



**SPEECH BY HON. MUTAHI KAGWE, EGH, THE CABINET SECRETARY,  
MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT, DURING  
THE LAUNCH OF ISSUANCE OF BONUSES FOR SUGARCANE FARMERS  
WHO SUPPLIED CANE TO MUMIAS SUGAR (2021) LIMITED IN THE YEAR  
2024, BY THE PRESIDENT OF THE REPUBLIC OF KENYA, DR. WILLIAM  
SAMOEI RUTO, CGH ON 20<sup>TH</sup> JANUARY 2025**

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- **His Excellency, President of the Republic of Kenya, Dr. William Samoei Ruto, CGH**
- **Governor, Kakamega County H.E. Fernandes Barasa, OGW**
- **Fellow Cabinet Secretaries**
- **Members of Parliament**
- **Leaders from Kakamega County**
- **Sugar Industry Stakeholders**
- **Distinguished Guests**
- **Ladies and Gentlemen**
- **Mulembe**

I am delighted to address you today as we mark a significant milestone in revitalizing the sugar industry. This occasion reaffirms our dedication to empowering sugarcane farmers and fostering the sustainable growth of this vital sector.

**Your Excellency**



The sugar-subsector is a cornerstone of Kenya's agricultural and economic landscape, supporting over 8 million livelihoods. It contributes to food security, job creation, regional development, and economic growth. The sector is integral to achieving Kenya Vision 2030 goals and advancing the government's BETA plan on food security and import reduction.

Sugarcane cultivation spans 15 counties across Western, Nyanza, Rift Valley, and Coastal regions, involving both large and small scale farms. Kenya's 17 sugar factories have a combined crushing capacity of 55,300 tons per day. With operational efficiency exceeding 70%, these factories can produce over 1.5 million tons of sugar annually.

Kenya's annual sugar consumption stands at 1.1 million metric tons, with 950,000 metric tons used as table sugar, averaging 80,000 metrics tons monthly. Recent government interventions have driven unprecedented growth in sugar production since independence as the country produced 832,185 MT of sugar in 2024. Key interventions leading to this success were improved cane management, subsidized fertilizers, increased rainfall, and raising the sugarcane price to Kshs 5,000 per MT. These efforts have boosted farmer earnings and set the stage for future self-sufficiency.

The area under cane increased marginally, by 11.95% from 256,635 Ha in November 2023 to 287,307 Ha recorded in the same period 2024. This was majorly due to expansion of cane area in Mumias, Naitiri, Kibos, South Nyanza and Busia and Busia catchments.

**Your Excellency**



The government is actively reforming the sugar industry to lower production costs, improve efficiency, and boost competitiveness, ensuring better livelihoods for sugar belt communities. Under your leadership, the Ministry has implemented key policy measures to streamline the supply chain, enhance production efficiency, and address distribution bottlenecks. These initiatives aim to reduce sugar costs for consumers while increasing profitability for local farmers.

## **1. Improving Sugarcane Production**

Our policy objective is to ensure a sustainable, high-quality cane supply that meets milling needs and secures favorable returns to farmers. To support this, Ksh. 600 million has been allocated to the Kenya Sugar Research and Training Institute (KESRTI) for developing quality planting materials. Established under the Sugar Act 2024, KESRTI will be funded through the Sugar Development Levy, currently under public review before gazettlement.

To boost efficiency, factory sugarcane production zones have been delineated across five regions. Additionally, a Sugarcane Pricing Committee ensures fair returns for growers and millers. Contract farming is being advanced through a central database and GIS mapping of sugarcane fields to facilitate smart and transparent contracting.

**Enhancing Efficiency in Sugar and Co-Products Processing:** Our goal is to boost production efficiency and competitiveness by establishing standards and guidelines for sugar processing and adopting a leasing model to manage public-owned sugar mills through strategic partnerships.



**Improving Marketing and Trade:** To foster a favorable business environment, the Sugar Act 2024 introduces a traceability system to safeguard consumer health and safety. Regulations for registering and monitoring sugar repackers ensure compliance with health standards, while draft rules for sugar and by-product imports and exports are set for public participation to streamline market processes.

**Providing Support Services in the Sugar Industry Value Chains:** We are enhancing access to research, farm inputs, financial, and advisory services. The Sugar Act 2024 expands KESRTI'S mandate to cover all aspects of the value chain. Additionally, subsidized fertilizer has been provided to boost yields and lower production costs.

**Providing Infrastructure:** To enhance operational efficiency, we have set up sugarcane testing units in 11 sugar companies and are funding additional units. Draft regulations on a quality-based sugarcane payment system are in place to incentivize quality production and processing.

## **2. Payment of Pending Bills**

The government has approved an action plan to revitalize and commercialize state-owned sugar companies, including a debt write-off amounting to Kshs. 65.78 billion. This initiative aims to restore trust and boost productivity among farmers and millers.

## **3. Banning of Sugar Imports**



The ban on sugar imports protect local farmers, leading to a significant decline in imports. With this strategy, Kenya is on track to become a net sugar exporter by 2026, saving foreign exchange and strengthening the local industry.

#### **4. Expanding Sugarcane Growing Zones**

New sugarcane growing zones have emerged beyond the traditional areas in western Kenya, including the coastal region and Kerio Valley. This expansion is driven by the potential for higher returns and the diversification of crop production.

#### **5. Impact of the Sugar Act 2024**

The Sugar Act 2024 is a transformative milestone for the industry. It establishes the Kenya Sugar Board, KESRTI, and the Sugar Development Fund, among other provisions, to efficiently regulate, develop, and promote the sugar sector.

#### **Your Excellency**

We are committed to addressing the challenges in the sugar industry. The operationalization of the sugar act 2024 will tackle issues such as inadequate funding, weak out grower institutions, and strained farmer-miller relations.

We appreciate your decision to announce bonus payments to sugarcane farmers as an incentive for increased productions. This initiative will encourage farmers, who are the backbone of the industry, to continue growing cane as a reliable source of livelihood. It will significantly contribute to the sectors growth, especially as the country aims to expand sugar exports.



It is proposed that the 50% of the annual rent paid to the bank be distributed as a bonus to farmers on a pro rata basis, based on their individual sugarcane supply to the mill. This bonus could be increased depending on the Company's performance in subsequent years. If successful, this bonus payment model could be implemented across publicly-owned sugar companies once they are leased.

In conclusion, today's bonus issuance is a testament to our unwavering support for sugarcane farmers. Together, we will build a robust, competitive, and sustainable sugar industry.

**Thank you**