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KENYA COFFEE INDUSTRY VALUE CHAIN ANALYSIS

**PROFILING THE ACTORS, THEIR INTERACTIONS, COSTS,
CONSTRAINTS AND OPPORTUNITIES**

28 May 2010

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1.0 Production

Kenya grows mainly **Arabica** variety. The predominant commercial cultivars are the SL28, SL34, K7 and Ruiru II. Pockets of the Blue mountain and French mission however still exists in the older establishments. Coffee Board of Kenya [CBK] estimates the total area under coffee to be about 170,000 Ha. There are two harvesting seasons in a year, in Oct-Dec (main crop) and the May-July (early crop). CBK estimates that they are currently [2008/2009] over 700,000 small holders who market through about 450 Co-op Societies, 3,300 small to medium estates with farm size ranging from 5 to 10 hectares and 100 large estates with sizes of between 10 hectares and over 200 acres. Each cooperative owns and manages one or more wet-processing factories.

As can be seen from table I below, on average, 44% of the production is under the estate sub-sector and 56% is produced by smallholders (co-operatives) on individual plots of less than 2 hectares. This shows a shift from a decade ago when smallholders were producing about 66% of the total production.

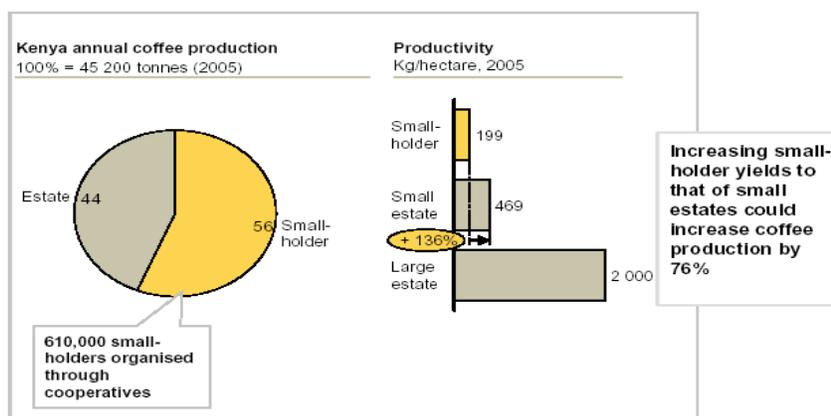
Table I: Coffee Production 2003/2004 – 2008/2009

Production Years	Estates Production [Metric Tons]	Smallholder/Coops Production [Metric Tons]	National Production [Metric Tons]	Hectares Under Coffee	Productivity [Kg/Ha]
2003/04	18,473	29,958	48,431	170,000	284.9
2004/05	20,745	24,500	45,431	170,000	267.2
2005/06	21,975	26,860	48,835	170,000	287.3
2006/07	23,850	29,150	53,000	170,000	311.8
2007/08	18,900	23,100	42,000	170,000	247.1
2008/09	25,650	32,350	57,000	170,000	335.3

Source, Coffee Board of Kenya

Table I shows the current average annual production over the past six years to be 50,000 metric tons of clean national productivity averaging at a miserable 289kg/ha over last 6 years.

Figure I: Coffee Productivity Analysis



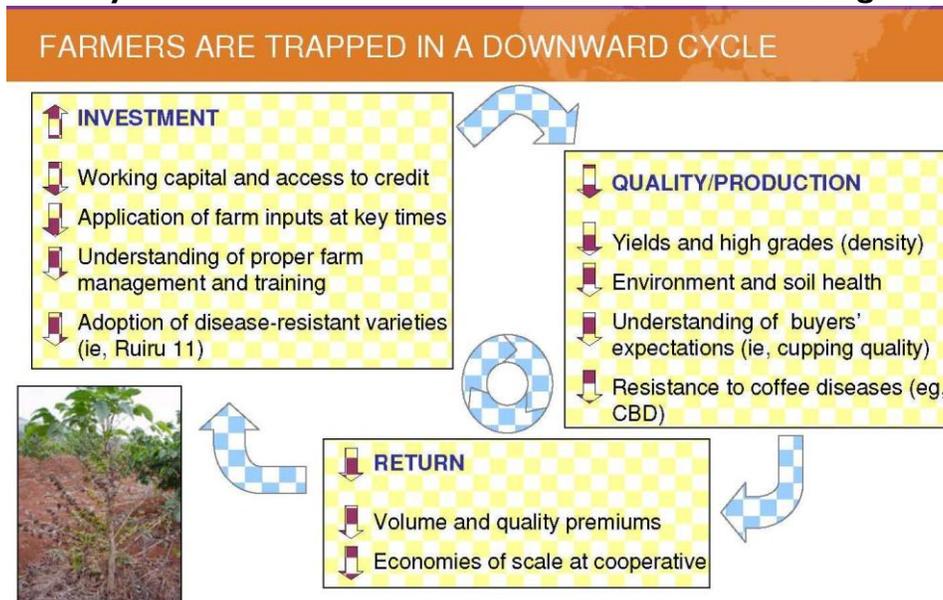
Source: Coffee Board of Kenya; Ministry of Agriculture (2005)

Figure I (the latest analysis available) above shows the productivity levels with small holders producing hardly 200kg/ha as compared to the large estates that are producing over 2,000kg/ha. The study was done by CBK and the Ministry of Agriculture in 2005 but it still reflects the current situation¹ where productivity remains a big issue for smallholder producers that are responsible for 56% of the production. By 2007/2008; coffee was still the fourth major foreign exchange earner; behind tea, tourism and horticulture dropping from position one over one and half decade ago.

I.1 Production Constraints

The figure below illustrates the major constraints of a smallholder coffee producer. Lack of investments has led to poor quality and reduced productivity and this has affected the premiums and overall earnings.

Figure II. Kenya Coffee Smallholder Production Constraints Diagnosis Matrix



Source: Stakeholders interviews by Technoserve; March, 2007

The specific constraints at production level include;

- Diseases leading to low yields
- Low adoption of Ruiru 11 a disease resistant variety – reasons include:-
 - Reluctance to convert due to cash flow disruptions especially in smallholdings
 - Doubts about both yield and quality performance
 - Lack of adequate planting materials – hybrid nature
- Disease control accounts for over 30% of the costs²
- Credit Scheme (lack of access to affordable credit)
- Unreliable weather patterns

¹ Interviews with 9 selected coffee practitioners in Kenya by Africa Coffee Academy –April, 2010

² Study by Coffee Research Foundation, Kenya, 2008.

- High cost of inputs
- Declining quantity and quality (no consistence in quality)
- Mismanagement of farmers institutions (poor governance)
- Poor infrastructure

2.0 Primary Processing

Primary coffee processing is the second broad link in the value chain. As can be seen in table II below; on average 91% of Kenyan coffee is wet processed and only 9% is dry processed.

Table II. Coffee Exports 2004/2005-2008/2009

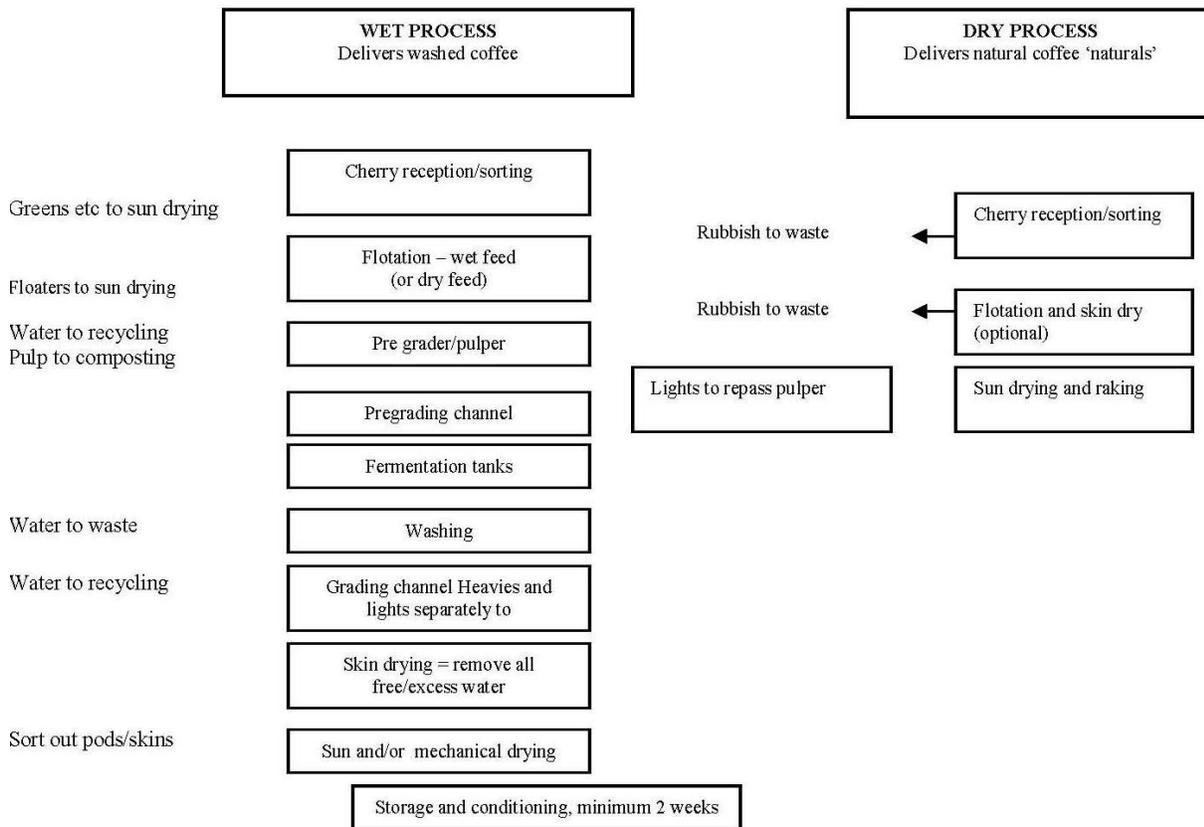
Coffee Season	2004/0 5	2005/0 6	2006/0 7	2007/0 8	2008/0 9
Exports in Metric Tons	49,754	47,495	54,339	41,248	57,336
Quantity Washed Arabica [MT]	45,270	43,232	49,010	37,799	51,283
Quantity of Dry processed Arabica [MT]	4,484	4,263	5,329	3,449	6,053
Percentage of Washed Arabica	91%	91%	90%	92%	89%

Source: Coffee Board Kenya, Nairobi Coffee Exchange and Kenya Coffee Traders' Association

Association

Table II also reveals that on average in the last five seasons, Kenya has exported 50,000 metric tons. Figure III below illustrates the processes of wet and dry processing in Kenya.

Figure III: Wet and Dry Processing Processes



It's worth noting that 91% of wet processing happens at central wet mills and only 9% is home processed. This would be very good for consistency of quality; however, most cooperative and small estates wet milling machines are very old and thus are not producing the best quality.

2.1 Wet Processing Plants

Coffee Board of Kenya estimates that each of the 450 cooperatives have at least 2 wet mills of half a ton per hour, the 3,300 small to medium estates have each at least a wet mill of a capacity of a ton/hour, and the 100 larger estates each have a wet mill(s) of about 3 tons/hour.

From the proceeding discussion, therefore, Kenya coffee industry has an estimated combined capacity of about 8,553,600 tons per annum. Taking last (2008-2009) season's auction volumes in table II, the washed coffees volume was 45,827.8 tons, it's evident that there is a serious over capacity at the primary coffee processing level with a utilization of hardly 1% -- even at a half year operation the capacity utilization would be 2%.

2.1.1 Key Constraints for Wet Processing

The constraints for wet coffee processing include;

- Most wet factories still use obsolete equipment installed during the colonial time
 - The biggest problem with aged machinery is production of poor quality and

- Highest inefficiency leading to high cost of processing – highest in the region – see table III below.
- Management for most cooperative societies is not professional leading to inefficiencies and higher costs of operations
- Over capacity – idle capacity which increases the overhead costs,
- Cost of power
- The infrastructure is poor especially the roads in most rural areas, this has led to proliferation of milling plants because access is difficult in the rural areas.

Table III. Comparative Wet Mill Costs for Cooperatives/Smallholders

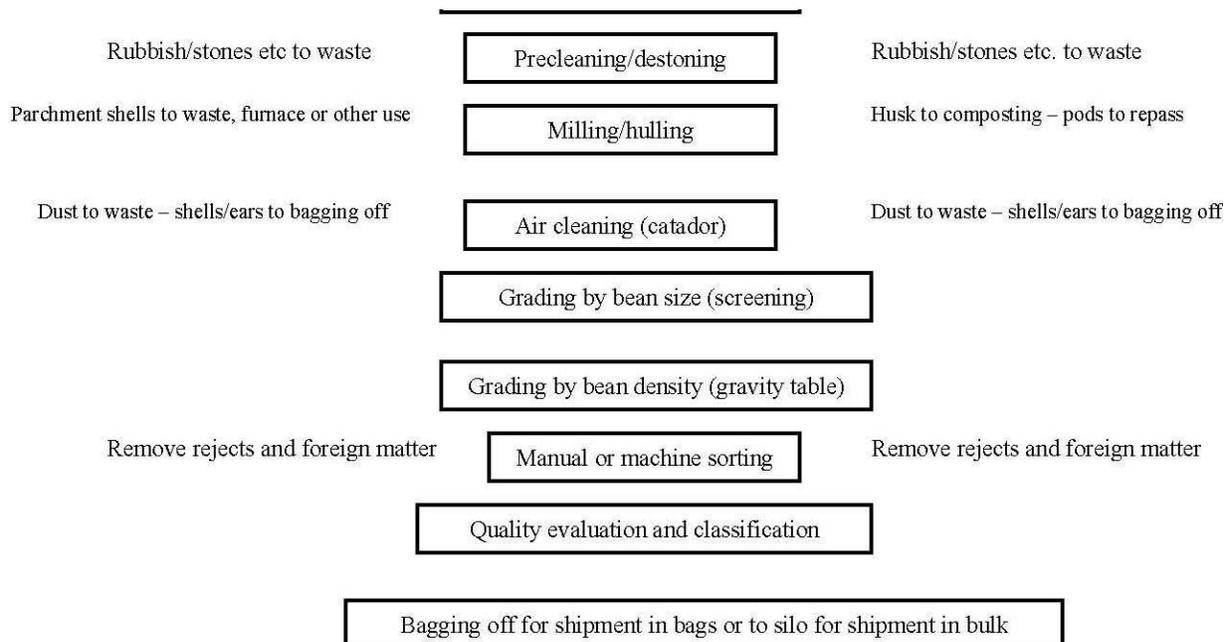
Country	Cost/Kg Cherry
Kenya	US\$0.108
Ethiopia	US\$0.033
Tanzania	US\$0.025

Source: Technoserve Stakeholder Survey Report March, 2007

3.0 Milling

Figure IV below illustrates the milling process for both parchment (washed dried Arabica) and mbuni – the dry cherries

Figure IV. Milling Process



3.1 Milling Plants

Kenya Planters' Cooperative Union (KPCU) enjoyed a monopoly until 1995. Liberalization of milling saw two new players from 1995 (Socfinaf and Thika Coffee Mill) and more from 2005 (Sasini and Central Kenya Coffee Mills). Kenya had a record crop of 128,000 tons in 1988/89 when the only miller was KPCU who was able to handle this crop. It's therefore evident that there is serious over-capacity also at the milling level as illustrated in table IV below with additional commercial milling plants.

Table IV: Commercial Mills and their Annual Capacities Metric Tons

Mill Name	Tons/Hr	Annual Capacity in Tons ³
Thika Coffee Mills	12.0	25,344.00
Socafinaf	18.0	38,016.00
Sasini	12.5	26,400.00
KPCU	30.0	63,360.00
Central Kenya Coffee Mills	6.0	12,672.00
Hema Mills Limited	1.0	2,112.00
Mbuni Coffee Mills	1.0	2,112.00
Alhabi Traders Ltd	1.0	2,112.00
Nyambene Coffee Estates	1.0	2,112.00
TOTAL		174,240.00

Source: Interviews by Africa Coffee Academy – April, 2010

Using an 8 – day shift, the total country commercial milling capacity per annum is 174,240 metric tons as can be deduced from table IV above. Taking the exports for 2008/2009 which were 57,336 metric tons the utilization capacity is only 33% which can be halved if there are two 8 – hour shifts a day. It's also important to note that the 3 private mills of each 1ton/hour are not included in the calculations.

3.1.1 Key Constraints at Milling Level

The biggest constraint at this level is lack of enough coffee to process and all plants are operating below capacity and can be seen from table IV above. This definitely leads to high operational costs due to high unit costs brought about by the overheads.

4.0 Exports

They were 46 coffee exporters/dealers in 2008/2009 that exported 57,400 metric tons of coffee; 51,880 from the auction and the balance through direct sales. Table V below shows the performance of the various exporters/dealers at the auction. There is a concentration at this level in the value chain with the top five exporters commanding over 63% of the volumes at the auction.

³ 8 day shift and 264 days a year

Table V: Exporter Performance at the Nairobi Coffee Auction 2008/2009 Season

No	Exporter [Dealer Name]	Metric Tons Bought	Value [US\$]	%-age Share
1	C Dorman Ltd [Volcafe ED & F Man]	8,723	30,172,757	18.80%
2	Taylor Winch Ltd. [Volcafe ED & F Man]	7,906	22,432,545	13.98%
3	Louis Dreyfus Commodities Ltd	5,549	18,086,627	11.27%
4	Diamond Coffee Co. Ltd	5,092	16,053,918	10.00%
5	Sangana Commodities (K) Ltd [Ecom Trading]	4,369	14,649,944	9.13%
6	Ibero (K) Ltd [Nuemman Gruppe]	3,295	11,290,579	7.04%
7	Sondhi Trading Co. Ltd	3,172	8,526,453	5.31%
8	Merali Dewji & Sons	2,707	9,554,284	5.95%
9	Rashid Moledina & Co. Msa Ltd	1,960	3,641,316	2.27%
10	Servicoff Limited	1,809	6,160,124	3.84%
11	Mombasa Coffee Ltd	1,078	1,419,690	0.88%
12	M.A. Panju & Bros	1,065	3,664,126	2.28%
13	Josra Coffee Co. Ltd	995	3,735,238	2.33%
14	Africoff Trading Co. Ltd	702	2,013,223	1.25%
15	Alanwood Ltd	687	1,938,610	1.21%
16	Jowam Coffee Traders Ltd	510	1,763,624	1.10%
17	Rejitek Coffee Co. Ltd	359	421,567	0.26%
18	Ransley Coffee Company	261	701,254	0.44%
19	Mumbi Coffee Ltd	258	751,140	0.47%
20	Kenya Nut Ltd			0.38%

		180	612,591	
21	Dewji Coffee Washing	175	577,435	0.36%
22	Africa Tea and Coffee	154	194,143	0.12%
23	Lanterera Limited	145	566,671	0.35%
24	Jenem Coffee	103	165,843	0.10%
25	Kyandu Trading Company	99	139,206	0.09%
26	Simba Café (E.A) Ltd.	72	226,578	0.14%
27	Nairobi Java House	71	263,039	0.16%
28	Kauka Services Ltd	53	70,531	0.04%
29	Nectar Produce (K) Ltd.	45	57,291	0.04%
30	Kisane Coffee Trading	42	49,753	0.03%
31	Diamond Tea Exporters	41	79,409	0.05%
32	Shah Megji Hirji	36	28,060	0.02%
33	Fair to Good	35	35,523	0.02%
34	Goldrock International	30	106,761	0.07%
35	Retno Coffee Company Ltd	19	93,572	0.06%
36	Cejo Investments Ltd.	17	45,121	0.03%
37	Rockaffe Limited	14	39,561	0.02%
38	Coffee Exporters (K) Ltd	13	43,130	0.03%
39	Gourmet Ltd	12	38,095	0.02%
40	Alcaffé Ltd	11	13,843	0.01%
41	Septre International Co. Ltd	4	5,784	0.00%
42	Value Teq Trading Co.			0.01%

		4	13,960	
43	Markat Trading	4	4,578	0.00%
44	Dynamite Enterprises	2	1,800	0.00%
45	Marituzzo Investment	2	8,050	0.01%
46	Gold Coffee Ltd.	1	2,021	0.00%
	TOTAL	51,880	160,459,366	100.0%

Source: Nairobi Coffee Exchange

Table VI shows the destination of the Kenya coffees; Europe led by Germany is the main destination of Kenyan coffees. USA accounts for hardly 10% and this mainly specialty coffees.

Table VI: Destination of Kenyan Coffee

Importing Country	Metric Tones	%-age Share
Germany	17,383	37%
Sweden	5,181	11%
USA	4,510	9%
Finland	2,733	6%
Belgium	2,490	5%
Netherlands	2,122	4%
U.K	1,801	4%
others	11,280	24%
Total	47,500	

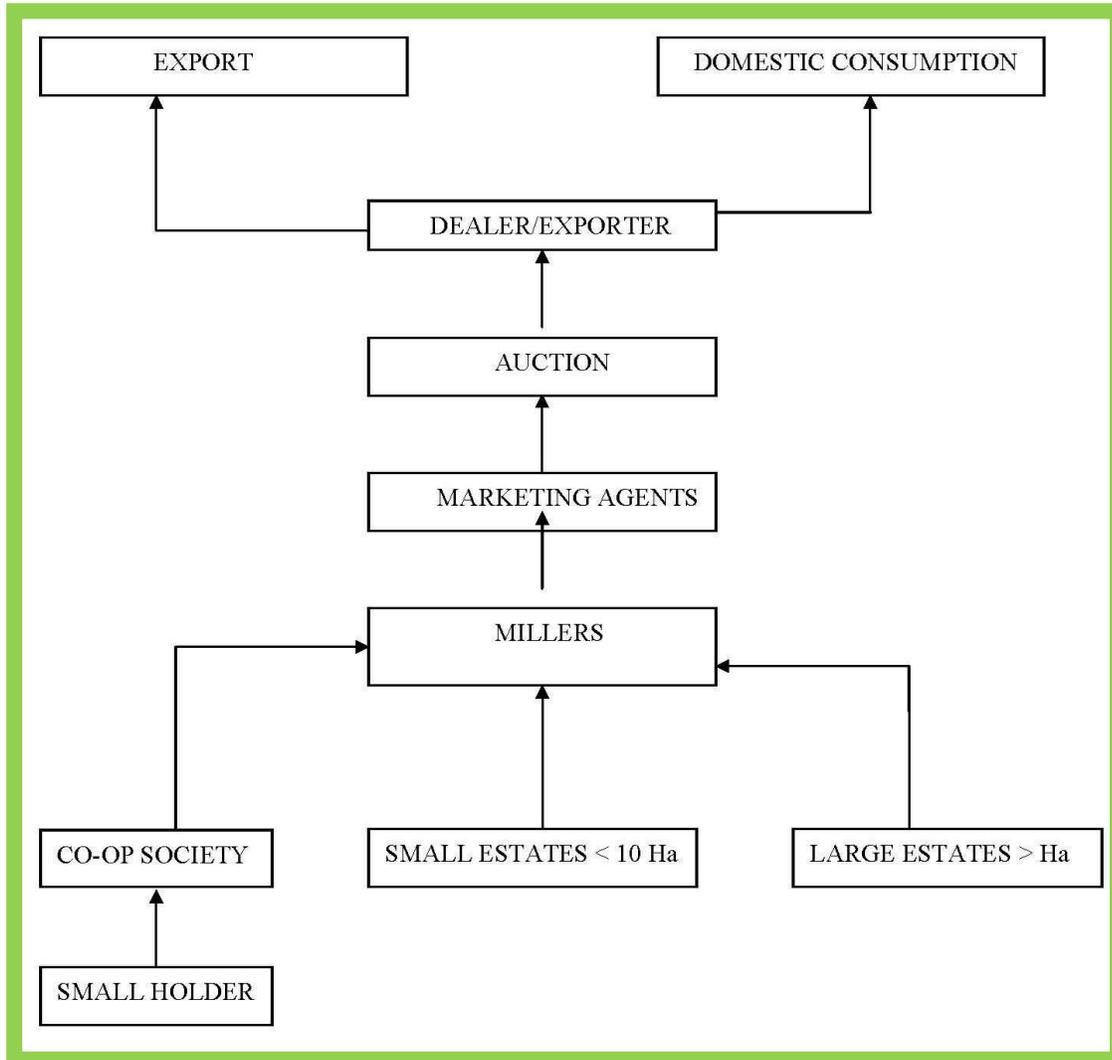
Source: Coffee Board of Kenya Website –Latest Data available 2005/06⁴

⁴ Could not get most recent data from CBK!

5.0 Kenya Coffee Supply Value Chain Participants

Figure V below illustrates the interaction of the players in the value chain of the Kenyan coffee industry.

Figure V: Value Chain Flow Matrix



5.1 Producers

Production is constituted by 700,000 small holder farmers in 450 co-op societies and they produce about 28,000 metric tons; small and medium estates farmers are over 3,300 and these own 5 to 10 acres and the large scale farmers – estates are over 100 and own farms of 10 acres and above). The estates produce about 22,000 tons. Socfinaf is the largest producer (+/- 2,250 ha under coffee), followed by Sasini (927 ha under coffee).

5.2 Wet Millers

There are over 4,000 wet processing plants. Smallholders deliver harvested cherries to a co-operative society's processing factory, where it is pulped, washed and dried. Each Co-op has a minimum of one wet factory; some may have up to 10. It is mandatory for smallholders to market coffee through the co-operative societies. Estates, including small estates, on the other hand, operate their own processing factories. Poor quality cherry (i.e., over- or unripe, or affected by coffee berry disease) is sorted out prior to processing, and sun dried whole (as opposed to being pulped for wet processing into mild Arabica). Sun dried cherry produces what is known as mbuni. Both co-operative societies and estates transport the resulting parchment (or dried mbuni) to a miller where it is milled to remove the parchment skin (or hulled in the case of Mbuni), and then graded.

5.3 Dry Millers

There are 5 commercial millers and they include; KPCU, Socfinaf Thika Coffee Mill, Sasini and Central Kenya Coffee Mills. Millers process parchment (and mbuni) into seven official grades based on bean size and bean density, ready for auctioning. Depending on quality some coffee is also presented as UG1 or UG2 (ungraded). Mbuni is processed into heavy and light – MH and ML.

However, the efficiency from miller to miller differs hence growers take this into consideration when selecting a miller. Other considerations that are relevant include the certificates that each miller has in order to complete the traceability requirements demanded by Coffee Certification programs such as FLO, Café practices and Utz Kapeh among others.

Coffee must be stored in a licensed public warehouse before it can be presented at the auction. The operator, a public warehouseman, is authorized to issue negotiable warehouse receipts or warrants. After a sale in the auction physical ownership is transferred against payment through endorsement of the warrant in the buyer's favour by the marketing agent. Today, each commercial mill issues its own warrants. The warrant system is based on absolute trust: the buyer pays for the coffee before its actual availability and quality can be independently verified. Smaller buyers may have to lodge warrants with their commercial banks as collaterals against overdrafts.

5.4 Marketing Agents

There are eight marketing agents and they include; Coffee management services, Eaagads, Tropical Farm Management, Sasini, KCCE, Sustainable Management services, Nyambene and KPCU.

The marketing agents are responsible for:

- ensuring presentation of coffee in the auction
- preparation of the auction catalogue
- setting of reserve prices
- Selection of an auctioneer

Throughout the marketing chain, ownership of the coffee remains with the grower. With ownership generally remaining with the grower prior to the auction, the cooperatives, mills, marketing agents and auctioneers, in effect, provide services to the grower and are paid from the proceeds of the auction.

5.5 Export Marketing

There are two marketing systems:-

- **Auction System**

This has been the traditional method of marketing Kenya coffee. There are over 90 registered coffee exporters who bid for coffee at the auction in Nairobi every Tuesday except in August when there is a recess. The marketing agents prepare samples of the coffee included in the auction. These samples are then passed on to the auctioneers to facilitate the preparation of the coffee auction catalogue.

Marketing agents regulate the sale programme and decide on the quantities and qualities to offer at every auction. The clean coffee is then purchased at the auction by dealers and exported, either as straight lots or blended into larger quantities of homogeneous quality. A small percentage is roasted locally.

Table VII: Coffee Exports by Marketing Systems 2003/04-2008/09 [Metric Tons]

Coffee Season	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	5-Year CAGR
Direct Sales	-	-	-	971	1,800	5,455	458.9%
Auction Sales	52,874	49,754	47,495	53,368	39,448	51,881	-0.4%
Total Export Volumes	52,874	49,754	47,495	54,339	41,248	57,336	1.6%

Source: Coffee Board of Kenya and Nairobi Coffee Exchange

- **Direct Sales**

The Finance Act 2005 and COFFEE (GENERAL) (AMENDMENT) RULES 2006 have allowed direct sales to operate alongside the auction system in Kenya. “Direct Sales” means a contractual agreement between the grower and his or its marketing agent and a buyer located outside Kenya for the sale of clean coffee based on mutually accepted terms and conditions enforceable in law and registered with the Board.

Table VII above illustrates the volumes handled by each marketing system for the last 6 years.

- **Local Roasting**

Kenyan coffee consumption is low and currently (2009) estimated to be around 1,500 tons (green bean equivalent) per annum. This is split between roast and ground (R&G) and soluble (“instant”) coffee consumption.

There are over 20 registered local roasters with a combined roasting capacity of 8,310 tons per annum. The major registered roasters in Kenya Stevkhams Enterprises, KPCU Coffee Exporters, Raki Investments, Malaika Coffee and Tea, C. Dorman, Kenya Nut Company, Mwangi Coffee

Exporters, Kwacha Coffee, MA Pandit & Co, Bico, Cejo Investments, Central Impex Enterprises and Nairobi Java House.

6.0 Kenya Coffee Supply Value Chain Costs

An assessment of the costs accruing throughout the marketing chain is presented for 2007/08 in table VIII below. In theory, 58% of the average f.o.b. price is available for distribution to smallholders. However, because of other deductions that may occur (such as loan repayments and cost overruns by some co-operative societies) this is not necessarily what is paid out.

Table VIII: Kenya Coffee Value Chain Costs 2007/2008

Cost Lines	\$/kg Clean Coffee	% of f.o.b
Production Costs [Estates]		
Fertilizers - C.A.N	\$0.28	
N.P.K 17:17:17	\$0.29	
Fungicides: Copper	\$0.33	
Organic	\$0.17	
Insecticides	\$0.08	
Herbicides	\$0.06	
Labour: Hand weeding	\$0.13	
Labour: Herbicide Application	\$0.01	
Labour: Fungicide Application	\$0.05	
Labour: Fertilizer application	\$0.02	
Labour: Pruning	\$0.17	
Labour: Handling & desuckering	\$0.30	
Irrigation (Electricity)	\$0.09	
Spraying (Fuel)	\$0.02	
Total Cost/Kg of Green	\$2.00	
Yeild-Kgs/Ha [Large Estates]	864.00	
Net Revenue/tonne	\$0.44	
Payment to farmer/Kg of green	\$2.44	
Production Costs [Smallholders]		
Fertilizers - C.A.N	\$0.20	
N.P.K 17:17:17	\$0.22	
Fungicides: Copper	\$0.18	
Organic	\$0.18	
Insecticides	\$0.04	
Herbicides	\$0.06	
Labour: Hand weeding	\$0.04	

Labour: Herbicide Application	\$0.03	
Labour: Fungicide Application	\$0.05	
Labour: Fertilizer application	\$0.05	
Labour: Pruning	\$0.04	
Labour: Handling & desuckering	\$0.04	
Irrigation (Electricity)	\$0.02	
Spraying (Fuel)	\$0.00	
Total Cost/Kg of Green	\$1.15	
Yeild-Kgs/Ha [smallholder]	199.00	
Net Revenue/tonne	\$1.29	
Payment to Cooperative/Kg of green	\$2.44	
Coop deductions [overheads, loan repayment, etc.]	\$0.20	
Grower Price	\$2.24	58%
Wet milling costs [20% of auction price	\$0.71	
Ex-Primary Processing Price	\$3.15	81%
Transport to mill [KShs. 50/bag parchment]	\$0.02	
Milling/quality analysis/handling [\$70/tonne parchment	\$0.17	
Ex-Mill Price	\$3.34	86%
Marketing Agents [\$ 50/tonne]	\$0.05	
Auction Fee [.20%]	\$0.01	
CBK cess [1%]	\$0.04	
CRF cess [2%]	\$0.07	
County Council Cess [1%]	\$0.04	
Auction Price	\$3.54	91%
Transport Auction to warehouse [1 US\$/50kg bag]	\$0.02	
Packing/bulking [US\$ 2.50/50kg bag]	\$0.05	
Exporters' Warehouse [US\$ 1.50/50kg bag]	\$0.03	
Transport Mombasa [1 US\$/50kg bag]	\$0.02	
Exporters' margin	\$0.11	
Bank charges/interest	\$0.04	
Insurance	\$0.02	
Transport port	\$0.01	
Shipping/clearing	\$0.03	
FOB	\$3.87	

Source: Coffee Board of Kenya, Coffee Research Foundation, Africa Coffee Calculations

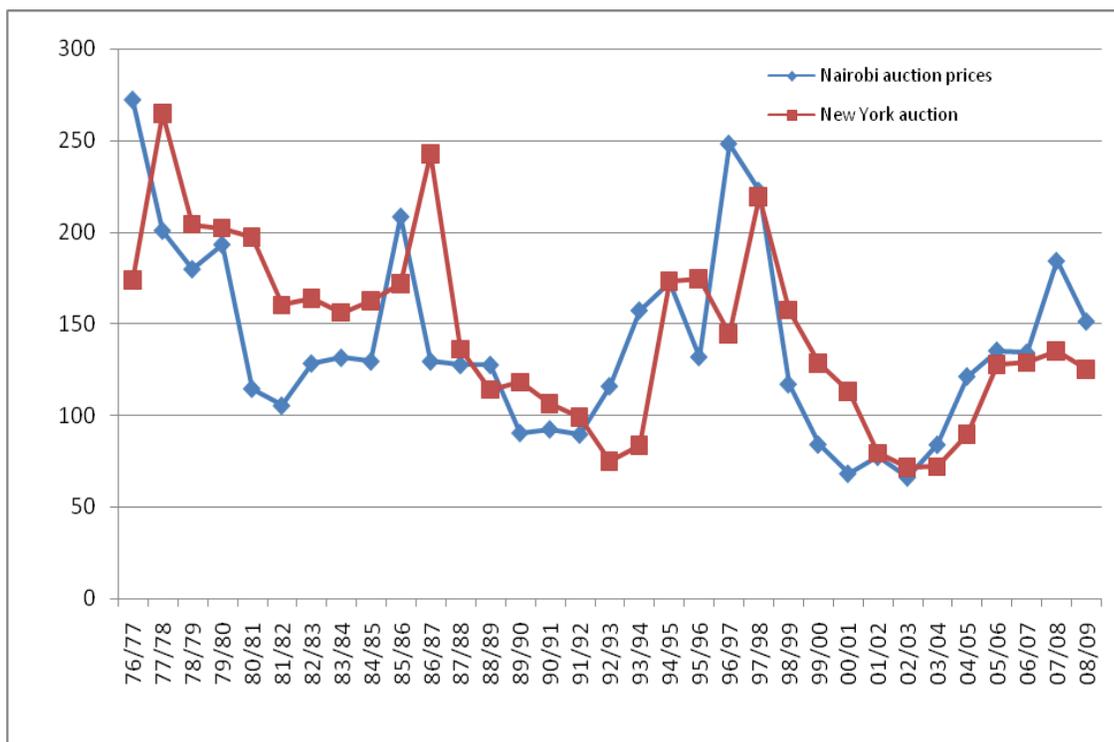
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7.0 Opportunities

7.1 Prices

Kenya is selling probably the most expensive coffees. The opportunity they have is to increase production through productivity as the national productivity levels is only 289kg/ha and it's much worse for small holder producing 56% of the coffee. Figure VI below provides evidence of the average price of Kenyan coffee in relation to the New York C. For the past six years [since 2003/04 to-date], the Kenyan Coffee Auction prices have been higher than the New York C prices.

Figure VI: Nairobi Coffee Auction Prices Vs. New York C Prices



Source: Nairobi Coffee Auction, NYBOT and Africa Coffee Academy Calculations

7.2 Volume of Specialty Quality

From table IX below it's evident that out of the 50,000 metric tons auctioned in 2008/2009, grades AA, AB, E and PB fetched the highest price per kilo. The total of these four grades is 29,815, 900kgs which is 57.5% of the total volume auctioned. This is a big amount of specialty coffee available and thus buyers would be willing to continue focusing on the Kenya origin and pay the higher price because of a sizable quantity of specialty coffee. This is an opportunity for Kenya.

All the four grades mentioned above have potential to score above 80% on the SCAA specialty grading form – which is the specialty coffee grading. The present specialty coffee in Kenya is about 40% of the exports looking at grades PB, AA and E and 50% of AB.

The potential specialty volume can move to 60% of the export volumes if the old wet processing mills are replaced with new ones to promote consistent production of quality at this part of the value chain – the balance of AB can easily move up in the specialty bracket.

Table IX: Coffee Auctions by Grade, Volume and Value 2008/2009

Grades Bought	Volume [Kgs]	Value [US\$]	Price US\$/Kg	%-age
AA	6,375,120	24,521,932.0	3.8	12.29%
AB	20,854,424	73,570,857	3.5	40.20%
C	7,679,878	23,902,180	3.1	14.80%
E	77,235	324,280	4.2	0.15%
PB	2,509,121	8,653,946	3.4	4.84%
T	2,005,615	3,793,973	1.9	3.87%
TT	2,141,557	6,727,916	3.1	4.13%
Sub-Total:	41,642,950	141,495,087	3.4	80.27%
<i>Miscellaneous Coffee</i>				0.00%
F1	4,448	6,461	1.5	0.01%
F2	1,462	1,695	1.2	0.00%
HE	179,482	367,458	2.0	0.35%
SB	175,694	166,315	0.9	0.34%
SC	19,927	45,040	2.3	0.04%
UG	181,510	444,163	2.4	0.35%
UG1	2,226,212	6,150,438	2.8	4.29%
UG2	1,320,040	2,310,920	1.8	2.54%
UG3	76,096	81,914	1.1	0.15%
Sub-Total:	4,184,871	9,574,407	2.3	8.07%

Unwashed Coffee				0.00%
MH	4,624,884	7,642,255	1.7	8.91%
ML	1,428,321	1,747,625	1.2	2.75%
Sub-Total:	6,053,205	9,389,880	1.6	11.67%
Grand Total:	51,881,026	160,459,375	3.1	100. %

Source: Nairobi Coffee Exchange

The highlighted grades AA, AB, E and PB in table IX above, constitute the potential of the specialty coffee in Kenya which is 60% of the current exports. The current actual specialty as discussed earlier is about 40% mainly constituted by AA, PB, E and 50% of AB.

8.0 Conclusion and the Way Forward

8.1 Conclusion

- Kenyan Coffees are fetching very good prices and can even do better with increased volumes
- Productivity is a very big challenge especially for the smallholder farmers and the small to medium estates
- Due to the old age of wet mills run by the cooperatives and small estates, the cost of wet processing in Kenya is the highest in the region as seen from table III.
- There is excess capacity at both wet processing and milling stages
- Disease management takes the biggest budget at the production level

8.2 The Way Forward

- Increasing factory/coop efficiency by 50%, farmers' share of export price will increase from 58 to 70%.
- By promoting coffee berry disease prevention techniques, training farmers in pruning and modern husbandry methods, and increasing fertilization and pest control, production stands to double in five years --- productivity moving from 296kg/ha to 600 kg/ha the net effect will triple farmers' incomes.
- Still to increase volume and quality premiums there is need to adopt disease-resistant varieties (i.e., Ruiru II), working capital and access to credit, application of farm inputs at key times, yields and high grades (density), input and input-credit facilities, agronomy and extension services and cupping and quality feedback from buyers.