by the recommendations contained in the Report of the National Task Force on Coffee Sub-Sector Reforms (2016).

1.5: Rationale and Justification of policy

The Coffee subsector recorded impressive performance soon after independence up to 1988/89 when it registered an all-time high production of about 130,000 MT. Soon after the performance of the sub-sector assumed a declining trend to the present production of 40,000MT. Despite the decline, its contribution to the agricultural GDP has remained significant and its job creation contribution in the agriculture sector has also remained high. It is worth noting that the subsector has over the years been guided by legislations and general crops strategies without a specific policy on coffee. It is important for the country to have a coffee policy to guide and spur production of quality coffee. Specifically, this policy addresses the following areas; production, processing, marketing and existing policy and institutional support focused on revitalization of the sub-sector.

In the international coffee markets, Kenyan coffee offers quality coffee grades making it a key component in blending other coffees by buyers of coffee bought from some producing countries. This comparative advantage on quality attribute should be jealously guarded through maintaining standards in order for Kenya to continue playing its lead in the global coffee market which is under threat from upcoming Arabica coffee producers such as Uganda and Rwanda. The country also needs to position itself for the emerging and lucrative specialty coffee markets. The policy is also alive to:

a) Article 40 of the Constitution 2010 that provides for the protection of the right to property. The coffee policy seeks to protect the property rights of coffee growers as the produce owners' up to market point and other value chain players.

b) The Constitution 2010 devolves the agriculture sector yet coffee is an internationally traded commodity where the national government plays a major role in legislation, standardization and quality assurance.

c) The vision 2030 takes cognizance of the central role of agriculture in driving the economic development of the country to a middle income economy by 2030. In particular, the Vision 2030 focusses on the need for appropriate land use, fertilizer cost reduction, enhancing investments, value addition and job creation to meet the sector growth targets. This policy seeks to mainstream these aspects in the coffee subsector.

d) Coffee is a unique crop in international trade with unique challenges of standardization, quality and pricing which require specific coffee focused policy interventions and guidelines that offer long term policies and guidelines that promote commodity trade.

CHAPTER TWO: SITUATION ANALYSIS

The situation analysis covers the various components in the coffee value chain namely: production and productivity, coffee processing, coffee marketing, coffee financing, value addition, among others aspects related to coffee business. The analysis identifies the strengths, weaknesses, threats and opportunities and their impacts to the subsector.

2.1: Production and productivity

In the year 1988/89, Kenya produced 129,000 MT of clean coffee from 170,000ha; out of which the small holder sector produced 74,682 MT and the estates 54, 258 MT a ratio of 58 % and 42% respectively. On the overall, production has declined by 68% from 129,000 MT from (1988/89 to the current 40,000 MT while the corresponding area under cultivation has declined by 32% to 115,570 ha. It is estimated that if this trend continues Kenya will have no coffee by 2046. The reduction in the area under coffee can be attributed to other competing and more profitable enterprises in the main coffee growing areas and urbanization.

The current production of 2kgs/tree/year is a decline from 4kg/tree/year in 1987/88, (CRI 2008). This decline is due to low re-investments attributed to unfavorable income, resulting from increased cost of production and diminishing soil fertility. Currently the average cost of production is KES 51 per Kg of cherry while the average price of one Kg of cherry is KES 69. Other factors which contribute to the decline in yields include declining soil fertility, aging farming community, effects of climate change, reduced investments in coffee research, insufficient extension services, and declining adoption of good agricultural practices.

2.2: Inputs

The main inputs used for coffee production include, planting materials, fertilizer, manures and pesticides. Coffee Research Institute (CRI) has developed improved coffee varieties, Ruiru 11and Batian, which are high yielding and disease tolerant. Adoption of the improved coffee varieties saves the farmer about 30% of the production costs. The current demand for the improved varieties Batian and Ruiru 11 is 175,400 and 619,000 seedlings per year while the supply of the same planting materials is 76,950 and 115, 000, respectively. This translates to 44 % and 18% of demand of Batian and Ruiru 11 respectively. This supply gap has been attributed to inadequate funds to support seed production, financing and low capacity of the licensed private nurseries to bridge the demand gap. It is however noted that the Institute is currently underfunded and not able to meet the seed demand particularly for Ruiru 11 and other services to farmers.

Due to lack of funding CRI sell seed and seedlings at cost unlike in the past when farmers subsidized seed production through a 2% levy. The price per kg of seed of Ruiru 11 and Batian has increased over the last decade from KES 5,000 and KES. 7,500 while the price per seedling has increased from KES 20 to KES 55/= over the same period. In order for a grower to establish one acre of the improved varieties, the grower requires 1,000 seedlings, hence a cost of KES 55,000 at source.

The current annual national fertilizer requirements for coffee are about 1,027,450 bags of lime, 856,230 bags of Calcium Ammonium Nitrate (CAN) and 1,027,480 bags of Nitrogen, Phosphorous and Potassium (NPK). An acre of coffee requires five (50 Kgs) bags of NPK, six bags of CAN and five bags of lime per year, at an approximate total cost of KES 35, 000. This is not affordable to most growers which has led to the current low usage of about 30 % fertilizer requirement. .

In order to address the high cost of production, the Government introduced a subsidy program which covers fertilizes, planting materials and factories rehabilitation. However, accessing the fertilizers encountered challenges on procurement, supply logistics and untimely delivery and poor distribution. Besides, in most cases, coffee growers did not have ready liquid cash to buy the fertilizers.

2.3: Coffee Research

The mandate of Kenya Agricultural and Livestock Research Organization (KALRO)- Coffee Research Institute (CRI) is to promote research and investigate all problems relating to coffee, and such other crops and systems of husbandry as associated with coffee throughout Kenya including productivity, quality, value addition and sustainability of land in relation to coffee planting, and matters auxiliary thereto.

Between 1964 and 2016, funding of research activities was mainly through an Ad-valorem levy of 2% deducted from the coffee growers proceeds to support the research. The levy among others supported production of planting materials, high quality seeds and efficient transfer of technology. However, following the abolishment of the levy in 2016, CRI is experiencing operational challenges due to low funding of research and development activities, inadequate capacity building of staff and limited information dissemination.

This has affected development and production of quality planting materials and limited research to support expansion of the coffee into new areas. Research is a critical activity in any development, nationally and internationally, hence sustainable coffee research funding is necessary. Whereas a Science and technology fund do exist, it has not been possible for CRI to access the fund due to other interests and inadequacy of the funds. Furthermore, the current communication and dissemination strategy between research and stakeholders is weak. The current human resource capacity for research is dwindling due to inadequate capacity building and weak succession management systems.

2.4: Coffee Extension Services

Coffee extension is an important ingredient in the production of quality coffee. Currently, there are several actors offering extension services namely the county governments, private service providers and NGO'S among others. The operations of the private and NGO service providers are characterized by self-interests and motives which are at times conflicting in terms of subject content, approach and interest which results in generation and transfer of information packages not backed by research thus causing confusion to farmers.

Specialized Coffee extension services were provided by the then Coffee Board of Kenya. The Board used to deploy Coffee extension officers and Coffee engineers in all the Coffee Growing Regions and all the coffee development initiatives were coordinated by a legally constituted coffee working group which is no longer there. The reorganization of government institutions and devolution of agriculture function on account of the 2010 Constitution coupled with freezing of employment of technical staff has made these services inaccessible to coffee growers. There is no framework for ensuring quality of the extension services and use of appropriate technology to enhance extension. Due to these arrangements the national government extension policy recommended a demand driven approach which has not worked particularly for coffee growers.

The Constitution devolved agriculture, cooperative and extension services to counties in order to take services closer to the people, however it is noted that funding extension services by most county governments is minimal. Further, the regulation of public and private sector extension services has been mostly ineffective. This has led to an increase in competition and dissemination of conflicting extension messages to clients, duplication of efforts and wastage of resources. This calls for policy directions to streamline, support and enhance public, private partnership collaboration.

2.5: Coffee processing

Coffee processing involves the transformation red cherry or buni (dry cherry) into clean coffee by way of removal of the pulp and wash for cherry or husk for buni. This process is followed by drying, hulling polishing and grading.

2.5.1: Primary coffee processing

The primary processing involves cherry sorting, pulping, fermentation, cherry, drying and storage or drying buni. Currently, there are about 1,000 primary coffee pulping stations operated by 500 cooperatives societies and about 3,000 estate growers pulping units of various sizes and models. The existing processing capacity for these pulping stations in Kenya is 950 million kg against the average annual cherry production of 300 million kg translating to about 30% installed capacity utilization.

Most of the pulping stations use outdated technologies, have inadequate infrastructure such as electricity and are labour intensive, high energy and water consumer resulting in high cost of processing. There is need therefore to make the technologies affordable to enhance adoption by primary processors.

2.5.2: Secondary processing

In the secondary processing, parchment coffee and buni is hulled at the mills, polished and graded. There are 22 licensed coffee mills a half of which are grower's cooperatives mills and the rest are commercial mills. In 2018, it was estimated that the existing installed milling capacity in the country was about 400,000MT against the national production of 41,000MT translating to a 10% capacity utilization. This idle capacity has resulted to unhealthy competition between the dry millers leading to theft of coffee parchment. Overhead costs attributed to the idle milling capacity are also borne by the coffee growers. Further, the staff of the grower owned mills have inadequate technical skills leading to inefficiencies resulting into to poor grading and inconsistencies. These inefficiencies are causing lack of confidence in Kenya coffee resulting to loss of potential buyers. It is therefore necessary to have policy direction on licensing of coffee mills that incorporates feasible business plans, existing installed capacity as well capital and technical capacity requirements.

2.6: Quality of coffee

The quality of coffee is influenced by the coffee husbandry practices, processing at the wet and dry mills, storage and handling. The unique quality of the Kenyan coffee is attributed to the volcanic soils, ideal climatic conditions, use of certified varieties and good farming practices. The clean coffee is segregated into seven standard grades and ten classes based on bean size, and raw, roast and liquor attributes. In Kenya, 30% of the coffee is specialty coffee with the rest falling into the commercial and low quality niches. This percentage can be increased by adoption of good farming practices and good processing facilities, particularly in cooperative societies. There is therefore need to introduce a system of grading cherry before pulping so that each farmer is paid according to quality of cherry delivered as well as renovating old processing facilities or replacing them with eco-friendly machinery.

Coffee quality is assessed through organoleptic cupping at the coffee mills, coffee traders and Agriculture and Food Authority (AFA) cupping centers. It is important for growers to assess coffee quality before it is milled and marketed for traceability on quality along the value chain. It is however observed that the cupping centers are few and far from the cooperative societies. There is need to for the policy to guide and support coffee quality assessment in order to promote transparency.

Various coffee certification schemes are being used for certification of grower's facilities and products. Some of the common certification schemes include; Sustainable farming and better opportunities for farmers, their families and our planet (commonly referred to as UTZ), Rainforest Alliance, Common Code for the Coffee Communities (4Cs), Fair Trade and Café Practices, among others. The certification schemes have an emphasis on three pillars, namely; environmental sustainability, social wellbeing and economic empowerment and are expected to pay premium price for certified coffees and provide other incentives to farmers. The certification schemes are costly and not well coordinated and regulated.

2.7: Climate change effects

The effects of climate change has negatively impacted on coffee production by; change on coffee suitability areas, shifting of optimal coffee growing zones to higher altitudes, changes in rainfall patterns, frequency and intensity irregular flowering, changes in disease and pests occurence, change in coffee yields and quality, impact on the supply chain and changing labour demand profiles. The effects of climate change in Kenya are more pronounced given that coffee plantations are pure stands while in the neighboring countries coffee is either inter-cropped or grown under shade or in forests.

Climate change is also negatively impacting coffee productivity and resilience of value chain actors, including households. An increase in the severity and frequency of climate change-related disasters such as droughts, pests and diseases on other crops and floods pose threats to overall returns to farmers. There is therefore need for the policy to address development and adoption of climate smart technologies to mitigate effects of climate change not only in coffee but agriculture in general. The main actions will be the implementation of Climate Smart Agriculture (CSA) Strategy, 2017-2026 that aims to enhance the adaptive capacity and resilience of farmers, pastoralists and fisher communities; and minimize Green House Gas (GHG) emissions from agricultural production systems.

2.8: Diversification in Coffee Farming

Diversification in coffee farming may be both on-farm and off-farm. On-farm diversification entails engagement of growers in other enterprises such dairy, poultry, inter cropping and agroforestry. Off-farm diversification entails involvement in economic activities outside the farm which complement the disposable farm income. However most of the coffee farms are not intercropped and adoption of agroforestry technologies in coffee growing is low due to knowledge gaps, The CRI has developed technologies to promote diversification such as shade tree growing, intercropping coffee with plants of economic value such as , fodder, timber, manures and wood. Diversification is necessary to increase land productivity, farm incomes and enhance food security.

2.9: Coffee Marketing

Up to 1989, the international coffee trade was guided by the International Coffee Agreement (ICA). One of its main objective was to enhance and stabilize coffee prices to the benefit its member coffee producing countries. After the collapse of ICA in 1989 coffee growing countries and producers were no longer protected as was in the previously regulated quota markets. Since 1989, coffee is freely traded in the world market where price discovery was left to market forces. Growers in Kenya market their coffee through a centralized auction managed by the Nairobi Coffee Exchange (NCE) and direct sales through appointed commercial coffee marketing agents. Currently about 85% of Kenyan coffee is sold through the auction and 15% through direct sales. However, the two marketing approaches do not allow for a fair share of earnings by the coffee value chain actors. In addition, the Subsector by its nature experiences complex disputes that requires specialized dispute resolution mechanism.

The market infrastructure including the trading floor at NCE, use of ICT technology and warehousing are underdeveloped and works to the disadvantage of the growers. Further, lack of transparency and accountability in coffee marketing does not protect the interest of the coffee grower. Security of coffee during transportation and storage continues to present challenges. It is also noted that information asymmetry, lack of business management and basic marketing skills for growers, delayed payments and high deductions are setbacks along the marketing value chain. In addition, lack of capacity by growers, in particular small holder coffee farmers to enforce agency obligations on the part of millers and other service providers in matters related to pricing, documentation, handling and payments continues to be a hindrance to the growth of the subsector.

Kenyan coffee is globally regarded as specialty coffee used to blend other coffees. The growing specialty/niche markets offer premium prices for good quality coffee which provides an opportunity to specialize in these markets. Shade and organic coffee farming practices offer added advantages to smallholder farmers with small farm sizes as they encourage multi-cropping systems for mitigating impact of climate change.

The International Coffee Organization (ICO) is encouraging coffee producing countries to promote domestic consumption. Therefore, the coffee sub sector needs a policy and an appropriate marketing strategy that can leverage on the quality of Kenyan coffee to target the niche/specialty both local and global markets. There is also need to address market information asymmetry along the value chain for the benefit of the grower. Improving the marketing infrastructure by use of ICT, embracing warehousing receipt system and development of the commodity exchanges will be of great value to the growers.

The global trading of coffee experiences price volatility which hampers growers and other investors' projections during planning. Such price volatility occurrences may call for establishment of price risk management mechanisms.

2.10: Value Addition and Domestic Coffee consumption

Kenya has been growing coffee predominantly for export with minimal emphasis on promoting domestic consumption. In 2018, the volume of value added coffee in Kenya was estimated to be about 2,100MT of clean coffee consumed locally which is 5% of the total exports. This is unlike Ethiopia and Brazil who consume above 50% of the coffee they produce. The low local consumption is partly attributed to the previous legislative framework which did not facilitate access to clean coffee for roasting by growers and SMEs.

It is estimated that 95% of the Kenyan coffee is exported in semi-processed (or clean coffee beans) form. Globally, a larger portion of revenue from coffee is derived from value addition as opposed to the selling of semi-processed coffee beans. Coffee value addition has a positive impact on the Kenyan economy which includes fetching better and predictable returns, acting as a stabilizer to fluctuating global coffee prices, creating employment and promoting agro processing. This is in line with Government Big Four Agenda of increasing manufacturing to 20% of GDP. Currently, value addition is undertaken by the private sector players comprising 13 roasters and 7 grower's cooperatives and unions.

inadequate local marketing and promotion has been major contributing factors to low value addition and domestic consumption. Other contributing factors include, few skilled coffee brewing personnel, lack of affordable coffee brewing equipment, poor coffee drinking culture as well as low quality coffees offered in the local market outlets. It is however noted that there is an emerging opportunity as urbanized middle and upper class are increasingly taking coffee as a preferred social drink as evidenced by proliferation of over 20 local coffee shop chains and roasters over the past decade. As at 2020 a total of 278 coffee houses had been established in Kenya across major towns such as Nairobi, Mombasa and Kisumu with more needed to cover rural market centers and homesteads.

There is also increased participation of youth and women in coffee value addition initiatives. The ICO encourages producing countries to promote domestic coffee consumption hence the need for a policy intervention. To enhance value addition and domestic consumption, there is need to remove legislative restrictions that hinder the development of the coffee subsector.

2.11: Coffee Sub Sector Financing

In the past decade the sub sector received support from tailor made programs funded externally such as the World Bank funded Smallholder Coffee Improvement Projects (SCIP I & II) that provided funds for extension support, factory rehabilitation, farm inputs and cherry advance, the STABEX program that funded cherry advance, working capital and farm inputs and Government funded Coffee Development Fund that transited to the Commodities Fund funding farm inputs, working capital, cherry advance and development. It is observed that since the year 2006, the Government has bailed off farmers' loans debts to the tune of KES 7.5 billion in respect to STABEX loan and KES 5.5 billion to SACCOs and Union. Other source of finances includes; the commercial banks, SACCOs and Unions, NGOs, commercial coffee millers and marketing agents.

Declining Government financing directly and through agencies such as Commodities Fund (ComFund) and Agricultural Finance Corporation (AFC) has hindered growth of the subsector. Abolition of valorem levies and road cess paid by growers to finance research, infrastructure and regulatory functions slowed the growth of the subsector in the last one decade. High risk such as price volatility, delayed payments and unclear loan recovery mechanisms associated with coffee value chain players have led to financial institutions' ranking funding of coffee as a high risk category and hence reduced lending to the subsector as well as increased cost of credit.

The sub sector is also associated with many credit providers such as NGOs, marketing agents and millers who are unregulated and uncoordinated and charge exorbitant interest rates. This has led to emergence of unethical lending practices in the subsector leading to multiple hypothecation of the crop, over borrowing, bad debts and overall financial mis-management witnessed in the coffee cooperatives. However, with an efficient coffee subsector value chain, stable and reliable market, many players are keen on renewing their interest to finance the coffee subsector.

The transformation of the coffee subsector into a commercially viable and sustainable undertaking requires access to affordable financial products and services. Improving regulatory framework will enhance sustainable financing from both public and private players. There is need to develop and promote innovative financing mechanisms such warehouse receipting system , crop insurance, enhance governance structures and application of best financial management best practices in the coffee cooperatives sector..

2.13: Legal and regulatory framework

The Constitution of Kenya (2010), the Vision 2030 and the National Agriculture Policy provide guidelines on which the coffee subsector policy is anchored. The Fourth Schedule of the Constitution provides for the respective functions of the two levels of the Government in relation to Agriculture Sector. The National Government is empowered to develop policies, regulations, guidelines, standards, capacity building of County Governments and international relations. The County Governments functions in coffee subsector include; crop husbandry, coffee extension, pest and disease control, primary processing, trade development and regulation.

The National Agriculture Policy undertakes to address the identified challenges in the agricultural Sector by providing guidelines to the National and County Governments; specifying the different roles towards ensuring household and national food and nutrition security; increasing agricultural production and productivity through the use of appropriate, good quality and affordable inputs; facilitating access to domestic, regional and international markets and reducing post-harvest losses while promoting agribusiness, value addition and product development. The Policy also gives guidelines on strengthening intergovernmental relations, agricultural institutions, developing institutional linkages and enhancing collaboration in order to create harmony and synergy in developing and use of agricultural resources; harnessing resources for improved agricultural output in partnership with the private sector and introducing appropriate financing and insurance systems in the agricultural sector; promoting demand driven research and timely dissemination of research findings in the agricultural sector and conserving biodiversity.

The National Cooperative Policy provides for institutional and regulatory reforms aimed at improving governance in cooperative institutions. The policy also defines the roles of the National and County governments in growth and development of cooperatives in Kenya.

The National Trade policy is geared towards promoting efficiency in domestic trade. It does so by provision of legal and regulatory frameworks to govern wholesale and retail markets with specific focuses on unfair trade practices such as late payments. Other features for domestic trade include development of market infrastructure aimed at promoting marketing linkages and the visibility of Kenyan products

Coffee sub sector is currently mainly regulated through the Crops Act, 2013 and subsidiary legislation to the Act. Other applicable statutes include the Seed and Plant Varieties Act, the Cooperative Societies Act, Agriculture and Food Authority (AFA) Act, 2013, the Kenya Agricultural and Livestock Research Organization (KALRO) Act, 2013, 2013), Biosafety Act 2009, Plant Protection Act, Pesticide Control Products Board PCPB) Act among others.

2.14: Institutional Setup

2.14.1: Public Institutions

Previously the subsector was supported by strong institutions mainly, the former Coffee Board of Kenya was responsible for coffee marketing and regulation while the Kenya Planters Cooperative Union was responsible for produce aggregation and milling. After the 2001 liberalization of the subsector, the complementarity of the institutions was lost and aggregation and marketing functions were taken over by private sector, whose operations are purely profit motivated leading to a discordant marketing environment.

Currently, public institutions involved in the development and growth of the coffee sub sector include National Government Ministries, Semi-Autonomous Government Agencies (SAGAs) – KARLO, AFA, Kenya Bureau of Standards, Export promotion Council (EPC), Export processing Zones (EPZ), Brand Kenya, KEPHIS, Universities, and County Governments.

Provisions for collaboration, cooperation and consultations between the National and County Governments as provided for in the legislation has not been implemented fully hence contributing to the limited and inefficient services in the subsector. In terms of the interventions in prompting the development of coffee industry individual County Government apply different approaches with different focuses. This has made linkages between the national and county governments difficult to coordinate and implement without an agreed policy and development strategy.

2.14.2: Private sector Institutions and Non-Governmental Organizations (NGOs)

The private institutions participating in coffee subsector include financial institutions, Non-Governmental Organizations, cooperative societies, estate growers, coffee commercial millers, coffee roasters,, coffee traders, retail chains and coffee houses, amongst others. Despite the many actors in the sector, each of them operates independently leading to high incidences of conflict and misunderstandings. It is however noted that a Kenya Coffee Platform has been established to bring all coffee subsector actors together at the national level to dialogue and chart a common way forward.

2.14.3: Co-operatives in the Coffee Sub- Sector

Smallholder coffee growing in Kenya begun in 1935 and its development is characterized by strong growth which has made significant contribution to the overall economy. The smallholder coffee farmers are organized into cooperatives. By 2019 there were 500 coffee co-operative societies operating 1015 mills (1000 wet and 15 dry mills).

Co-operative societies are member based private entities but have public interest. In recognition of this interest they are guided by principles of public entities. Their role in produce aggregation, primary processing and facilitating farm input access make the model a viable vehicle in the development of coffee sub sector.

The cooperatives in the coffee sub sector lack an institutional and governance framework for co-ordination. The absence of an effective vertical co-ordination process in the coffee sub sector has resulted in resource mis-allocation, economic inefficiencies and the enhancement of production and marketing risks. Vertical coordination in agricultural commodity value chain is necessary to reduce the risks associated with transactions. Vertical co-ordination involves the process of harmonizing the decisions and actions of farmers, input suppliers, processors and traders in an effort to match conditions of supply and demand. The process may also facilitate the flow of information and other resources necessary to define and shift the incentives of various market participants.

There are incidences of misapplication and mismanagement of resources witnessed in coffee cooperatives in the subsector leading to collapse of some institutions. There is increasing recognition that corporate governance is a critical element for sustainable economic growth and coffee co-operatives and farmer associations must build consensus on the corporate governance priorities and technical assistance. The adoption of good corporate governance practices is a challenge in the coffee sub-sector. Good corporate governance practices will help cooperatives to remain relevant and competitive. An effective system of corporate governance helps to facilitate decision-making, accountability, and responsibility within and outside that organization.

2.14.4: Governance in the Subsector

There are mismanagement incidences, frauds and scandals that have largely resulted to failure of effectively implementation of the required legal and regulatory frameworks. Decision making process in cooperatives is vulnerable and usually manipulated by the other industry actors purposely for insider trading hence killing positive effects of market forces in price discovery.

2.14.5: Youth and Women in Coffee

The participation of youth and women is critical for the development and sustainability of the coffee subsector in Kenya. Women provide the bulk of the labour in coffee farms and primary processing but they are usually left out when critical decisions are made. Women also are not involved equitable sharing of coffee earnings and this has an effect in coffee production due to lack of motivation and ownership.

Coffee Research Institute has documented the, the subsector to be predominantly in hands of the aging farmers where the average age of a coffee farmer is over 60 years. Inclusion of youth in the coffee value chain has been constrained by a number of factors among which include youth unfriendly production technologies, limited access to land and finance, delayed coffee payments and exclusion in the decision making process at farm and cooperative societies levels. In the recent past, it has been observed that value addition at the local level is attracting the youth and women participation thus promoting domestic consumption which can stimulate production is supported through a policy intervention.

2.14.6: Infrastructure and Support Services

Whereas the national and the county governments have put efforts to provide infrastructure to support the coffee subsector, the provision of public utilities such as water, access roads, and electricity remains limited in the coffee growing areas. The access roads remain a challenge especially during the rainy season hampering the timely delivery of required farm inputs and cherry to the cooperatives wet mills. Reliable source of clean water for processing of cherry is a challenge as most of the river streams are polluted during the rainy season posing a threat to quality of coffee.

The reliance on diesel to run wet mills results in high processing costs and reduced net payments to coffee farmers. Some cooperative society and estate farmers are not connected to electricity due to cost related and non-access to the rural electrification. A significant number of the wet mills lack power backups which causes delay in processing thus affecting the quality of coffee.

2.14.7: Information Communication Technology (ICT)

The level of adoption of ICT amongst the coffee organizations in Kenya is very low. The cooperative growers employees have inadequate trained and lack ICT personnel to manage the ICT system. In addition to this, the industry lack capital for investment in ICT solutions along the coffee value chain such as digital weighing scales, desktop computers, coffee software, servers and low internet connectivity. Lack of investment in ICT infrastructure and security related software render cooperatives vulnerable to integrity and governance related issues such as transparency and accountability. Lack of a harmonized coffee management system to integrate coffee information and data centrally is also a challenge when implementing government interventions such as the accessible farm inputs and Credit.

Appropriate technology along the value chain is very critical in tackling the myriad challenges facing the coffee sector. ICT adoption has been reported to boost productivity, lowering of production cost and enhance efficiency, access finance, and critical information about the industry in the sectors where it is in place.
Media is recognized as a major stakeholder in the coffee sub sector. It plays a key role in the dissemination of information to the coffee producers, consumers and other stakeholders. The media is instrumental in the dissemination of production technologies, market intelligence and consumer promotion.

CHAPTER THREE: POLICY GOAL AND OBJECTIVES

In view of the current situation, the challenges and opportunities at hand, this chapter outlays the goal, guiding principles, objectives and policy statements aimed at fostering growth and development of the coffee subsector.

3.1: GOAL

The goal of the coffee subsector policy is to guide and regulate activities of stakeholders along the value chain, for development and growth while protecting the property rights of the growers and other players.

3.2: Guiding Principles

The guiding principles for this policy include: -

a) Recognition of farmer's human and property rights as enshrined in the constitution
b) Mainstreaming constitutional requirements on operations of national and devolved governments as stipulated under schedule four of the Constitution.
c) Recognition of other national policies, strategies and statues
d) Maintenance and enhancement of Kenyan coffee quality as a key comparative advantage in the global coffee trade
e) Provision of an economically viable socially equitable and environmentally sustainable use of land for coffee sub sector development.
f) Utilization of science and indigenous knowledge and resources.
g) Adherence to the rules of fair trading practices in the coffee value chain.
h) Promotion and use of farmer organizations through a subsector friendly business model.
i) Promotion of sound corporate governance in institutions along the coffee value chain.
j) Take cognizance and compliance with regional and international standards in the development and growth of coffee sub sector.
k) Effective and sustainable coffee sub-sector development.

3.3: OBJECTIVES AND POLICY STATEMENTS

Broad Commitment

The National and the County Governments in the coffee growing counties commit to revitalize the coffee subsector.

3.3.1: Production and Productivity

Objective:

To increase coffee production and productivity using sustainable and environmentally friendly farming technologies.

Policy Statements

The National Government will:

1. Intensify coffee production in the traditional coffee growing areas
2. Expand coffee growing to non-traditional coffee growing areas
3. Develop Robusta coffee varieties and production technologies
4. Develop guidelines for zoning and designating suitable coffee growing regions
5. Develop appropriate and cost effective coffee production technologies
6. Develop appropriate soil fertility management guidelines.

7. Develop framework for leasing abandoned and non-productive coffee bushes

County Governments will

1. Intensify coffee production in the traditional coffee growing areas
2. Expand coffee growing to non-traditional coffee growing areas
3. Promote Robusta coffee production.
4. Implement appropriate and cost effective coffee production technologies
5. Promote large scale coffee farming
6. Implement soil fertility management guidelines.
7. Support zoning and designation of suitable coffee growing regions
8. Support and facilitate leasing of abandoned and non-productive coffee bushes

3.3.2: Inputs

Objective:

To improve access to quality and affordable inputs for coffee production.

Policy statements

National Government will:-

1. Create an enabling environment for private sector investment in, provision and access of quality coffee seed and planting materials.
2. Establish efficient and effective mechanisms for procurement and distribution of inputs.
3. Establish quality assurance framework for coffee farm inputs.

The County government will

1. Create an enabling environment and promote private sector investment in provision and access of quality coffee seed and planting materials.
2. Support efficient and effective mechanisms for procurement and distribution of quality inputs.
3. Implement a quality assurance framework for coffee farm inputs.

3.3.3: Coffee Research

Objective

To support and promote research development and transfer of appropriate technologies along the coffee value chain.

Policy Statements

National government will:

1. Provide for coffee farmer representation in national research institutions
2. Establish sustainable research funding mechanisms for the coffee subsector.
3. Improve information sharing amongst institutions involved in coffee research.
4. Enhance capacity building for coffee researchers
5. Establish knowledge management system for the coffee subsector

County Governments will:

1. Facilitate coffee farmer representation in county level institutions on matters pertaining to coffee.
2. Support adaptive research and technology transfer.
3. Support sustainable coffee research funding mechanisms.
4. Implement knowledge management system for the coffee subsector

3.3.4: Coffee Extension Services

Objective

To promote sustainable coffee extension services and adoption of appropriate technologies.

Policy statements

National government will:

1. Develop guidelines and standards for coffee extension services
2. Develop an appropriate and sustainable coffee model for extension
3. Build capacity of county governments to provide coffee extension service.

The County Governments will:

1. Adopt and implement appropriate and sustainable coffee extension model
2. Ensure compliance with the guidelines and standards for coffee extension services.
3. Provide a mechanism for monitoring and tracking impacts of technologies.
4. Collaborate with research on capacity building and research information dissemination.

3.3.5: Primary and Secondary coffee processing

Policy statements

Objective

To enhance efficiency and effectiveness of coffee processing for coffee quality

National Government will:

1. Develop a framework for establishment and regulation of primary and secondary processing capacity
2. Develop standards, code of practice and Good Manufacturing Practices (GMP) for coffee processing.
3. Support the modernization and digitization of primary processing infrastructure and capacity building of coffee processors.
4. Develop criteria for licensing of primary wet mills and secondary dry mills
5. Develop training manuals on efficient coffee processing and quality management.

County Governments will:

1. Support the modernization of primary processing infrastructure and capacity building of coffee processors.
2. Implement standards, code of practice and Good Manufacturing Practices (GMP) for coffee processing
3. Implement a framework for regulation of primary and secondary processing coffee processing
4. Strictly regulate and enforce criteria for licensing of primary wet mills and secondary dry mills to conform to levels of production and quality improvement.

3.3.6: Coffee Quality

Objective

To safeguard adherence to national and international coffee quality standards.

Policy statements

National Government will:

1. Establish Coffee quality standards
2. Establish a coffee quality regulatory framework.

3. Establish coffee traceability systems
4. Promote and regulate coffee certification and verification systems
5. Capacity build on coffee market requirements for quality eg pesticides Maximum allowable residue levels

County Governments will:

1. Implement a regulatory framework
2. Implement coffee quality standards and certification
3. Invest in quality assurance and build growers and grower organizations' capacity
6. Capacity build growers on market requirements eg pesticides Maximum allowable residue levels

3.3.7: Climate change effects

Objective

To establish measures for mitigation and adaptation of climate change effects in the coffee subsector.

Policy Statements

The National Government will:

1. Develop sustainable coffee development strategy to address impact of climate change
2. Develop climate smart technologies for coffee production.

County Governments will

1. Promote climate smart technologies for coffee production.
2. Develop and implement climate smart agriculture strategy

3.3.8: Diversification in farms

Objective

To build capacity of coffee growers and other value chain actors on diversification coffee subsector.

Policy Statement

National Government will:

1. Develop and promote research on diversification technologies.

County Governments will:

1. Support and implement research on diversification and
2. Promote dissemination of diversification technologies.

3.3.9: Coffee Marketing

Policy objective:

To promote innovative and efficient coffee marketing systems that enhance coffee returns and market share.

Policy Statements:

National Government shall;

1. Develop and implement a national coffee marketing strategy
2. Develop and promote mechanisms to manage coffee price volatility.

3. Promote best global practices for coffee marketing

County Government shall;

1. Domesticate and implement national coffee marketing strategy
2. Enforce guidelines and standards on coffee marketing.
3. Promote and support mechanisms to manage coffee price volatility
4. Domesticate best global coffee practices in coffee marketing

3.3.10: Value Addition and Domestic Coffee consumption

Objective:

To increase value addition and domestic consumption to attain price stabilization and revenue enhancement along the coffee value chain.

Policy statements

National government shall;

1. Develop a facilitative legal framework to support value addition initiatives and domestic consumption.
2. Develop and support a coffee domestic consumption strategy
3. Upscale coffee training syllabus on value addition.

County government shall;

1. Implement the facilitative legal framework to support value addition initiatives and domestic consumption.
2. Establish a fund to support value addition and other initiatives
3. Promote coffee consumption in schools and colleges.
4. Promote coffee training in TVETs syllabus

3.3.11: Coffee Sub Sector Financing

Policy objective:

To enhance access to sustainable and affordable financing and investments opportunities in the coffee subsector.

Policy statements

National government shall;

1. Support and finance coffee subsector revitalization
2. Establish and promote affordable and sustainable sources of financing for the coffee sub sector.
3. Develop a financing regulatory framework for the coffee subsector
4. Develop and promote best financial management standards and practices in the coffee sub sector.
5. Develop a mechanism for growers to mobilize savings and lobby for development partners' support.
6. Promote private sector investment in the coffee subsector.
7. Develop regulations and guidelines for enforcing adaption of best practices in financial management in coffee institutions.

County Governments shall;

1. Support and Finance coffee subsector revitalization initiatives.
2. Promote and enforce best financial management practices in the coffee sub sector
3. Promote private sector investment in the coffee subsector.
4. Support and enhance public sector investment in the subsector
5. .

3.3.12: Legal and Regulatory frameworks

Objective

To review and develop legal and regulatory frameworks to facilitate the growth of the coffee sub sector.

Policy statements

National Government

1. Establish a facilitative legal framework for the development and growth of the coffee sub sector.
2. Capacity build county governments and other value chain players on the legal framework.

County Governments

1. Enforce the national coffee, cooperatives and finance management regulations and standards for the development and promotion.
2. Capacity build stakeholders on the coffee regulations and standards.

3.3.14: Institutional Set Up

3.3.14.1: Public Institutions in the coffee subsector

Objective

To build synergies through close collaboration, consultation and cooperation for the coffee sub sector development.

Policy Statement;

National Government

1. Establish a framework for a national coffee value chain players' dialogue platforms
2. Develop a framework to strengthen national institutions dealing in the coffee subsector;
3. Provide for the representation of the farmers in public decision-making institutions on matters pertaining to coffee subsector
4. Develop framework for enhanced governance in public coffee institutions

County Government will;

1. Establish mechanisms for inter county linkages in coffee promotion and development
2. Promote formation and operation of County coffee growers' dialogue platforms
3. Strengthen public institutions in the coffee subsector
4. Facilitate representation of the farmers in public coffee decision making institutions.

3.3.14.2: Private Sector Institutions and Non-Governmental Organizations (NGOs)

Objective

Promote an enabling environment for the private sector investment in the coffee sub sector

Policy Statement;

National Government will

1. Develop legislations that promote private sector investment in coffee subsector
2. Promote and support establishment of a national coffee stakeholder platform

County Government will

1. Promote and support the establishment of county coffee stakeholder platforms
2. Promote institutionalization of coffee sub sector value chain actors

3.3.15: Co-operatives in the Coffee Sub- Sector

Objective

To promote vibrant coffee cooperatives institutions in Kenya.

Policy Statement;

National Government will

1. Develop legislations and guidelines for effective management of coffee cooperatives
2. Promote institutionalization of vertical integration to support coordination
3. Develop mechanisms for establishment of viable coffee cooperatives in Kenya.

County Government will:

1. Implement coffee legislations and guidelines on cooperatives management.
2. Promote good corporate governance in coffee cooperatives.
3. Promote mechanisms for establishment of viable farmer organizations.
4. Organize coffee growers' institutions into competitive marketing outfits enjoying economies of scale.

3.3.16: Governance in the Subsector

Objective

To strengthen corporate governance in the coffee sub-sector

Policy Statement;

National Government will

1. Develop/harmonize and support regulatory frameworks in the coffee subsector
2. Promote fair trade practices in the coffee subsector.
3. Set standards on best corporate governance for farmer organizations and service providers.
4. To enforce anti-corruption Act and Regulations.

County Government will

1. Promote fair trade practices in the coffee subsector
2. Enforce best Corporate Governance practices in Cooperatives
3. To enforce anti-corruption Act and Regulations.

3.3.17: Youth and Women in Coffee Sub sector

Objective

To strengthen the participation of youth and women in the production, management and decision making in the coffee sub sector for sustainability

Policy Statements

National Government will

1. Develop framework for mainstreaming women and youth in the coffee subsector

County Governments will

1. Implement the framework for mainstreaming women and youth in the coffee subsector

3.3.18: Infrastructure and support services

Policy Objective

To enhance and improve infrastructural and support services in the coffee subsector.

Policy Statement

The National Government will

1. Develop and avail the necessary infrastructural support for the coffee subsector growth.

County government will:

1. Promote and support the establishment of the necessary infrastructure for the coffee subsector development and growth.

3.3. 19: Media and Information Communication Technology (ICT)

Objective

Integrate Media and ICT in the coffee subsector.

Policy Statement

National Government will:

1. Develop a framework for coffee industry database management system.
2. Support ICT infrastructural development in coffee subsector.
3. Develop a media strategy for information dissemination and feedback in the subsector.

County Governments will

1. Promote a framework for coffee industry database management system.
2. Support ICT infrastructural development in coffee subsector.
3. Implement media strategy for information dissemination and feedback

CHAPTER FOUR: INSTITUTIONAL FRAMEWORK AND POLICY IMPLEMENTATION

4.1: Introduction
This policy will be implemented through legal and institutional framework that is in existence. Where necessary legislation will be reviewed and laws enacted while existing institutions will be restructured and new ones developed to address specific requirements in the policy. A coffee development and marketing strategy is being developed to deliver various action areas as required in this policy. The policy recognizes the role of different institutions. This Chapter therefore defines the role of various institutions for effective and efficient implementation.

4.2: Legal Framework
Effective policy implementation and operationalization will require supportive laws and regulations. The continuous review of the legal and regulatory ecosystem governing the research, husbandry, processing, marketing and the general management of the coffee subsector will be necessary to align it to emerging issues in the international marketing arena. The National and the County governments will therefore be required to review laws related to this subsector and provide the necessary support in the implementation of this policy.

4.3: Institutional Framework
Various institutions will be involved in the implementation of this policy both at the national and the county government’s levels, private sector and other stakeholders. It will be necessary to strengthen, restructure or establish new sector institutions to give the required support in various areas which include research, production, marketing, financing, capacity building and infrastructure development.

4.4: The National Government
The National Government will be responsible for the development of legislation, policy and standards enforcement, international obligations and nationwide programs.

4.5: The county Governments
As provide for by the Constitution of Kenya 2010, the county Governments are responsible for coffee production, processing, marketing, enforcement and provision of extension services to the coffee sub sector. Individual county governments will therefore domesticate this policy, regulations and strategies arising from the national government. Implementation of this policy at county level will be spearheaded by department responsible for crop development and cooperatives.

4.6: Private Sector
The private sector includes growers, coffee millers, marketers, input suppliers, financial institutions and other services provider along the coffee value chain. These will be expected to partner and corroborate with the growers, county and national governments to implement this policy and provide the necessary feedback to review sector policies.

4.7: The Ministry Responsible for Crop Development and Agricultural Research

Implementation of this policy will be coordinated by the ministry responsible for crop development and shall also involve relevant departmental agencies under the ministry, other government departments and county governments.

4.8: The Ministries Responsible for Cooperative Development and Trade

The Ministries responsible for cooperatives and trade are mandated to ensure the growth and development of the cooperative sector. It will be the responsibility of the Ministries to ensure that the cooperative development and trade policies are in tandem with the coffee subsector policy and to partner in the implementation of this policy especially in areas of corporate governance, local and international trade in collaboration with the county governments.

4.9: The National treasury

The National Treasury will be required to provide adequate resources and guidelines to facilitate the implementation of this policy.

4.10: Role of Other State Agencies

This policy is cognizant of the existence of other state agencies responsible for the implementation of other National Government policies and legislations. These state agencies shall be critical in the successful and seamless implementation of this policy, particularly with regard to strategies that directly or indirectly overlap across the various sectors.

This policy therefore draws from the fundamental pillars enshrined in the Vision 2030 and the state actors therein; and premised on the underlying principles of governance by various state agencies under the Constitution; and respects the existing or future national sectoral policies and legislations with direct or indirect impact on the coffee subsector.

The National Government shall create an enabling environment for effective co-ordination among the various state agencies and actors in the implementation of this policy. Other national policies and legislations shall concurrently acknowledge and incorporate components of this policy that are aligned to their mandate.

4.11: Non State Actors

The policy recognizes the role of non-state stakeholders involved in coffee subsector development. The Government shall ensure that collaboration between the coffee subsector and non-state stakeholders is within existing legal provisions as well as the values and principles. The Government will profile and streamline engagement with non-state stakeholders and develop a mechanism that will provide the framework for engagement with different non-state stakeholders.

CHAPTER FIVE: MONITORING AND EVALUATION

Monitoring and Evaluation (M&E) is a tool for assessing the success of implementation of programme and projects. It enables the policy makers, top management, development partners and other stakeholders to learn from past experience, track the progress of achievements of policy objectives, improve service delivery, mobilise and allocate resources and demonstrate results as part of accountability to key stakeholders.

For successful implementation of the National Coffee Policy, the Ministry responsible for Crop development and Agricultural Research in collaboration with the county governments, relevant implementing Ministries, Departments and Agencies (MDAs), private sector and other stakeholders will develop M&E framework within six months of the policy implementation as an integral component to ensure the policy objectives are achieved in a cost effective, coordinated and harmonized approach at both the National and County levels. The Ministry responsible for Crop Development and Agricultural Research in consultation with the key stakeholders will be tasked to guide in the development of the National Coffee Development and Marketing Strategy while at County Level, the department responsible for matter coffee will be tasked to guide in its domestication.

The M&E framework shall be consistent with the National Integrated Monitoring and Evaluation Systems (NIMES) and have clear terms of reference for relevant stakeholders in baselines data collection and reporting at all levels. There will be an Annual Review Report (ARR) on implementation of the policy that will be presented to the President by the Cabinet Secretary responsible for Crop Development and Agricultural Research. The policy will be reviewed periodically to address the subsector challenges and emerging issues. There shall be established an intergovernmental monitoring and evaluation framework to track the implementation of this policy.