

PRESENTATION BY FINANCIAL SACCOS

3rd Annual CS Conference at Sawela Lodge

What should cooperatives do to sustain the co-operative identity in view of the recent expansion strategy including the opening of the common bond?

1. Guard our identity and all the gains made jealously,
2. Work with national and county government
3. Opening of the common bond does not necessarily mean losing identity
4. Enhance member education to existing and new members, why opening of the common bond
5. Build trust among members
6. National government should promote co-operatives towards national peace
7. Negative publicity-address the bad image created on SACCOS –that SACCOs are lesser financial institutions. Should be addressed from internal. Find a way to raise the energy of the SACCO sector to be equal to the other financial sector.

What should cooperatives do to sustain the co-operative identity in view of the recent expansion strategy including the opening of the common bond?

8. Identity already enshrined in the co-op principals, lets remain focused regardless of the expansion of common bond.
9. Laws that we make must support the co-operative sector.
10. Improve on our service offerings, let us work towards offering members access all services under one roof, to avoid them going to other financial institutions
11. Improve on our marketing efforts for member retention
12. Need to understand the co-operative model and how it works, more education around the model, interrogate the model and enhance the model to accommodate changes. Being progressive
13. Leveraging on technology to reach out to as many as possible through ICT-market, communicate, educate through use of ICT

Co-operatives are member owned, member managed, and member patronized. How can cooperatives enhance self-regulations to address emerging challenges in the business environment?

1. The sector has grown, we need to settle down. For self regulation, we must enhance our togetherness and be more organized. Council of chairmen, council of ceo's, council of management etc
2. Participate and support implementation of good practice from a joint consortium, we stop competition..other sectors should not guide us, we should work on our ideas
3. Study environment, adopt technology, learn from past mistakes
4. Saccos must believe and adhere in the policies and structures that we have put in place.
5. Maintain professionalism in our work
6. Moving with the others especially in the technological space
7. CAK to come up with a code of ethics to encourage healthy practice and manage competition among saccos
8. Recruitment of professional staff improve on skills and human capacity

Cooperatives are member owned, member managed, and member patronized. How can cooperatives enhance self-regulations to address emerging challenges in the business environment?

9. Harmonize and work as a co-operative movement-secondary co-operative
10. Unified policies on governance, disposal of surplus, dividend
11. Transparency and disclosure of our financial statements
12. Investments –enhance policies on investments
13. Make use of the Co-operative university to train staff and board for good financial discipline-to take up its role to enhance capacity
14. CAK to do more research in advance before the training
15. We need to be more proactive, focus on principal based regulation-for the best interest of our members. Harness our expertise in the movement

Kenya is rated as top in matters cooperatives. What lessons do we learn from the recent challenges that have faced a number of leading co-operative organizations?

1. We should remain to be impactful and not for profit
2. Electronic regulatory systems-track and disclose –big saccos going down without information.
3. Tailor made inspection with tools that can assist tracking by management of a sacco on performance
4. Governance-clear communication channels to build trust on our members
5. Financial mismanagement-enhance financial literacy for directors and management
6. Adhere to the laws and policies in place
7. Up our crisis and risk management planning
8. Leadership-we must get it right, play our role
9. Our primary business is savings and credit-other avenues are causing losses-lets stay within our objectives
10. Focus on high dividends instead of enhance service delivery and mission
11. Community engagement
12. Reduce operational costs for sustainability
13. Understand and quickly respond to members needs as changes come up
14. Focus on building reserves and diversify on other income
15. Strong regulations
16. Trust but verify-for Board members

How can we strengthen our cooperative electoral processes to promote cooperative democracy and inclusivity

1. Member Education and information at all times to members and prospective members.
2. High standards of transparency in the electoral processes
3. Nomination/Vetting committee composed of professionals to run through the process, ministry runs the elections at AGM, hybrid voting
4. No research done on term limits for directors
5. Implement a board succession plan and diversity-youths/gender inclusivity
6. Affirmative action-9 directors very historical-enhance to eg 15, 3 for gender, youth, physically challenged
7. Benchmarking within the sector to adopt best practice
8. Requirements for directors to be made simple
9. Ministry impartiality during elections

How can financial co-operatives position themselves better to address the technological risks while leveraging on the opportunities available?

1. Internal and system controls at all levels
2. Invest in capacity building for staff and board on emerging risks associated with technology
3. Shared services platform-CAK, SASRA not picking up-have a timeframe and appoint a specific resource to drive the process-SACCO central still on course
4. Adequate budget for ICT
5. Reliable service providers
6. Audit systems from time to time
7. Exclusively automate processes and procedures to accommodate the youth. Come up with products that will attract this group across the movement.
8. Encourage youthful members to join leadership of SACCOs to ensure continuity.

How do we see the cooperative business model evolving into the future and what measures / strategies should we put in place now in readiness?

1. Engage members-continuous member education to strengthen the element of savings-to enhance the saving culture for our members
2. Work with partners but conduct due diligence, check on value addition and long-term impact for our members-have frameworks for partnerships
3. Mergers and amalgamations
4. Governance-Mwongozo code for SACCOs
5. Digitization
6. Diversification of business lines-insurance, SACCOs moving to other sectors
7. Robust strategic plans preparing us for the future
8. Always be member centric-walk with our members
9. Enhance the literacy levels in the country by supporting government strategies; partner with manufacturers and distributors of equipment for the benefit of our members
10. Invest in research and innovation

How can government at both levels (National & County) facilitate better the cooperative business enterprises? Are there structural & legal challenges that impede the business?

Facilitation

1. Address delays in remittances
2. Both to work tog and provide saccos opportunities to market and educate members
3. Legislation-Corporate members-law yet to be passed, tax issues; Govt to ensure legislation is moving along with changes in SACCO business
4. Govt to put more effort on research and development-Via Co-operative University

Challenges-structural and legal

1. Recruitment for national and county govt should encourage joining to SACCOs
2. Overlap which has been addressed progressively
3. Over taxation that led to reduction of SACCO contributions and increased default
4. Multiple Licensing-both SASRA and county

Identify the key challenges affecting your sector and how can they be addressed.

CHALLENGE	PROPOSED INTERVENTION
IFRS 9 standards	Capacity building
Multiple/Over Taxation <ul style="list-style-type: none"> • Primary SACCOs and Corporates 	Government intervention, review of the income tax act
Loan Default	Appropriate debt management strategies for sustainability and growth
National Vs County relationship	Co-operative Bill
Increased competition amongst SACCOs	Work together, co-operate, collaborate
Weak corporate governance-mistrust	Enhance governance structures
Too many apex bodies targeting the movement	Come up with one Apex Body for the movement
Inadequate liquidity	Mobilization of funds
New payroll management system-remittance based on transactions and not per member	To be escalated to the relevant office
Social demographic issues(Aging membership, gender inequality)	Encourage youth/women to join and participate in leadership. Develop products that attract youth and women

Identify the key challenges affecting your sector and how can they be addressed.

CHALLENGE	PROPOSED INTERVENTION
Cyber security/Technological issues	Insurance Technology support through SACCO central etc
High cost of regulation-deposits levy has increased over time	Government intervention
Politics	Address politics across board
Regulations and changes <ul style="list-style-type: none"> • Many regulations everywhere 	Minimize to ensure SACCOs concentrate on real problems
Culture of waiting for SACCOs to go under	Work together, share information and experiences, motivate each other, benchmark
Financial constraints-limited access to capital	Identify innovative ways of sourcing funds e.g bonds issue to members
Others-External risks, Climate change, Pandemics Challenges with the economic environment, Guarantorship model	

PRESENTATION ON TECHNOLOGY MATTERS

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Technology as a tool for growth. How can cooperatives leverage fast-changing technology to fast-track growth?

1. Adoption of viable business systems
2. There is need for shared services to ensure all Co-operatives have strong ERP to manage and support their business.
3. Develop technology – will enable us to market our services and serve our members
4. Products that are tailored towards Diaspora – Saccos to come up with products that can enable diaspora customers save.
5. Integrate technology on our phones to bring closer services and minimize need for physical office visit
6. Have a common problem to be addressed as saccos; We are strongly recommending that we come up with a common problem
7. CRM – customer centered relationship management– How can co-operatives leverage the fast-changing technology to foster growth
8. Onboard technology into our business operations. E.g. Use of AI, corporate governance purposes, coordinate meetings, make members techno savvy
9. With the onset of working from home and decentralized systems, there is a distributed risk . Saccos should think of moving away from the concept of brick & motor

Technology as a tool for growth. How can cooperatives leverage fast-changing technology to fast-track growth?

10. Use technology as a tool to stay ahead of other co-operatives – Adopt technology for competitive advantage. ICT if well used can lead to customer satisfaction and retention
11. Measurement of performance – With the central clearing system
12. Document storage and retrieval – central data management system - CAK to support us have a central document storage system for ease of storage
13. Electronic/Online processes and procedures eg online member registration, online loan application/appraisal/approval to disbursements, EDMS, CRM ETC
14. Partnership with an aim of integration for efficiency of service delivery eg IPRS for KYC,CRB,Banks etc
15. Technological data analysis
16. Centralized Call Services centre
17. Dashboard for senior management to ensure they are timely appraised on how the business is running and at a high level notice any abnormalities in the business.
18. Correct and accurate data with all related apex bodies/ regulator
- 19. Can we have one voice as Saccos. Can CAK facilitate us to have shared services as the Apex body?**

How can cooperatives link technology to sustainable businesses that attract the youth, Genz?

1. Engage the youth
2. Provide mechanisms to onboard the youths into our sacco so we can also acquire the youth think tanks -
3. Interact with the youths as a form of CSR to bring them on board – University / college mentorship by cooperatives.
4. Ensure the Culture can accommodate the youth by adopting the positive/ unharmed trends of the different generation
5. Youth do not like pen and paper they prefer electronic gadget hence bring the services to them via same
6. As Saccos, are we welcoming the youth, are we creating environments for them to thrive in our Saccos?
7. Viable savings and credit products via mobile/app which are fully integrated with the core system of the Sacco
8. Reduce the minimum entry for the youth and the unbanked
9. Incorporate cooperative education into our education system e.g. CBC
- 10. Ensure your sacco is on the phone if you want the youth to be part and parcel.**
11. Have deliberate strategies right from onboarding

Cybersecurity poses a great challenge to businesses across the world. What measures can cooperatives put in place to counter such threats?

1. Sensitization and awareness creation to our members and employees
2. Re-engineering the processes
3. Regular system audits
4. Risk and security management measures
5. Consider software as a service – Outsource the service than having everything on site
6. Change the reporting lines for the ICT manager directly to the CEO and board.
7. Prioritize/empower and develop the ICT departments in the Saccos
8. Invest into protection
9. Separate ICT from operations
10. Insure your sacco – Cyber security insurance – Transfer risk

The vast amount of data collected by emerging technologies raises privacy concerns. How can we as cooperatives safeguard ourselves from data breaches?

1. DPO
2. Restriction of access to the data
3. The institution must provide proper data storage/warehousing policies
4. Use of data without the owners authority whether deliberate or intentional. Create policies to guard against accidental and intentional breach.
5. Outsourcing Risk a service from small saccos
6. Rethink the Sacco onboarding & loan forms. Saccos to incorporate the Data Protection act in their legal framework. Include clauses to protect the Sacco on the forms.
7. Saccos require separate compliance departments away from the Audit department

What are the next steps?

1. If we enhance these technological enhancements, we are likely to enhance more customers
2. We have to be deliberate on attracting Genz and approach them from their level
3. Saccos that are serious about privacy compliance
4. Digital value chain integration
5. Consider passing your shares to your children at the point of retirement/ exit
6. We are collective movement. Let's have common compliance measures
7. Training from KCID – Let our children learn about co-operatives right from primary school. Be incorporated in the syllabus
8. Let us stand as one
9. Co-operation among co-operatives

PRESENTATION BY COFFEE SECTOR

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What should cooperatives do to sustain the cooperative identity in view of the recent expansion strategy including the opening of the common bond?

To sustain identity due to expansion and opening of common bond, Co-operatives should:

- a) Clearly state in the bylaws what the society is formed to do , sources of members and their duties and rights.
- b) Align product offering to the sector needs.

**Cooperatives are member owned, member managed, and member patronized.
How can cooperatives enhance self-regulations to address emerging challenges
in the business environment?**

Co-operatives are members owned , Managed and patronized.
They can enhance self regulations to address emerging issues
through:

- a)Enforcing the coffee act.
- b)Clear society bylaws.
- c)Put in place clear procedures and controls on handling the crop from planting all the way through processing to marketing. Follow through the value chain.

Kenya is rated as top in matters cooperatives. What lessons do we learn from the recent challenges that have faced a number of leading cooperative organizations?

Kenya is rated Top in matters Co-operatives. The lesson learned from the recent challenges that have been faced by a number of leading co-operatives include:

- a) Corporate governance issues.
- b) Regulatory and compliance issues.
- c) Non adherence to the agreed and set coffee reforms.
- d) Sticking to the core mandate .

How can we strengthen our cooperative electoral processes to promote cooperative democracy and inclusivity?

Ways of strengthening the Co-operative electoral process to promote Co-operative democracy and inclusivity.

- a) Adhering to the society bylaws which spell the election process.
- b) Members empowerment on their duties and rights.
- c) Instilling one member one vote co-operative principle.
- d) Ensuring no external interference i.e from govt entities.

How can financial cooperatives position themselves better to address the technological risks while leveraging on the opportunities available?

How financial co-operatives can position themselves better to address technological risks while leveraging on opportunities available.

- a) Investing in innovation.
- b) Setting up clear procedures and process flow for every task.
- c) Periodically contracting an expert to test attack the system.

How do we see the cooperative business model evolving into the future and what measures / strategies should we put in place now in readiness?

How we see the Co-operative business model evolving onto the future and the measures/strategies which should be put place include:

- a) incorporating the youth in farming.
- b) Aggregation of output and consolidation for marketing.
- c) Emphasis on production per tree not acreage for quality and quantity of output
- d) Govt to put in place protectionist policies and legislation e.g The 8 Coffee pillars.
- e) Providing farmers with farm implements and recovering from the proceeds of the output.

How can government at both levels (National & County) facilitate better the cooperative business enterprises? Are there structural & legal challenges that impede the business?

The Govt at both levels (National & county) should undertake the following to facilitate better Co-operative Business enterprises.

- a) Agree with each arm to take care of their respective responsibilities.
- b) empowering the co-operatives through training programs and exposure.

Identify the key challenges affecting your sector and how can they be addressed.

Challenges affecting the coffee sector and how they can be addressed.

a. Non adherence to the laid down structures

Matters arising which need urgent action.

a) Two term limit for directors. – allow the sacco bylaws guide on leadership

b) Age limit of seventy – let the democracy principle take effect in line with the Co-operative principles.

c) Market interference from non players in the sector – Govt protectionist policies to secure the sector.

d) Modernization of the coffee pulping mills for efficiency and quality.

PRESENTATION BY THE RICE SUBSECTOR

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A.PRODUCTION

This involves preparation of rice fields for transplanting of rice seedlings and tending to the rice plantation up until harvesting.

Challenges:

1. Inadequate irrigation water due to climatic changes and expansion of area under irrigation
2. Financing-The society mainly uses bank loans for on lending to farmers which comes with high cost in terms of interest
3. High taxation on imported farm and production machinery e.g farm tractors combine harvesters, rice mills and driers
4. Poor on farm road network in the mwea irrigation scheme
5. Pests and diseases- e.g Snails, rice blast and quelea quelea birds
6. High cost of farm inputs e.g fertilizers, chemicals and spray equipment.

Proposed Interventions:

1. Irrigation water-We appreciate the thiba dam put up by government but we propose putting up of another mega dam at river Nyamindi
2. Financing-We urge the government through an Act of parliament to create a rice fund for access and borrowing by the Co-operative societies for on lending to farmers to avoid the costly bank loans
3. High taxation on farm machinery-The government to lower or eliminate tax on imported machinery to make them more affordable to farmers.
4. Poor farm road network-We urge the government through the National Irrigation Authority(NIA) to create a fund scheme on road maintenance
5. Pests and diseases-More empowerment of relevant government agencies e.g KARLO to control pests and diseases.
6. High cost of farm inputs-the government to avail subsidized rice farming fertilizers like TSP,SA,MOP and other inputs.

B.PROCESSING

This involves request of farmers paddy from rice fields into society stores, drying, storage, milling and packaging.

CHALLENGES

High taxation of imported milling machines

Inadequate market and value addition for rice by-products- e.g husk

PROPOSED INTERVENTIONS

Removal or lowering of import taxation on milling machine

We urge the government for capacity building in value addition of rice by-products.

C.MARKETING

CHALLENGES

Few bulk off takers.

Delayed payment of rice deliveries to the existing off takers e . g Kenya National Trading Corporation(KNTC)

Cheap rice imports.

PROPOSED INTERVENTIONS

We urge the government agencies and institutions to start off taking the locally produced rice rather than going for imports.

We urge the government to financially empower KNTC to be able to pay for deliveries by the society on time.

Rice imports-Government to control imports to increase demand for locally produced rice.

Conclusion

If the above interventions can be achieved, the society/Co-operative can experience financial and membership growth to the welfare and prosperity of members.

PRESENTATION BY THE DAIRY SUBSECTOR

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The dairy subsector faces a range of challenges, each of which can have a significant impact on both productivity and the livelihoods of farmers. Here's a summary of the issues mentioned and their potential implications for the industry:

1. AI Services & Subsidies

Challenge: While the government promised subsidies for Artificial Insemination (AI) services (reducing the cost of sexed semen from Ksh 8K to Ksh 2K), the implementation has been slow at the national level. This has led to the need for county governments to supplement these efforts, potentially creating regional disparities in access.

Solution: Streamlining the subsidy of farm inputs e.g animal feeds, AI services, Veterinary products at the national level to reduce the cost of production, hence increasing dairy productivity hence profitability and therefore attracting the youth into dairy farming thereby creating employment to our youth and women rural areas.

2. Term Limits for Co-operatives' Boards

According to the proposed amendments in the co-operative act currently in parliament, it proposes a term limit of two terms.

Imposing term limits could lead to leadership instability or disrupt the continuity of policies that benefit Co-operative Society.

Co-operative Societies should not have term limits because the election process is based on integrity and done annually.

Solution: We leave this to the Co-operative society members to decide their leadership which is presided through 1/3 retirement rule. These proposed amendments have not been subjected to public participation; we therefore demand the withdraw of the entire proposed bill.

3. Effects of Climate Change

Challenge: Climate change is having adverse effects, such as prolonged drought, leading to low production, loss of animals, and compromised livelihoods for dairy farmers.

Solution: Investment in climate-resilient agricultural practices, including drought-resistant fodder crops, water conservation technologies, and better fodder conservation e.g silage-making, hay etc techniques can provide a more reliable feed source during dry spells.

4. Capacity Building by the Ministry

Challenge: There is a need for enhanced capacity-building programs for dairy farmers, including skills in silage making, irrigation practices, and other modern farming techniques. Additionally, the lack of functional extension officers and inadequate training hampers the adoption of best practices.

Solution: Providing subsidies for irrigation equipment can help farmers cope with changing weather patterns and maintain consistent milk production.

5. Subsidized Inputs & Price Review

Challenge: Subsidized inputs (e.g., feed, veterinary services) could improve profit margins, while also creating employment opportunities for youth in the sector. However, inadequate price reviews for dairy products leave farmers vulnerable to price fluctuations and insufficient compensation for their products.

Solution: Regular price reviews for dairy products should be established to ensure that farmers receive fair compensation for their milk. Additionally, improving access to affordable inputs and creating employment opportunities for women and youth in the dairy value chain (e.g., processing, transportation) can help revitalize the sector.

Key Recommendations for the Dairy Subsector:

1. **Improved AI Services:** Expedite the rollout of subsidized AI services and ensure high-quality veterinary products are available to farmers.
2. **Climate Adaptation:** Invest in climate-resilient farming techniques, including silage-making, water conservation practices, and drought-resistant feed crops.
3. **Capacity Building:** Build the capacity of dairy farmers through targeted training and ensure the availability of functional extension services.
4. **Price Regulation & Employment:** Regularly review milk prices to ensure fair compensation and create employment opportunities for youth in dairy-related industries.
5. **Infrastructure Development:** Increase the availability of functional milk coolers and improve milk collection and transportation systems to reduce post-harvest losses.

Addressing these issues comprehensively will help create a more sustainable and profitable dairy subsector, benefiting both farmers and consumers in the long run.

Challenges and Solutions Facing the Tea Sector in Kenya

1. Political Instability and Interference

Challenge:

Political interference, such as the proposal to introduce two-term limits in cooperative leadership, disrupts the effective management of tea cooperatives. Such political moves undermine the integrity of these organizations, as leadership cannot be solely legislated, and governance should reflect competence, not political agendas.

Solution:

Political leaders should refrain from interfering with the management of cooperatives. Instead, they should support a framework that allows cooperatives to operate independently, focusing on efficiency and sustainability rather than political cycles.

Challenges and Solutions Facing the Tea Sector in Kenya

2. Unfair Competition from KTDA

Challenge:

The Kenya Tea Development Agency (KTDA) has strayed from its primary mandate of tea development, processing, and marketing. KTDA's, Greenfedha involvement in lending and advancing money to farmers has created an unfair competitive environment, which has led to the near-collapse of tea SACCOs (Savings and Credit Cooperatives). This diversion of resources has destabilized the financial foundation of tea cooperatives.

Solution:

KTDA should refocus on its core responsibilities of tea development, processing, and marketing. There needs to be greater regulatory oversight to ensure that financial support services are provided in a transparent and competitive manner, enabling SACCOs and small tea cooperatives to thrive.

Challenges and Solutions Facing the Tea Sector in Kenya

3. Impact of Climate on Tea Production

Challenges:

- **Drought:** Prolonged dry periods reduce tea yields, delay fertilizer application, and compromise overall production quality.
- **Heavy Rainfall:** Excessive rainfall can lead to overproduction, making it difficult to manage the crop. It also causes logistical issues such as transportation delays and withering of tea leaves.

Mitigation Measures:

- Improve road infrastructure to ease transport of tea during adverse weather.
- Develop and implement sound environmental conservation policies to mitigate the impact of extreme weather.
- Research and promote drought-resistant and climate-resilient tea varieties.

Challenges and Solutions Facing the Tea Sector in Kenya

4. Aging Tea Plants and Replanting Challenges

Challenges:

Aging tea plants are often less productive and not economically viable, leading to low yields and declining profitability for farmers.

Mitigation Measures:

- Introduce new, high-yielding, and disease-resistant tea varieties.
- Encourage research into more resilient plant species that can withstand climate changes and have longer productive lifespans.
- Provide financial incentives or subsidies to encourage farmers to replant old tea bushes with new varieties.

Challenges and Solutions Facing the Tea Sector in Kenya

5. Fluctuation of International Tea Prices

Challenges:

Fluctuations in global tea prices significantly affect farmers' profitability. Low prices reduce the incentive to invest in quality production, while volatility may prompt farmers to switch to other crops, thus undermining the long-term sustainability of the tea sector. The government also stands to lose foreign exchange earnings due to price fluctuations.

Solution:

- The government should implement price stabilization mechanisms or buffer funds to protect farmers from drastic price drops.
- Encourage diversification of tea products and explore value-added products to cushion against market volatility.
- Promote long-term contracts or forward selling in global markets to secure better prices.

Challenges and Solutions Facing the Tea Sector in Kenya

6. High Cost of Tea Production in Kenya

Challenges:

High production costs, exacerbated by excessive taxation, significantly reduce the profitability of tea farming. Additionally, factors such as high labor costs, expensive farm inputs (e.g., fertilizers), and inefficient farming practices contribute to the rising cost of production.

Solutions:

- Provide subsidies for fertilizers and other critical inputs to reduce the cost of production.
- Implement policies to lower taxes on the tea sector and remove unnecessary levies.
- Promote better farm management practices, mechanization, and the use of modern agricultural technologies to increase efficiency.

Challenges and Solutions Facing the Tea Sector in Kenya

7. Poor Infrastructure and Its Impact on Tea Efficiency

Challenge:

Inadequate infrastructure, including poor road networks and inadequate storage facilities, hampers the efficiency of the tea value chain, leading to delays, losses, and increased operational costs.

Solution:

- Invest in upgrading rural road infrastructure to facilitate easier access to markets and processing facilities.
- Improve storage and processing infrastructure to reduce post-harvest losses and improve product quality.

Challenges and Solutions Facing the Tea Sector in Kenya

8. Dependence on Raw Tea Exports

Challenge:

Kenya's tea industry remains heavily reliant on the export of raw tea rather than value-added tea products, missing out on higher profit margins that come from processing and branding locally.

Solution:

- The government and industry stakeholders should promote local value addition by encouraging tea processing factories and supporting the development of modern tea processing equipment.
- Facilitate training and research to build local capacity for producing high-quality, value-added tea products.
- Support the creation of local tea brands that can compete on the global market.

Challenges and Solutions Facing the Tea Sector in Kenya

9. Land Fragmentation Among Small-Scale Farmers

Challenge:

Land fragmentation due to inheritance or selling off small plots makes it increasingly difficult for smallholder tea farmers to maintain viable, productive farms, leading to decreased productivity and income.

Solution:

- The government should implement land reforms to encourage land consolidation among smallholders to improve productivity.
- Promote cooperative farming models and land leasing arrangements to reduce the adverse effects of fragmentation.

Challenges and Solutions Facing the Tea Sector in Kenya

10. Labor Shortages During Tea Harvesting Seasons

Challenge:

Tea harvesting is labor-intensive, and there is often a shortage of workers during peak seasons, leading to delays and loss of quality.

Solution:

- Promote mechanization in tea harvesting to reduce dependence on seasonal labor.
- Encourage the formation of labor SACCOs to ensure a reliable workforce during peak seasons.
- Provide incentives for local labor, such as better pay and working conditions, to attract workers.

Challenges and Solutions Facing the Tea Sector in Kenya

11. Pests and Diseases Affecting Tea Plants

Challenge:

Pests, such as the red spider mite, and diseases like frost, severely damage tea crops, reducing yields and quality.

Solution:

- The government should invest in the development and distribution of pest-resistant tea varieties.
- Provide training for farmers on pest management techniques, including integrated pest management (IPM) practices and the importance of pruning.

Challenges and Solutions Facing the Tea Sector in Kenya

12. Bad Farming Practices

Challenge:

Poor farming practices, such as over-reliance on chemical pesticides, poor soil management, and lack of proper irrigation techniques, result in reduced soil fertility and lower-quality tea.

Solution:

- The government and relevant agencies should enhance extension services to educate farmers on good agricultural practices.
- Provide financial support for sustainable farming practices, such as subsidies for organic inputs, and offer loans for farmers to adopt better technologies.

Challenges and Solutions Facing the Tea Sector in Kenya

13. Challenges in Accessing Global Markets

Challenge:

Tea farmers face difficulties accessing global markets due to trade barriers, lack of marketing skills, and low awareness of international market trends.

Solution:

- Support initiatives like fair trade certification and promote Kenyan tea through marketing campaigns in international markets.
- Encourage partnerships with international tea buyers and brokers to open up new markets for Kenyan tea.

Challenges and Solutions Facing the Tea Sector in Kenya

14. Bad Governance and Management in Tea Cooperatives

Challenge:

Many tea cooperatives suffer from poor governance and management, leading to mismanagement of resources, corruption, and low farmer trust.

Solution:

- Provide training on good governance practices to cooperative leaders.
- Promote transparency and accountability through regular audits, clear financial reporting, and increased member participation in decision-making.

Challenges and Solutions Facing the Tea Sector in Kenya

15. Lack of Extension Services

Challenge:

There is a shortage of extension officers to guide farmers on best practices for tea cultivation, pest management, and sustainable farming.

Solution:

- The government should increase funding for agricultural extension services, training farmers on new technologies and best farming practices.
- Strengthen the link between research institutions and farmers to improve access to the latest agricultural innovations.

Challenges and Solutions Facing the Tea Sector in Kenya

16. Fluctuating Exchange Rates

Challenge:

Exchange rate fluctuations make it difficult for tea exporters to predict profits, creating instability in the export sector.

Solution:

- The government should explore mechanisms to hedge against exchange rate volatility, such as forward contracts or currency stabilization policies.

Challenges and Solutions Facing the Tea Sector in Kenya

17. Environmental Challenges (Soil Erosion, Deforestation)

Challenge:

Tea farming practices contribute to soil erosion and deforestation, threatening the environment and long-term tea production sustainability.

Solution:

- Educate farmers on sustainable farming practices, such as terracing, agroforestry, and contour planting.
- Promote the use of renewable energy sources (e.g., solar) to reduce reliance on firewood, and implement tree-planting initiatives to counter deforestation.

Challenges and Solutions Facing the Tea Sector in Kenya

18. Land Ownership Disputes

Challenge:

Land ownership disputes, especially among smallholder tea farmers, can disrupt tea production and lead to legal battles, destabilizing the farming community.

Solution:

- Introduce legal reforms to address land tenure issues and streamline land ownership processes.
- Provide legal aid services to resolve disputes quickly and fairly.

Challenges and Solutions Facing the Tea Sector in Kenya

19. Middlemen Exploitation of Tea Farmers

Challenge:

Tea farmers are often exploited by middlemen who offer low prices, taking advantage of the farmers' lack of direct access to markets.

Solution:

- Promote direct sales models, where farmers sell directly to processors or exporters, bypassing middlemen.
- Strengthen farmer cooperatives to give farmers greater bargaining power and market access.