

# **SPECIAL ISSUE**



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GAZETTE NOTICE No. 8824

**APPOINTMENT OF THE TASKFORCE MEMBERS TO TECHNICAL  
WORKING COMMITTEE ON THE DESIGN, DEVELOPMENT AND  
IMPLEMENTATION OF COFFEE AND SUGAR INDUSTRIES PRICE  
STABILIZATION FRAMEWORKS**

IT IS notified for the general information of the public that, the Cabinet Secretary Agriculture, Livestock, Fisheries and Co-operatives has appointed a Taskforce to be known as the National Technical Working Committee on the Design, Development and Implementation of the Coffee and Sugar industries price stabilization frameworks:

The National Steering Committee shall comprise of the following:

**Kariuki Kingori** *Chairperson*

**Members:**

|                             |                                   |
|-----------------------------|-----------------------------------|
| Samson Okioma               | Rep of Commodities Fund           |
| Dennis Olila                | Rep of National Treasury          |
| Nancy Laibuni (Ms.)         | Rep of KIPPRA                     |
| Robert Kiteme               | Rep of Council of Governors       |
| Nashon Oliech Osieko        | Rep of Sugarcane Farmers          |
| Sarah Nyagah (Ms.)          | Kenya Coffee Producer Association |
| Naomi Njeri Kamau (Ms.)     | Rep of State Dept. of Agriculture |
| John Gathangu Njiru         | Independent                       |
| Bernard Kagira              | Independent                       |
| Peter Jobando               | Independent                       |
| George Amos Obala           | Independent                       |
| Evans Limukii Kaberia (Dr.) | Independent                       |
| Wachira Maina               | Secretary                         |
| Nancy C. Cheruiyot (Ms.)    | Assistant Secretary               |
| Eng. Enosh Akuma            | Assistant Secretary               |
| Rosemary Owino (Ms.)        | Assistant Secretary               |

**TERMS OF REFERENCE FOR THE TASKFORCE/TECHNICAL  
WORKING COMMITTEE ON THE DESIGN, DEVELOPMENT  
AND IMPLEMENTATION OF COFFEE AND SUGAR  
INDUSTRIES PRICE STABILIZATION FRAMEWORKS**

**Introduction**

1.1 The Coffee and Sugar sector value chains in Kenya are significant economic activities in Kenya's Macro-economy that provide livelihoods to many households in rural areas in addition to supporting commercial enterprises in Urban areas.

1.2 During its peak in the 1980's, Coffee production was above 120,000 Metric Tons per annum and was one of the top foreign

exchange earner. While production of Coffee has significantly declined to paltry 40,000 Metric Tons in the Country, the value chain has continued to support livelihoods of over 5 Million people directly and indirectly in 31 Counties mainly in Central Kenya where Coffee is grown on over 119,500 hectares of land. At the macroeconomic level, Kenya's Arabica Coffee is still a major export commodity earning the country over Ksh. 20 Billion as forex annually.

1.3 Despite significant reduction in Coffee production, Kenya's Coffee variety is still of very good quality that continues to attract premium buyers globally. Consequently, Kenyan Coffee continues to fetch good prices at the Coffee auction consistently reaching an average of US\$ 7 or more per kilogramme for AA and AB Grades at the Nairobi Coffee Exchange.

1.4 While Coffee prices at the auction have held steadily and compare well with Coffee prices in other comparable global Coffee markets, Coffee production in the country has continued to decline mainly due to an inefficient Coffee value chain that more than compensates all the other value chain players that include marketing agents, millers, banks and Coffee societies; but exploits the most important coffee industry stakeholder who is the small scale Coffee farmer.

1.5 As a consequence, most Coffee farmers have abandoned Coffee farming and progressively moved into other Horticultural Crops value chains such as Avocado and Macadamia where farmers have more control due to less strangulation by brokers and middle men thus guaranteeing better earnings.

1.6 However, despite these upheavals, Coffee remains a steady revenue earner for farmers that still produce the crop and the country in terms of foreign exchange earnings mainly due to Kenya's good quality Coffees. Globally, Coffee is also the second most traded commodity in the world raking in millions of dollars to the coffee producing countries; and Kenya is privileged to have the climatic conditions for some of the best Coffees in the world. Coffee is therefore a sector that is strategically too important for Kenya's Micro and Macro economy to be left to waste due to inefficiencies within the value chain.

1.7 On the other hand, the Sugar industry that is mainly concentrated in the Counties of the Western Region and Coastal parts of Kenya provides livelihood support to over 8 Million people both directly and indirectly. In specific terms, the Sugar industry in Kenya supports 15 Sugar processing factories that provide both direct and indirect employment and in addition catalysing positive forward and backward linkages with other sectors of the local economies.

1.8 In the year 2018/2019, at the macro level, the sugar industry earned the country Ksh. 40.9 Billion which rose to KSh. 46 Billion in 2020. This sector contributes about 4% of the value of the agricultural market production in the country.

1.9 Like many other agricultural value chains in the country, the Sugar sector has continued to face a myriad of challenges that are mainly associated with value chain capture and vested interests that do not guarantee better payments to farmers. For most part, the sugar sector has historically been characterised by non-collection of cane from smallholder farmers on time leading to heavy losses, non-payment to farmers for cane collected by sugar processors, low and volatile sugar prices for sugar cane that continue to impoverish the communities within the sugar cane belts that rely on cane farming as the main source of livelihood support; and high inefficiencies in the sector that do not project sugar farming as a viable and rewarding enterprise by small scale sugar farmers. As a consequence, sugar cane farmers and their leaders have continued to agitate for proactive Government interventions in addressing these challenges in order to improve their earnings from the crop.

1.10 Considering the large community of citizens in the sugar producing areas that rely on sugar cane farming to support livelihoods a viable, efficiently ran and commercially rewarding sugar can value chain is of significant strategic value to Kenya's micro and macro economy.

1.11 It is in the context of this background that the National Government has commenced significant reforms aimed at improving the operational efficiencies of coffee and sugar value chain in order to guarantee better earnings for coffee and sugar farmers. These reforms that inter alia include optimization of handling costs by various value chain actors are more particularly elaborated in the Coffee Bill 2021 and the Sugar Bill, 2019 that are at advanced stages of the legislative process.

1.12 A cross-cutting issue in the above two Bills for Coffee and Sugar sectors, is the desire to establish a sustainable and efficiently managed Coffee and Sugar Sector Price Stabilization Frameworks to underwrite risks associated with seasonality of earnings for the respective farming communities within these sectors. It is anticipated that a price stabilization framework for these sectors will guarantee stability and predictability of earnings by Coffee and Sugar cane farmers

#### ESTABLISHMENT OF COFFEE AND SUGAR PRICE STABILIZATION FRAMEWORKS

2.1 The policy thrust and social utility of establishing a price stabilization framework for these value chains is to ensure fair, stable and predictable earnings to Coffee and Sugar cane farmers. In addition, a rewarding coffee and sugar value chains have the potential to generate momentum for increased farm-level production, create a large pool of well-paying jobs and enterprises; and contribute significantly to social economic development.

2.2 In an attempt to address some of the challenges facing coffee and sugar value chains, the Government has in the past made specific interventions to provide tailor made credit facilities for these value chains underwritten by the Government. In this connection, the Government established the Coffee Development Fund and the Sugar Development Fund vide the Coffee Act, 2001 and Sugar Act, 2001 respectfully to provide affordable credit facilities to the Coffee and Sugar value chain players. The Sugar Development Fund was administered and managed by the Sugar Board.

2.3 Following the enactment of the Crops Act, 2013, the Coffee Development Fund and the Sugar Development Fund were consolidated into the Commodities Fund. In addition to the wide mandate to support scheduled Crops under the Act, The Commodities Fund has continued to provide affordable loans to Coffee and Sugar value chain players from a pool of financial resources provided and ring-fenced for these two sectors by the Government.

2.4 While the focus of the Coffee and Sugar Development Funds and their successor The Commodities Fund has been provision of affordable credit facilities to value chain actors in the two sectors, the underlying and concurrent theme from coffee and sugar farmers and other stakeholders buttressed during public participation forums on coffee and sugar sector reforms has been the need to establish a price stabilization framework for these value chains. It is in this context that it has been found necessary to commence a structured process for establish a price stabilization framework for these value chains.

2.5 Considering the technical and green-field nature of this task, it is considered necessary to establish a technical working committee to develop and oversee operationalization of a sustainable Coffee and Sugar sectors' price stabilization framework for the benefit of farmers

2.6 In general terms, the technical working committee/task force shall undertake the following tasks—

- (a) Develop robust price stabilization frameworks for Coffee and Sugar value chains in Kenya;
- (b) Evaluate the resource requirements and possible sources including the respective Coffee and Sugar sector financial and other assets managed by Commodities fund to support price stabilization frameworks for Coffee and Sugar value chains;
- (c) Consider and evaluate plausible sustainability options to be in-built into the price stabilization framework for Coffee and Sugar value in order to guarantee perpetuity; and
- (d) Undertake any other task in furtherance of this broad objectives

#### *Specific Terms Of Reference*

3.1 The specific terms of reference for the Technical Working Committee/Task Force on the price stabilization frameworks for Coffee and Sugar value chains shall be to—

- (a) Evaluate available literature on establishment of successful commodity price stabilization frameworks in progressive and comparable jurisdictions;
- (b) Based on available and objectively verifiable data and information, identify the threats and success factors for sustainable commodity price stabilization frameworks in comparable markets and jurisdictions;
- (c) Based on plausible data and assumptions, identify the threats and success factors for establishment of a sustainable price stabilization frameworks for Coffee and Sugar value chains in Kenya;
- (d) Assess and establish the necessary technical and financial resources necessary for establishment of sustainable price stabilization frameworks for Coffee and Sugar value chains;
- (e) Identify, delineate and re-purpose financial and other assets allocated to Coffee and Sugar sector and managed by Commodity Fund for purposes of capitalizing the respective coffee and sugar price stabilization frameworks;
- (f) Using plausible assumptions, evaluate and prioritize on the basis of probability of success, other possible sources of financial resources to support a stable price stabilization framework including but not limited to the levies proposed in the Coffee and Sugar Bills, direct exchequer contributions, Donor support, grants, interest on loans advanced to coffee and sugar value chain actors, liquidation of non-core farmers' assets held by Commodities Fund; and other relevant sources;
- (g) Establish additional technological, human and other resources necessary for establishment of sustainable Coffee and Sugar price stabilization framework;
- (h) Identify necessary institutional and technical design parameters for management of a successful and financially sustainable coffee and sugar price stabilization framework in Kenya;
- (i) Define a robust financial sustainability framework that include but not limited to sound investment plans to guarantee sustainability of coffee and sugar price stabilization frameworks to perpetuity;
- (j) Define a robust risk assessment matrix including appropriate risk triggers and mitigation mechanisms for a sustainable coffee and sugar price stabilization frameworks;
- (k) Develop and oversee an end-to-end implementation plan for coffee and sugar price stabilization frameworks;
- (l) Undertake on-going and end term (post-implementation) monitoring and evaluation of the implementation of Coffee and Sugar price stabilization framework and prepare a brief for the Cabinet Secretary accordingly; and

- (m) Undertake any other task in this respect as shall be assigned by the Cabinet Secretary

#### *Secretariat*

The Joint Secretariat for the Taskforce shall be drawn from Agriculture and Food Authority (AFA) Coffee and Sugar Directorates.

#### *Tenure of the Committee*

The Technical Working Committee shall complete its work within its term period of two (2) months from its Launch date.

#### *Logistical Support*

Agriculture and Food Authority (AFA) will provide the necessary working space and all other necessary logistical and material support to facilitate the work of the Committee.

Dated the 26th August, 2021.

PETER G. MUNYA,  
*Cabinet Secretary for Agriculture,  
Livestock, Fisheries and Co-operatives.*

#### GAZETTE NOTICE NO. 8825

#### APPOINTMENT OF TASKFORCE MEMBERS TO THE WORKING COMMITTEE ON THE DESIGN, DEVELOPMENT AND IMPLEMENTATION OF THE TEA INDUSTRY PRICE STABILIZATION FRAMEWORK

##### EXTENSION OF TERM

IT IS notified for general information to the public that, the Cabinet Secretary for Agriculture, Livestock, Fisheries and Co-operatives, has extended the term of the Taskforce appointed *vide* Gazette Notice No. 4020 of 2021, for a further period of two (2) weeks, with effect from the 28th August, 2021.

Dated the 23rd August, 2021.

PETER G. MUNYA,  
*Cabinet Secretary for Agriculture,  
Livestock, Fisheries and Co-operatives.*

#### GAZETTE NOTICE NO. 8826

#### THE SACCO SOCIETIES ACT

(Cap. 490B)

#### REVOCATION OF APPOINTMENT

IN EXERCISE of the powers conferred by section 6 (1) (e) of the Sacco Societies Act, the Cabinet Secretary for Agriculture, Livestock, Fisheries and Co-operatives revokes the appointments of—

Eunice Nyambura (Ms.) \*

Sammy Latema (Dr.) \*

as Members of the Board of Sacco Societies Regulatory Authority with effect from the 16th August, 2021.

Dated the 16th August, 2021.

PETER G. MUNYA,  
*Cabinet Secretary for Agriculture,  
Livestock, Fisheries and Co-operatives.*

\*Gazette Notice No. 13255 of 2018, is revoked.

#### GAZETTE NOTICE NO. 8827

#### THE COUNTY ASSEMBLY OF KIAMBU

#### THE COUNTY ASSEMBLY OF KIAMBU STANDING ORDERS

#### SPECIAL SITTING OF THE COUNTY ASSEMBLY

NOTICE is given to all Members of the County Assembly of Kiambu and the general public pursuant to Standing Order No. 40 of the County Assembly of Kiambu Standing Orders, that there will be a special sitting of the County Assembly to be held on Tuesday, 31st August, 2021, at 11.00 a.m. in the Assembly Chamber, County Assembly of Kiambu and virtually *via* the Microsoft Teams platform.

During the Sitting, an oath/affirmation of office will be administered upon Felistas Wanjiku Njoroge (Ms.), Member of County Assembly gender top up list for Jubilee Party.

Dated the 26th August, 2021.

STEPHEN R.N. NDICHO,  
*Speaker, County Assembly of Kiambu.*