



COFFEE DIRECTORATE

ISSUES CAPTURED FROM THE COFFEE BILL IN NAIVASHA ON 19/11/2020

THE COFFEE BILL 2020.

SECTION OF THE BILL	ISSUES AND COMMENTS BY COMMITTEE	AGREED ACTION	Coffee Directorate Comment
Short title	<ul style="list-style-type: none"> Members wondered why we are bringing back the Board after killing it earlier for AFA and now we want to go back there again? What advised that? What is new and different in the Bill? 		This is to bring more attention to sector specific commodities
Composition of the Board – clause 4	The bill has proposed a board of 13 members which is not in tandem with the Mwongozo guidelines which proposes 9 members.	This will be revised to align it to Mwongozo.	This has been incorporated into the bill in line with the Mwongozo guideline
Kenya Coffee council – clause 22	<ul style="list-style-type: none"> Members wanted to know the role of the coffee council when there is a Board and who will be superior to the other 	It was proposed having either but not both or constituting one council for more	The council is removed from the bill as advised to create one centre of power

		commodities not just one.	
Membership of the Council - clause 22(3)	<ul style="list-style-type: none"> The Council membership was observed not to be compliant with Mwongozo. The constitutional requirements on the gender parity is lacking. The member suggested that the Board membership needs to lay more emphasis on small scale farmer who are the majority. 	The clause will be revised with a view to accommodate the views of the members and align it to Mwongozo.	Council deleted
Establishment of the Coffee Research Institute(CRI) - clause 23)	The Bill talks of establishing the CRI which is already established under the Kenya Agricultural and Livestock Research Organization (KALRO).	The clause will be revised to transfer CRI from KALRO rather than establishing it.	Coffee Research Foundation(CRF) established
National and County Government functions- clause 31	On the functions of the Board and the county governments, the member wanted to know what the Bill has done to avoid the conflict and confusion that has been there between the two levels of government.	The delineation on the functions of the two levels of government has been addressed but will be revised to make it clearer.	This was done where it was not clear
Exemptions to licensing. - clause 36(2)	Members observed that exemption clause be examined to avoid malpractices	To be reviewed to avoid creating a loophole for mischief.	This was corrected to be clear
Apportioning of levies with 1% going to the County.- clause 67(2)©	The 1% levy to the county governments for coffee development is vague. This leaves room for misappropriation.	The clause to be revised to sharpened to make it more specific on what aspect of coffee development.	This was revised to indicate that the funds will be used to promote coffee production and quality standards.

Dispute Resolution Committee – clause 73	Creation of a Dispute Resolution Committee was cited as not being in tandem with the current trends thus not the way to go.	It was recommended that the best practice on dispute resolution is through the High Court.	This was adopted with modification in the relevant section of the bill
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ANY OTHER GENERAL COMMENT			
SECTION OF THE BILL	ISSUES AND COMMENTS BY COMMITTEE	AGREED ACTION	CD COMMENT
	<p>The members made the following general remarks and comments; -</p> <ul style="list-style-type: none"> Guaranteed Minimum Returns (GMR) -. 	should be considered and provided for in the Coffee Bill	<ul style="list-style-type: none"> GMR was adopted and incorporated into the bill but with observation that it may not be practical to implement given that coffee prices are globally determined by supply and demand. and Kenyan coffee prices are discovery in nature through auction conducted weekly and paid per quality. Unless the Country adopts farm gate sale of coffee, fundamentally shifting from auction system.

	Branding is good for the entire Kenyan coffee but going to regional brands is not a good idea		<ul style="list-style-type: none"> Adopted in the bill as GI
	We may need to rethink licensing and instead of two levels as is currently the case, we should have this centralised.		<ul style="list-style-type: none"> Licences that transcend counties were left to the Board to licences while county specific remained with counties
	<ul style="list-style-type: none"> Members recalled their experience in Nebraska in the USA. Though the market for Kenya coffee has a great potential, the marketing and promotion is poor and thus the need for greater promotion so that farmers can produce more. 		This was just a comment. No action required
Comments from the Chair.	Spell the benefits the bill will bring to the farmers e.g. in form of bonuses		The benefits will accrue sequentially
	The CRI levy should be 1% not 2% to avoid overburdening the farmer		Adopted the 2% given that production was low and the requirements for research was high

	<p>stick to a society or factory which at times has debts but instead have a level of freedom.</p> <p>Farmers should not be forced to stick to a society or factory which at times has debts but instead have a level of freedom.</p> <p>Farmers should have the autonomy to choose their own millers not forced to certain millers.</p>		The bill provides for this
	<p>NCE- there is a need to demonstrate how it will fetch more money for the farmers?</p>		<p>NCE is a meeting venue of buyers.</p> <p>Does not determine the price of coffee. Price is discovered on the floor of auction</p>
	<p>Bring it out in the bill that there will be no borrowing using farmer's assets as collateral</p> <p>The Chair wondered how the Cherry Advance Fund is helping farmers.</p>		<p>This was adopted in the bill but with observation that Growers need financial support for farm inputs (on loan), advances for picking and processing during the critical time of harvest. This is a short period but critical. The Marketing Agents use the</p>

			crop as hypothecation in extending short term financing.
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09/12/2020