

COFFEE AND TEA VALUE CHAINS IN KENYA: AN OVERVIEW

COFFEE VALUE IN KENYA

Coffee value chain in Kenya and in East Africa in general is complex and involves multiple stages from production to consumption and with serious gender disparities, youth and women presence is not felt. Older people and mainly males dominate it. Key aspects of this value chain include:

Production:

- **Farmers:** Mostly smallholder farmers who cultivate coffee on small plots of land, often organized into cooperatives.
- **Cultivation:** Involves planting, tending, and harvesting coffee cherries. The main coffee varieties grown in Kenya are Arabica.
- **Geography and Climate:** Coffee is primarily grown in regions with high altitudes and favorable climate conditions, such as Central Kenya, the Rift Valley, and parts of the Eastern region.

Processing:

- **Wet Processing:** Commonly used method in Kenya where coffee cherries are pulped, fermented, washed, and dried.
- **Dry Processing:** Less common but involves drying whole cherries before hulling to separate the beans.
- **Cooperatives and Mills:** Smallholder farmers often deliver cherries to cooperatives or mills for processing.

Grading and Quality Control:

- **Grading:** Coffee beans are graded based on size, weight, and quality. The Coffee Board of Kenya oversees the grading process.
- **Quality Control:** Includes cupping and tasting to ensure the beans meet high-quality standards. Kenyan coffee is renowned for its rich flavor and high quality.

Marketing and Sales:

- **Auctions:** The Nairobi Coffee Exchange (NCE) conducts regular coffee auctions where buyers and exporters bid on different lots of coffee.
- **Direct Sales:** Some farmers and cooperatives engage in direct sales with international buyers, often fetching higher prices.

Export:

- **Exporters:** Licensed exporters handle the logistics of shipping coffee to international markets.
- **Markets:** Major markets for Kenyan coffee include the United States, Europe, and Asia. Kenyan coffee is highly sought after for its unique flavor profile.

Consumption:

- **Domestic Market:** While the majority of Kenyan coffee is exported, there is a growing domestic market for high-quality coffee.
- **International Market:** Kenyan coffee is often used in specialty coffee blends and is popular in coffee shops and with connoisseurs worldwide.

Support Structures:

- **Government Bodies:** The Coffee Directorate of Kenya, under the Agriculture and Food Authority (AFA), regulates the industry.
- **Research and Development:** Institutions like the Coffee Research Foundation (CRF) now Cash Crops Research Institute, support the industry through research on coffee varieties, pest control, and farming techniques.
- **Financial Services:** Access to credit and financial services is crucial for farmers, often facilitated by cooperatives and microfinance institutions.

Challenges:

- **Price Volatility:** Coffee prices can be highly volatile, affecting farmers' incomes.
- **Climate Change:** Changing weather patterns pose risks to coffee production.
- **Pests and Diseases:** Coffee berry disease (CBD) and coffee leaf rust are significant threats.
- **Market Access:** Smallholder farmers often face challenges in accessing international markets and achieving fair prices.
- **Understanding these key aspects is essential for anyone looking to engage with or improve the Kenyan coffee value chain, whether as a producer, investor, or policymaker.**

TEA VALUE CHAIN IN KENYA

Tea value chain in Kenya, one of the world's largest tea producers and exporters, is multifaceted and involves several stages from production to consumption. Key aspects include:

Production:

- **Farmers:** Tea is produced by both smallholder farmers and large-scale plantations. Smallholders often belong to cooperatives or associations.
- **Cultivation:** Tea is grown in high-altitude areas with favorable climates, such as the Kenyan Highlands. It requires careful tending, plucking, and pruning.
- **Varieties:** The main variety grown is *Camellia sinensis*, primarily for black tea production.

Processing:

- Green Leaf Collection: Fresh tea leaves are plucked and delivered to factories, often within 24 hours to maintain quality.
- Withering: Leaves are spread out and air-dried to reduce moisture content.
- Rolling: Leaves are rolled to break cell walls and release enzymes.
- Fermentation: Leaves undergo oxidation, which affects the tea's flavor and color.
- Drying: Leaves are dried to halt oxidation and reduce moisture content further.
- Sorting and Grading: Dried leaves are sorted and graded based on size and quality.

Grading and Quality Control:

- Grading: Tea is graded into different categories, such as PF1 (Pekoe Fanning 1) for finer leaves and BP1 (Broken Pekoe 1) for larger particles.
- Quality Control: Includes tasting and testing to ensure the tea meets quality standards. The Kenya Tea Development Agency (KTDA) plays a significant role in quality assurance for smallholder tea.

Marketing and Sales:

- Auctions: The Mombasa Tea Auction is one of the largest in the world, where tea is sold to the highest bidder.
- Direct Sales: Some producers engage in direct sales or contracts with buyers, often fetching premium prices.
- Certification: Certifications such as Fair Trade, Rainforest Alliance, and organic certifications can enhance marketability.

Export:

- Exporters: Licensed exporters manage logistics and shipment of tea to international markets.
- Markets: Major markets include Pakistan, Egypt, the United Kingdom, and the Middle East. Kenyan tea is valued for its strong flavor and bright color.

Consumption:

- Domestic Market: While a significant portion of Kenyan tea is exported, there is a robust domestic market.
- International Market: Kenyan tea is widely used in blends and as a base for many branded teas.

Support Structures:

- **Government Bodies:** The Tea Directorate under the Agriculture and Food Authority (AFA) regulates the industry.
- **Research and Development:** The Tea Research Institute (TRI) focuses on improving tea varieties, pest control, and sustainable farming practices.
- **Cooperatives and Associations:** Organizations like the KTDA support smallholder farmers with technical assistance, financing, and marketing.

Challenges:

- **Price Volatility:** Global tea prices can fluctuate, impacting farmers' incomes.
- **Climate Change:** Changes in weather patterns affect tea yields and quality.
- **Pests and Diseases:** Tea crops are susceptible to pests and diseases, which can reduce yields.
- **Market Access:** Smallholder farmers face difficulties accessing international markets and securing fair prices.
- **Understanding these aspects is crucial for stakeholders in the Kenyan tea industry, including farmers, processors, exporters, investors, and policymakers, to ensure the sustainability and growth of this vital sector.**

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