



*Transforming Kenya's Agribusiness*

June - August 2016 Newsletter



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## Remarks by the KAAA Chief Executive Officer



**KAAA CEO Lucy Muchoki**

Kenya Agribusiness and Agroindustry Alliance (KAAA) is a private, not for profit membership organization dedicated to strengthening Kenyan agro-industrial competitiveness. Achievable through programs highlighting trade and development potentials, broad issues, which encompass several individual agribusiness sectors and require a “value chain” approach. The alliance has recently collaborated with the Ministry of Industrialization, Trade and investment to lead the agro-processing component of the Kenya

Industrial Transformation Program (KITP) mandate.

State and local agribusiness associations, national farmer and cooperative organizations, and trade/commodity groups represent agriculture in Kenya. KAAA is the only national private sector group positioned to embrace Kenyan agribusiness and its allied industries, whether in collaborations between private and public stakeholders and among value chain actors at all levels, providing a comprehensive sustainable approaches to increase global competitiveness, or by influencing policies that strengthen agribusiness in Kenya.

As an agribusiness association, the alliance provides access to a communications network encompassing small and medium-sized agribusiness companies, university, research institutions, other

non-profit organizations, as well as public sector agencies. Represented by a unique neutral unified alliance under which the entire private sector agro-industry players can come together for constructive, informal dialogue and action within the vast arena of intricate agricultural business, education and policy issues.

Having access to international linkages, KAAA seeks to strengthen Kenya’s agricultural sector’s international outreach through stimulating private enterprise trade and investment solutions in third World agro-industrial development. The alliance also fosters heightened public awareness of agriculture’s vital importance in national and global economic health

## What about agricultural entrepreneurship?

It is an inevitable question. Conventional wisdom says that the demands of an ever-growing number of humans will soon push our planet's resources to the limit. Surely any discussion of "the future of our population economically" would have to focus on agricultural entrepreneurship.

In this Kenya Agribusiness and Agroindustry Alliance quarterly newsletter, we will focus on agriculture as a business enterprise that takes care of our livelihood and as a source of food, which maintains our existence.

Small and medium enterprises in the agricultural sector (SMEs) propels the engines of many African economies but due to the many challenges they face, they have shown little or no success at all.

Generally, SMEs face unique issues that affect their growth and profitability hence, eclipsing their ability to contribute to sustainable development.

This calls for more emphasis on the promotional of the local manufacturing industry in order to reduce reliance of imports. Appropriate attention should be accorded to the agro processing sector to guarantee it a great future and strength within local, regional and on the global scene.

Better farming can drastically increase the food supply and improve a population's livelihood. More access to resources can make people seek diverse investment opportunities in the agricultural sector.

As a result, more investment opportunities will be identified, value chains profiled and investment plans developed resulting to viable investment opportunities leading to job creation and a higher contribution to the GDP.

Various value chains in the agricultural sector have the potential to play a key role in anchoring Kenya's deeper movement into the middle income status nation and provide gainful employment opportunities to her population especially the youth.

Local textile and apparels sector presents itself as an economic sector that has the potential springboard to further advancement into manufacturing.

It can play a major role in underpinning the African Growth Opportunity Act (AGOA), which gives most Sub-Saharan Africa (SSA) firms duty and quota free access to the United States, offering a substantial competitive advantage over other textile and apparel exporting countries.

Most farmers put a lot of effort in their crops or livestock but tend to reap the least profits when it comes

to marketing their produce. Most foods have been eaten fresh and any left overs or a surplus in production immediately thrown away. There has never been an urgency before to consume food in an efficient manner let alone preserve or add value on it, a practice that can bring more returns from the market places.

The need to feed rapid growing urban population in Kenya has presented a huge opportunity to the young agricultural entrepreneurs although majority of them have stayed away from the farm. Although youths are considered to be pivotal in agriculture, they consider the practice as

Any addition value adds a certain percentage of increased financial value to the produce and has the effect of improving the incomes of the local farmers.

Relevant representation of SMEs plays a crucial role towards the success of their enterprises. This calls for the right representation to the relevant authorities and by the qualified people.

The revival of once vibrant agricultural sectors like cotton can economically empower the crop farmers and see the local industries associated with the crop offering employment to the locals.

The use of high breed seeds can open new opportunities through the sales of quantity and quality produce.

The formation of agriculture related chapter in Africa can help in furthering the development and achieving the agricultural sector goals of a nation. The sector can contribute greatly to economic transformation of the region like in the developed world.

Small and medium entrepreneurs (SMES) are crucial to the growth of our economy but the role played by these and other little companies go unappreciated.

Little is said about the number of jobs they create either directly or indirectly and the amount of tax they pay which individually may not look as much but which is significant if pooled together.

The Kenya Agribusiness and Agroindustry Alliance recognizes cooperative movements and this is one of the Alliances core role.

Cooperatives provide competitive prices services to their members and make a profit from selling member's produce, which is later distributed, to members depending on how much they use the cooperatives services.

## Causes of Failure to Small and Medium Enterprises (SMEs) in Kenya



KAAA CHIEF EXECUTIVE OFFICER LUCY MUCHOKI

The Small and Medium Enterprises (SMEs) propel the engines of many African economies but in some countries they have shown zero success due to the many challenges they are facing.

However, the biggest problem faced by these enterprises is that they don't last in the market for long time before being phased out by well-established businesses.

“Majority of these entrepreneurs are left in a worse situation than they were before after the collapse of their businesses.

They are left with no place to fall back to since all their resources have been drained by their fallen enterprises,” the KAAA C E O Lucy Muchoki observes.



A KAAA ENTREPRENEUR

While it may seem to be a matter of luck, in reality there are mistakes that kill many small businesses before they even get off the ground and most of the common evidenced points to failure attributed to the entrepreneurs.

There is no entrepreneur who starts an SME with an intention to fail. However, it is the failure to plan and lack of technical know how that often leads to business failure.

“Thorough planning, ensuring the viability of the enterprise, identifying potential risks, developing risk mitigation plans, market identification and appropriately structured finance are critical for the success of an SME,” Madam Lucy adds.

Generally, it is recognized that local SMEs face unique issues which affect their growth and profitability hence, diminishing their ability to effectively contribute to sustainable development.

This calls for more emphasis on the promotion of the local manufacturing industry to reduce reliance on imports. “SMEs are said to face a ‘liability of smallness’. Due to their size and resource limitations, they are unable to

develop new technologies or to make vital changes in existing ones,” Lucy adds

There is evidence that SMEs have the potential to initiate minor technological innovations to suit their circumstances but for them to fully develop and use this potential, they need specific policy measures to ensure that technology services and infrastructure are provided.

Policy enhancement in revitalizing the SME sector should not be only government engineered, but all the stakeholders in development should take frontline. “In collaboration with Kenya Private Sector Alliance (KEPSA) and Kenya Association of Manufacturers (KAM), KAAA engages its members and other stakeholders to identify pertinent sub sector and cross-cutting issues that affect the Agricultural value chains,” Lucy says.



SME's TRAINING WORKSHOP

According to KAAA CEO, appropriate attention should be accorded to the agro processing SMEs to guarantee them a great future and strength within the local, regional and global economy. “The Alliance focuses on key areas that determine the success of any Small and Medium Enterprise such as

Finance linkage, facilitation of business planning and management training to help quip entrepreneurs with technical, financial and business skills,” adds Lucy.



TOPIC OF DISCUSSION AT THE WORKSHOP

In addition, KAAA helps SMEs in identification of friendly investment climate, investment and value chain analysis, marketing strategies and linkages, formulation of investment proposals, packaging and branding.

Strengthening the SME sector in Kenya is a process that requires critical measures being undertaken by all the sectors of development in order to realize an integral growth in the sector.

On its part, the Alliance recruits local SMEs, trains and registers them as KAAA members. This has greatly impacted on their growth and development since the Alliance closely monitors and guides them.

Lack or Inadequate business managerial training and experience has seen the closure of many small and medium enterprises in Kenya.



KAAA'S BOB BOSIRE TAKES THE ENTREPRENEURS THROUGH A SESSION

Most of these enterprises are sole proprietorship business type and managed by their owners who might have a little or no managerial skills and experience at all meaning that the business is in no room for creativity and innovation hence risks being faced out by competition or bankruptcy when no financial records are being kept. “In this regard, KAAA has established regular managerial trainings for small scale entrepreneurs,” Lucy says.

Most SMEs in the rural areas have the potential of growing and becoming successful but due to the poor state of roads and other essential infrastructures their prosperity and morale is highly affected. “The Alliance works closely with the National and County governments to ensure such infrastructures are put in place for the benefit of both large and small businesses countrywide,” the KAAA CEO adds.

Most small businesses lack access to sufficient market information since most of it is packaged for the large and well-established ones.

Being a resource centre, KAAA has come up with an educative and

informative TV program, which aims at enlightening the small businesses with the crucial information that could see their enterprises prosper. “The program will be aired on a national television to make sure a large target audience is reached,” KAAA CEO adds.

Change in technology has seen many SMEs close down due to the high cost of adopting these technologies, some of which are relatively expensive and beyond their purchasing capacity.



AN ENTREPRENEUR AT THE KAAA WORKSHOP

This has forced some out of business since their products have become outdated and they are unable to update to the new technologies.

“To ensure this issue of technology is solved, the Alliance is working closely with the Ministry of Industry, Trade and Cooperatives to come up with artisan villages which will be equipped with modern machines at the county level and the products from the villages will be show cased at the national level to expose them to markets and attract partners,” KAAA’s Executive adds.

## Irish Team Visit KAAA

The Kenya Agribusiness and Agroindustry Alliance (KAAA) Chief Executive Officer Lucy Muchoki held talks with a delegation from the Republic of Ireland at the Alliance’s head office in Nairobi.



KAAA CEO HOSTED IRISH GUESTS

David Butler who is the Director Sustainable Food Systems Ireland and Peter Jackson, the Enterprise Ireland Senior Market Advisor for Africa and the Middle East led the team. Among the issues mentioned in the talks, include a potential partnership between KAAA and Irish Companies that are involved in export and import agribusiness.

According to David Butler, Ireland have over 5,000 companies directly involved in export and import business.

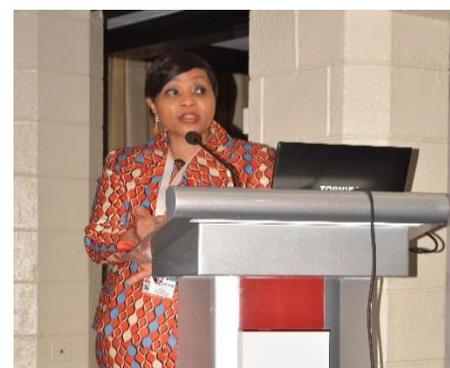
The Sustainable Food Systems Ireland director emphasized on the need for both organizations to set up a trade representative’s office and the need for building bridges to link the Irish companies to the KAAA’s food parks program.

The KAAA CEO said that the objective of the food park program is to boost the level of value addition and agro processing occurring in Kenya. The Alliance launched the Mega Food Park

scheme in 2015 and it proposes a demand driven/pre-marketed model with strong backward/ forward linkages sustainable supply chain.

According to Lucy, the food parks will allow smallholder farmers to access shared facilities such as production, processing plant, cold store, collection centres and transports and besides this; it will provide a steady market for their produce.

## Opportunities in Agribusiness



KAAA CEO LUCY MUCHOKI ADDRESSING THE BREAKFAST MEETING

The Kenya Agribusiness and Agroindustry Alliance (KAAA) in collaboration with the Alliance for Green Revolution in Africa (AGRA) and Ken Invest held a breakfast meeting to discuss the Regional Opportunities and Challenges in Agribusinesses in Eastern Africa. The meeting was a side event of the United Nations Conference on Trade and Development (UNCTAD).

Addressing the meeting, KAAA Chief Executive Officer Lucy Muchoki termed agro-processing as the lead sector that has the potential to transform the African continent.

According to Lucy, KAAA together with the Agricultural Sector Development Support Program (ASDSP) have identified 43 value chains in the country and the Alliance has already done value chain analysis for five-value chains.



A PANEL AT THE BREAKFAST MEETING

“The value chains profiling and analysis has been done on banana and poultry in Kiambu, dairy in Tharaka Nithi, fish and potatoes in Nyandarua County,” She told the gathering.

In his presentation, KAAA’s Value Chain Development Officer Andrew Omariba gave a breakdown of the Investment Opportunity Profiling and Analysis.

Omariba said that the KAAA /ASDSP approach in promoting private sector investment emphasizes on Identifying key growth value chains in terms of Percentage contribution to GDP, People employed, Viable investment opportunities. Comparative advantage and Geographical focus.



KAAA's ANDREW OMARIBA MAKES A PRESENTATION AT THE BREAKFAST MEETING

The approach also Identifies key obstacles to growth that include Infrastructure, enabling environment, Key input, access to financing and skilled labour.

It also identifies investment opportunities that Highlight specific business opportunities where public/private interests overlap to address constraints and accelerate growth.

According to Omariba, the approach develops investment proposals that highlight Problems and solutions, market and competition, internal reality and broader environment viability and investor returns (cost benefit analysis).

The approach also Identifies partners to support developing the business opportunities that include Angel investors, Venture capitalists, social impact investors and financial institutions.



AGRA's PROGRAM OFFICER AGRIBUSINESS VALENTINE MIHESO MAKES A PRESENTATION AT THE BREAKFAST MEETING

Investment opportunities already identified and profiled by KAAA and ASDSP are Banana in Kiambu. This involved hardening nursery, banana production and processing. Also, identified and profiled in Kiambu was the indigenous chicken.

It involved chick multiplication, chicken production chicken processing and feed processing.



PARTICIPANTS AT THE BREAKFAST MEETING

KAAA and ASDSP also identified and profiled the dairy value chain in Tharaka Nithi.

This involved milk production, milk processing and feed processing. In Nyandarua County, potato value chain was identified and profiled and emphasis was laid on seed potato, potato production and processing.



PARTICIPANTS AT THE BREAKFAST MEETING

Also in Nyandarua, Fish value chain was identified and profiled. The key areas profiled were fingerling production, fish production, and fish processing and feed processing.

## Cotton Farming in Lamu County

The Kenya's textile and apparel sector has the potential to play a key role in anchoring the country's deeper movement into middle income status and serve as a source of gainful employment for its fast growing, young population.

Against the backdrop of waning interest in cotton farming especially in Lamu County, the government of Kenya has indicated moves to encourage disgruntled growers.

Cotton farmers in the County want the sector revived; ginneries established and be supplied with certified high yielding seeds to reap maximum benefits.

The Kenya Agribusiness and Agroindustry Alliance (KAAA) Chief Executive Officer Lucy Muchoki attended a meeting called by the

Ministry of Agriculture, Livestock and Fisheries (MoALF) Cabinet Secretary Dr. Willy Bett to deliberate on how to revive cotton growing and textile industry development in Lamu.



KAAA CEO Lucy Muchoki at the meeting

The Deputy Governor who doubles as the Lamu County Executive for agriculture Hon. Eric Mugo, Members of Lamu County Assembly and officials from the Ministry of Industry, Trade and Cooperatives (MoITC) attended the meeting.



Lamu Deputy Governor Hon. Eric Mugo makes a presentation

The County has favourable climatic conditions for cotton growing and according to the Deputy Governor; the feasibility study has already been undertaken.

During the meeting, KAAA was tasked in supporting the development of business plan in order to attract investment for the revamp of the industry since the fibre directorate had already undertaken trials using hybrid

seeds developed by Amiran Kenya Limited in order to improve the quality and increase yield.



COTTON LINT READY FOR HARVESTING

Textile-apparel presents itself as an economic sector and as a potential springboard to further advancement into manufacturing and has played a substantial role in underpinning the African Growth and Opportunity Act (AGOA).

The Act gives most Sub-Saharan Africa (SSA) firms duty free, quota free access to the United States, offering a substantial competitive advantage over other textile-apparel exporting countries.

## Value Addition

While farmers put a lot of effort in their crops or livestock, they tend to get the least out of it when it comes to the market and it's only through Value addition that this trend can be reversed.

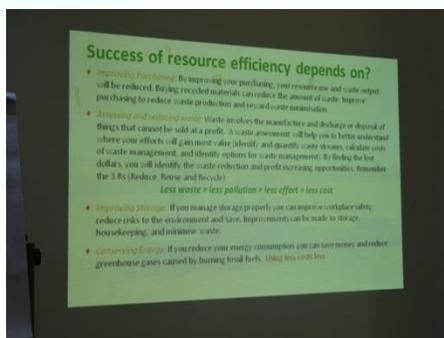
For long, local farmers have been comfortable with the way they have been handling agricultural produce.



**SARA MBITHI TAKES THE ENTREPRENEURS THROUGH A VALUE ADDITION SESSION**

Most foods have been eaten fresh and any leftovers immediately thrown away and there has not been any urgency before to consume food in an efficient manner, let alone preserve it.

In response, the Kenya Agribusiness and Agroindustry Alliance (KAAA) through Switch Africa Green (SAG) program and Agricultural Sector Development Support Program (ASDSP) has embarked on a concentrated program of helping farmers embrace new and best methods of farm production, value addition and marketing methods so that they can reap the maximum benefits from their farms and protect the environment.



**A SWITCH AFRICA GREEN TRAINING MANUAL**

Application of Good Agricultural Practices (GAPs) leads to a realization of maximum production at the farm level in both crop and livestock and a safe environment is essential for value addition.

“KAAA has a concentrated program in place and its objective is to train farmers how to apply best practices in farming.

We work together with experts from sectors that greatly determine farm production and environmental protection during our field trainings,” KAAA’s Head of Markets and Development Sara Mbithi says.

According to Sara, there are many obstacles that inhibit farmers from achieving their development goals and through Capacity development, the Alliance has enabled many of them identify and act upon them.

“Through capacity building, farmers have been able to overcome production barriers that used to bar them from realizing the maximum potential of their farms or produce,” she adds.



**A KAAA SME'S TRAINING WORKSHOP**

Value-added Agriculture is a worthwhile investment that can generate higher returns, allow penetration of a new potentially high-value market, extend the production season, create brand identity and develop brand loyalty.

“Value-added agriculture generally focuses on production or manufacturing processes, marketing or services that increase the value of primary agricultural produce, perhaps by increasing appeal to the consumer and the consumer’s willingness to pay a premium over similar but undifferentiated products,” Sara says.



**AN ENTREPRENEUR GOES THROUGH HER CHALLENGES IN PRODUCTION**

Under the Switch Africa Green project, the future of value-added agriculture in the country will depend on the involvement and commitment of farmers although the government can play a supplemental role and promote the

transition to a sustainable production model, creating decent jobs for young people, supporting small and medium enterprises, and boosting public policies in the process.

Some of the benefits of Value addition include;

### Increased revenue

Any addition adds a percentage of increased financial value to the produce and has the effect of improving the incomes of the local farmers.

Value addition allows the farmer to focus on the consumer while producing and through meeting expectations; he can create a loyal market around the product.

The marketing bill is the difference between farm gate value and retail value and it is growing bigger by the day.



PARTICIPANTS AT THE KAAA SAG WORKSHOP

It consists of costs of processing, marketing, transportation and it is a good idea if the producer could get a share especially on the processing side.

Increased shelf life is a benefit any farmer would want. The longer the product can stay without getting

spoilt, the more the guarantee one has of a product selling at their preferred price and time. Milk for instance, hardly lasts over 24 hours but with boiling, it can last more days while with further processing into ghee, the same milk can last months.



A KAAA SME DISPLAYS HER PRODUCT

### Increased bargaining power

Brand Creation is one of the de facto results of value addition and a fact that your product can be directly identified with you or your farm which is important in an industry where customers exercise a lot of brand loyalty. It allows them to always and readily identify with you as well as win you more referral customers.

In order to ensure that farmers reap maximum benefits from Value, KAAA does the following;

- Trains farmers on better post-harvest handling of produce since that is the start of the journey towards a good product on the market.
- Trains farmers on multiple processing alternatives of produce
- Creates village teams of farmers (clusters) that can combine

their expertise and resources to collectively engage in a value addition exercise

- Harnesses indigenous technologies for food processing that are already embedded in the local skillsets
- Educates the farmers on the potential uses of the 'waste' material from processed raw material for instance, dried banana peels can be used to make animal feeds.

The process of creating a successful business involves the search for providing value which can be in the form of marketing a unique product, filling a market niche, simplifying the supply chain, providing a service, lowering costs, and many other ways.

“Always remember, the more value you provide, the more return you can extract from the marketplace,” Sara adds.

### Appointment

The Cabinet Secretary in the Ministry of Industry, Trade and Cooperatives Hon. Adan Mohamed appointed the Kenya Agribusiness and Agroindustry Alliance (KAAA) Chief Executive Officer Lucy Muchoki to the board of directors at the Micro and Small Enterprises Authority (MSEA).

In a gazette notice dated July 22, the CS appointed the KAAA CEO and

nine others to be members of MSEA board for a period of 3 years with effect from July 12 2016.



KAAA CEO LUCY MUCHOKI

Lucy has vast experience in Agribusiness and Agro processing sector and her appointment comes at a time when the Ministry is on the process of implementing the Kenya Industrialization Transformation Program (KITP), a strategic plan to lead the country on its journey to industrialization.

Other board members named by the CS include John Maina, John Kihui, Antony Kwache, Zohra Baraka, Richard Muteti, Joy Limo, D.Keli Kiilu Benjamin Nkungi and Benjamin Mbingi Okello.

## How to win the youth to Agri-Business

Kenya has to feed her rapid growing urban population and this presents a huge opportunity to the young agriculture entrepreneurs.

However, despite the incomparable advantages majority of the youths like staying away from the farm or end up in the cities in search of white-collar jobs.



TOMATO FARMING IN NYERI

The following are tips on how to attract the youth to agribusiness as a Nigerian agronomist and a seasoned entrepreneur Thompson Ogunsanmi states.

### Stop linking agriculture with poverty

Everybody is talking about involving youth in agriculture; however, young people associate agriculture with poverty, which discourages them. Youth want to work in an enterprise that is going to give them results based on the effort they put in. "Poverty should not be linked to agriculture. Poverty also exists in other sectors of the economy," Ogunsanmi says.



A VEGETABLE FARM IN LIMURU

### Make financing accessible

The second issue is access to financing, so youth can invest in agriculture as a business. Growing

one hectare (ha) of produce is more profitable than working in most sectors that the youth turn to for employment.

However, few youths have the basic funds necessary to invest in drip irrigation or even buy quality inputs to start their business.

### Build youth skills on ICT

When attracting youth in agribusiness, we should use their natural skills in information and communication technology (ICT) as a means to build networks and access to timely information on various aspect related to agriculture such as markets, commodity prices, knowledge about best farming practices.



DAIRY FARMING

### Create an enabling business environment

Additionally, the government can and should create an enabling business environment. There is the issue of the double or triple taxation payment. Currently, different institutions collect taxes from farmers, reducing their performance and discouraging them from further investment in agribusiness. Having a low or zero taxation in agribusiness would make agriculture more attractive for youth.

The government should create a network for youth to move their produce from rural areas to the town, and assist by evaluating several mounted checkpoints that increase the cost of doing business. Issues such as very high interest rates on credit and lack of tailor-made loans for the young men and women should be considered.

## Government's revival of the Cotton Industry at an advanced stage



INDUSTRY, TRADE AND COOPERATIVES CS HON. ADAN MOHAMED ADDRESSES THE FORUM

The Government has put in place elaborate measures to inject life into the ailing cotton industry.

The latest initiative, which is meant to ensure cotton farmers produce quality cotton lint for better returns, will also see an upgrade of State-owned Eldoret-based textile miller, Rivatex.

Addressing a Cotton Textile Stakeholders Consultative Forum jointly organized by the Ministry of Industry, Trade and Cooperatives (MoITC) and the Kenya Agribusiness and Agroindustry Alliance (KAAA), the Cabinet Secretary in the Ministry

Hon. Adan Mohamed said the government will experiment with new hybrid cotton seeds that promise to cut production costs and offer investors better margins.



KAAA CEO LUCY MUCHOKI ADDRESSES THE FORUM

In her speech, the KAAA Chief Executive Officer Lucy Muchoki emphasized on the need to use the right cotton seed variety to ensure higher farm production and increased revenue. "Using certified seed can open the door to new opportunities and greater sales by providing a quality produce," the KAAA CEO said.

According to Industry Trade and Cooperatives Principal Secretary Julius Korir, the Government has launched a pilot programme which will see hybrid cotton seeds from Israel tried on 500 acres of land in Bura, Tana River County.



MoITC PS JULIUS KORIR ADDRESSES THE FORUM

The Government plans to scale it up to other cotton-growing areas once it becomes successful and the first planting will be done in September. According to the PS, the programme is being undertaken under a tripartite arrangement, which will see Rivatex offer ready market to farmers.



A COTTON PLANTATION

Other players in the arrangement include ginneries, cooperatives and the Ministry of Agriculture.

"The idea was to pilot these new seeds and see if the yields will improve leading to the unit cost for the farmer going down and the fair price we will get from the ginnery will encourage farmers to even produce more," said Korir.



AGRICULTURE PS RICHARD LESIYAMPE ADDRESSES THE FORUM

In addition to Sh1 billion funding from the Government factored in the last two financial years, the Government also secured Sh2.9

billion from the Indian government to help in the modernisation of Rivatex.

“We signed an agreement with the Indian Government for an extension of about Sh2.9 billion funding to Rivatex so that it can be modernised. We hope that in the next two years, Rivatex will be a State-of-the art factory,” the PS said.



PS INCHARGE OF COOPERATIVES ALI ISMAIL ADDRESSES THE FORUM

However, pointed out that the Sh3.9 billion that the miller received was not enough to make it competitive. “For Rivatex to modernize and become a 21st century textile mill, it requires about Sh4 billion,” he said.



GROUP DISCUSSION AT THE FORUM

Local cotton industry slumped from its high of 1970s and 1980s when the sector used to receive subsidies from the Government.

It was liberalized in the early 1990s and by then, 78,000 bales of cotton

lint were produced annually before liberalization which has since gone down to a paltry 4,000 bales.

## Agriculture for Economic Transformation

The African Center for Economic Transformation launched its agriculture chapter and Kenya’s Ministry of Agriculture, Livestock and Fisheries will serve as its champion towards enabling other chapter members realize their goals of furthering the development of agriculture in their countries.



FISHERIES PS PROF. MICHENI NTIBA ADDRESSES THE GUSETS  
PS

Addressing the participants during the official launch organised by The African Center for Economic Transformation (ACET), the Kenya Agribusiness and Agroindustry Alliance (KAAA) and KenInvest on behalf of the Cabinet Secretary, the Ministry’s Principal Secretary Prof. Japhet Micheni Ntiba termed agriculture as a critical sector for the country and can contribute greatly to economic transformation, just like it has done in the developed world.

According to Prof. Ntiba, the sector is key driver to a food secure nation and general socio-economic development of population especially the rural economies.



ACET CHIEF ECONOMIST DR. YAW ANSU MAKES HIS PRESENTATION

The significance of agriculture in Kenya is well articulated in her National development blueprint (Vision 2030). “Overall, the agriculture sector contributes to 30 percent directly to the GDP and 25 percent indirectly.



KAAA CEO LUCY MUCHOKI, ACET CHIEF ECONOMIST DR. YAW ANSU LISTEN TO THE PFISHERIES PRINCIPAL SECRETARY PRO. MICHENI NTIBA

The sector employs 40 percent of the total labor force in the country and over 70 percent of the rural population, supplies raw material to the manufacturing sector and generates tax revenue as well as the foreign exchange that support other economies,” he said.



Agriculture makes up the bulk of many African economies. Majority of the poor practice subsistence farming for their livelihoods and Africa's economic transformation has to include modernization of the sector to increase productivity of the smallholders.



KAAA CEO ANSWERS A QUESTION FROM THE PARTICIPANTS

Use of agriculture as a basis for manufacturing and services and increasing agro-processing and other agribusinesses in particular will create jobs, especially for women and the youth as well as increasing the demand (and prices) for what smallholders produce.

Although Kenya's agricultural sector development strategy provides for agriculture growth of 7 percent and the contribution of agriculture to poverty alleviation by 30 percent, the country still faces several challenges including being food insecure.



SESSION AT THE DINNER MEETING

This is due to use of archaic and unsustainable production methods, ageing farmer population, implementation of devolved system of governance, inadequately structured and focused monitoring and evaluation system, low demand for agriculture and related activities by the youth, low levels of innovation and limited financial sources.



DR. YAW ANSU PRESENTATION

Kenya is endowed with enormous opportunities for transformation has vast physical and skilled human resources especially the youth that remain largely unexploited.



"For transformation to effectively take place, the youth must be actively involved in agriculture and the agricultural technologies already existing should be tapped and applied in the country's ecosystem," the PS said.



## Entrepreneurship

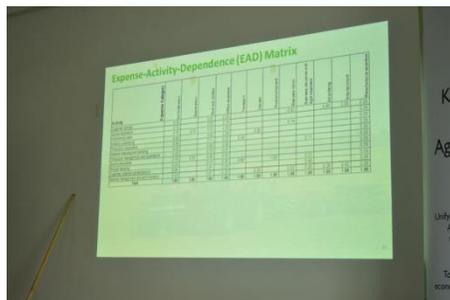
Small and Medium Entrepreneurs (SMEs) are crucial to the Kenyan economic growth.



FINISHED PRODUCTS PRODUCED BY A KAAA' ENTREPRENEUR

However, the important role that these and other little companies

play in economic growth has often gone unappreciated.



Many a times, little is said about the number of direct and indirect jobs that they create and the amount they pay in taxes, which may not be much if looked at individually but which is significant if they are pooled.



A KAAA ENTREPRENEUR EXPLAINS THE CHALLENGES SHE FACES AT HER ENTERPRISE

If the small and medium sized companies are nurtured and encouraged to export more of their products, they have the potential of helping the country address the imbalance between imports, exports and unemployment.

The SMEs can also help it to achieve the broad goals outline in Vision 2030 of making Kenya industrialized and with a high quality of life for its citizens.



A GROUP WORK SESSION DURING THE TRAINING

These companies can be showcased as potential avenues for job creation, especially among the youthful population as they dispel the myth that only employment can provide a source of livelihood.

One of the attributes that most of these companies share irrespective of their specialization is that they all are involved in one form of value addition or other.

However all hope is not lost as the Kenya Agribusiness and Agroindustry Alliance (KAAA) is working tirelessly to capacity build, train and link these entrepreneurs with finance and markets for their products.

“This is significant in a country that traditionally exports primary products. What these companies teach the others is that the one way to create wealth is to add value to goods and services, be they for export or local consumption,” says Lucy Muchoki, the KAAA’s CEO.

These firms are worth celebrating since they are pointers to the keys for success in a market economy and they provide inspiration to others that despite the challenges they

face, success is a goal that is within reach for those willing to take the plunge, She adds. According to the CEO, KAAA Youth and SMEs department is vibrant and committed to membership recruitment.

“We need to recruit more and pool them together so that they can enjoy the economies of scale. It’s easier to train and link them to the services they require as a team than on an individual basis,” adds Madam Muchoki.

Being the lead agro processing membership organization in Kenya, KAAA’s youth and SME department gives its members the benefits as promised. “Recently, we have linked our SME’s to different state delegate’s business forums for instance the Turkey – Kenya, Israel – Kenya and the India – Kenya Business forums where they had a chance to network and identify investment opportunities abroad,” She says.

KAAA regularly monitors and evaluates her SMEs so as to understand what they are doing at their premises in regard to the Switch Africa Green’s training in environment management, book keeping, development of market tools and use of renewable energy such as solar and wind.

The Alliance is also mandated to cluster SMEs into Cooperatives and together with the clustered SMEs;

KAAA participates in national Ushirika day. “This is a great visibility tool for the organization and the cooperatives for networking, forming partnerships and recruitment of new members,” the CEO adds.



KAAA SME'S UNDERGO TRAINING ON GREEN ECONOMY

The Alliance gives her SMEs international exposure like at the just concluded United Nations Conference on Trade and Development (UNCTAD) in Nairobi, an opportunity that gave them global visibility.

“Apart from being visible, our SMEs had a chance to network, showcase their products to the outside world and identify potential local, regional and global markets,” the CEO says.



KAAA'S SARA MBITHI AND JANE MWANGI AT KAAA STAND DURING THE UNCTAD MEETING IN NAIROBI

In its vibrant operations, KAAA also identifies and brings together SMEs

along the whole agricultural value chain.

According to Madam Muchoki, the Alliance was chosen by the Ministry of Industry, Trade and Cooperatives (MoITC) to lead the agro processing SMEs under the Kenya Industrial Transformation Programme (KITP). On 25th July 2016, the Alliance in collaboration with the Ministry held a Cotton stakeholders forum aimed at reviving cotton production and the textile industry in Kenya.

“The current situation was analyzed and challenges and opportunities were identified to ensure the cotton sector contributes to job creation as well and the country’s GDP like any other sector,” She says.

In recognition to KAAA’s efforts to steer local small and medium entrepreneurs to prosperity, the Cabinet Secretary in the Ministry of Industry, Trade and Cooperatives (MoITC) Hon. Adan Mohamed appointed the Alliance’s CEO Lucy Muchoki to the Board of Directors at the Micro and Small Enterprises Authority (MSEA) in a gazette notice dated July 22nd for a period of 3 years with effect from July 12 2016.

## Ecopreneurship

The Kenya Agribusiness and Agroindustry Alliance (KAAA) held a two day Training of Trainers (TOT) event focusing on green production.



KAAA'S ANDREW OMARIBA TAKES THE SME'S THROUGH A TRAINING SESSION AT A SAG WORKSHOP ORGANISED BY KAAA

Dubbed capacity enhancement for Green Business Development and Eco Entrepreneurship in the agriculture sector, the training concentrated on the key areas that go in line with the Switch Africa Green project.

The event brought together KAAA Small and Medium Entrepreneurs drawn from Tharaka Nithi, Kisii, Migori, Machakos, Nyandarua and Kiambu counties who expressed their satisfaction in doing agribusiness in a manner that protects the environment and earns them income.



The participants represented various value chains and apart from the training, they had a chance to exhibit their products.

Locally, the Kenya Agribusiness and Agroindustry Alliance and Kenya

Private Sector Alliance (KEPSA) are mandated to ensure successful implementation of the initiative which is supported by the European Union (EU), United Nations Office for Project Services (UNOPS) and United Nations Environmental Program (UNEP).



SME SHOWCASES HER PRODUCTS DURING A SWITCH AFRICA GREEN WORKSHOP ORGANIZED BY KAAA

The overall objective of Switch Africa Green is to support 6 countries in Africa to achieve sustainable development by engaging in transition towards an inclusive green economy, based on sustainable consumption and production patterns, while generating growth, creating decent jobs and reducing poverty.



UNOPS LILY MUREI THE NATIONAL COODINATOR SAG KENYA GIVES CERTIFICATE TO A KAAA ENTREPRENEUR

Specific objective of the project is to support the development of Green Businesses and Eco-

entrepreneurship and use of Sustainable Consumption and Production practices (SCP) by having in place SMEs and business service providers that are better equipped to seize opportunities for green business development, better informed public and private consumers and enabling conditions in form of clear policies, sound regulatory frameworks, incentives structures, tax, other fiscal and market-based instruments influencing key sector(s) in the 6 African countries.

Projects on the ground will focus specifically on capturing market opportunities for resource efficient, green goods and services and supporting local Eco-entrepreneurs starting up and developing green business ventures (growing "green" sectors) in for instance sustainable agriculture, conservation of ecosystem services (including biodiversity), and businesses that increase resource efficiency and decrease pollution over the full life cycle of products.

## Ushirika Day

Kenya Agribusiness and Agroindustry Alliance joined Kenyans and the rest of the world in marking the 94th International Cooperative Day popularly known in Kenya as Ushirika Day on Saturday, July 2, 2016.

The Day is marked annually to reflect on achievements of the co-operative movement.



MoITC C.S AT KAAA STAND DURING THIS YEAR'S USHIRIKA DAY CELEBRATIONS.

Themed "The power to act for a sustainable future" the day was marked in all the 47 counties while the national event was held at Uhuru park in Nairobi and presided by Industrialization and Trade and Cooperatives (MoITC) Cabinet Secretary Adan Mohamed.



CS ADAN MOHAMED AND PS ALI NOOR ISMAIL AT KAAA STAND

The CS hailed Kenya's Cooperative Movement for its contribution to 33 per cent of the country's total savings and job creation. He awarded trophies and certificates to cooperatives which excelled in various categories.

Cooperatives provide competitive priced services to their members and make a profit from the sale of member's produce. This profit is then distributed to members according to how much they use the cooperatives services.

The Kenya Agribusiness and Agroindustry Alliance (KAAA) recognizes the Cooperative movement and one of its core roles is to cluster farmers and Small and Medium Entrepreneurs (SMEs) into cooperatives. KAAA was represented by the SMEs & Youth Programmes Coordinator at the event which brought together over 50 cooperatives.

## TICAD VI

The Tokyo International Conference on African Development (TICAD) was launched by the government of Japan in 1993 in order to refocus international attention on the importance and urgency of African development issues as well as to promote high-level policy dialogue between African leaders and development partners.



The Summit meeting on African development was co-organized by the Government of Japan, the United Nations Office of the Special Advisor on Africa (UN-OSAA), the

United Nations Development Programme (UNDP), African Union Commission (AUC) and the World Bank.

TICAD Stakeholders include all African countries and development partners and its main objectives are promoting high-level policy dialogue between African leaders and their partners and mobilizing support for African owned development initiatives.

The conference has provided fundamental and comprehensive policy guidelines on African development since its inception and it has evolved into a major global framework to facilitate the implementation of initiatives for promoting African development under the dual principle of African "ownership" and international "partnership".

Kenya Agribusiness and Agroindustry Alliance (KAAA) played a key role as one of the stakeholders in the steering committee that organized TICAD VI Summit.

Being a membership organization the Alliance was able to expose her members in different side meetings and events organized by Japan International Cooperation Agency (JICA) like Healthier and Nutritious Food for Consumers; Learning from Japanese and African Food Cultures.

Small and Medium Entrepreneurs affiliated with KAAA got a chance to

showcase their products to the world at the two exhibition booths that the Alliance had acquired at the TICAD VI main arena.

The first Tokyo Conference held in 1993 ushered in a continuing process of support for Africa and consensus-building around African development priorities. Japan has co-hosted five rounds of conferences, that is, TICAD I (1993); TICAD II (1998); TICAD III (2003); TICAD IV (2008); TICAD V (2013).

Over the years, TICAD's quality has evolved in both complexity and value with emphasis shifting from TICAD-I's relatively simple issues of direct aid to more multi-faceted and inter-related themes which combine growth and sustainable development.

During the TICAD V summit in 2013, the decision to host TICAD VI Summit in Africa was reached and the interval of summit Meetings was also shortened from every five to three years.

## African Green Revolution Forum (AGRF) 2016

The Sixth African Green Revolution Forum (AGRF) was held in Nairobi, Kenya, from 5 to 9 September, 2016 and it attracted more than 1500 delegates from 40 countries.



KAAA CEO Lucy Muchoki at the AGRF 2016 panel

The forum proved to be a multi-stakeholder forum that brought together a diverse range of influential change agents from across the African agriculture landscape and around the world including African Heads of State, global business leaders, ministers, farmers and farmer organizations, private agribusiness firms, financial institutions, civil society groups and scientists, as well as international development and technical partners.

Themed “Seize the Moment: Securing Africa’s Rise through Agricultural Transformation,” the forum built on a campaign to “Seize the Moment” that was launched at the 12th Comprehensive Africa Agriculture Development Programme (CAADP) Partnership Platform meeting in Accra, Ghana in April 2016.



KAAA CEO at a side event during the AGRF 2016

The campaign is backed by the African Union, the New Partnership for Africa’s Development (NEPAD), the African Development Bank (AfDB), and the Alliance for a Green Revolution in Africa (AGRA), along with key civil-society groups, farmer groups, companies and development partners.

“Seize the Moment” recognizes the significant progress African countries have made over the last decade to build a foundation for a renaissance in the agriculture sector both on and off the farm across the entire value chain.

However, it also recognizes that much more needs to be done. African countries still have a long way to go to achieve food security and ensure equal access to economic opportunity for all Africans.

Today, the continent is facing strong headwinds. The challenges include rapid urbanization; climate change that is generating more stressful growing conditions; significant unemployment in which one in three Africans from 15 to 35 years old are jobless; and chronic malnutrition that has left 58 million children stunted. AGRF partners understand that addressing these issues requires firm political, policy and financial commitments, guided by a clear agenda and strong

mechanisms for measuring progress.

The forum aims to accelerate the progress on agriculture’s contribution to economic growth and transformation for shared prosperity and improved livelihoods for all.

Over the course of the five-day forum, delegates put forward and began to coalesce around a set of important commitments that the AGRF platform can pursue in the medium-term to realize the ambitious goals laid out in the 2014 Malabo Declaration and the United Nations’ Sustainable Development Goals (SDGs).

Before the next African Union Heads of State and Government Summit and CAADP biennial review in January 2018, the Alliance for Green Revolution Forum (AGRF) partners will pursue a political, policy and business agenda.

The intention of the agenda is to accelerate smallholder-inclusive agricultural transformation in at least 20 countries; unlock at least US \$200 billion in investment in African agriculture; and develop a concise agricultural transformation scorecard for accountability and action under the leadership of African Union institutions.

The mode of action is captured in the following nine action points:

i) Refresh investment plans to unlock 10 percent of public expenditure on agriculture that can be clearly leveraged to attract significant additional resources from private sector and other partners.

ii) Actualize commitments made by the private sector through platforms such as Grow Africa or others to bring at least US \$20 billion of private investment into African agriculture and galvanize broader investment.

iii) Develop and launch innovative financing mechanisms, including small and medium-sized enterprise (SME) agricultural financing mechanisms such as incentive-based risk-sharing facilities for agricultural lending, social impact bonds, catalytic financing facilities and agriculture-relevant e-wallet and digital financing mechanisms.

iv) Support at least 20 countries to develop their agriculture transformation agenda, including identification and significant scaling up of five priority value chains per country with strong links to smallholder agriculture, strong focus on youth employment and a commitment to building resilience to shocks to the agriculture system.

v) Identify and unlock five main policy and regulatory bottlenecks per country that are inhibiting agriculture sector growth.

vi) Establish and support agriculture transformation delivery mechanisms appropriately tailored to the national context and needs in at least 10 countries.

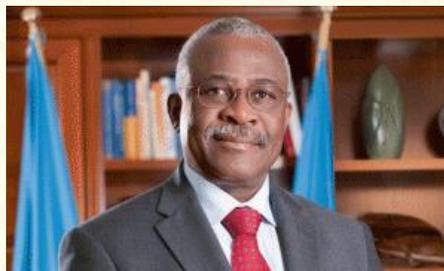
vii) Support countries to strengthen capacities, including the cultivation of a new wave of public and private sector agriculture transformation leaders.

viii) Produce and use an agriculture transformation scorecard at the heart of the CAADP biennial review process, including a one-page snapshot for Heads of State.

ix) Hold at least two Ministerial peer review roundtables prior to the 2018 African Union Heads of State and Government Summit to challenge and validate emerging biennial review reports and actions.

### **IFAD President honored for his role in improving lives of smallholder farmers**

The President of the International Fund for Agricultural Development (IFAD) Dr. Kanayo F. Nwanze was awarded the inaugural Africa Food Prize at the ongoing Africa Green Revolution Forum in Nairobi.



Dr. Kanayo F. Nwanze

Dr. Nwanze was selected by the Africa Food Prize Committee, chaired by former Nigerian President Olusegun Obasanjo for his outstanding leadership and passionate advocacy in putting Africa's smallholder farmers at the center of the global agricultural agenda.

"Dr. Nwanze is a model for how a great leader can make a difference in the lives of people on the ground," said Obasanjo.

"Whether that leader is the head of a global institution, a head of state or a head of small organization, Dr. Nwanze's accomplishments on behalf of African farmers are a reminder of what's possible when you combine passion, good ideas, commitment, focus, hard work and dedication".

Alongside his tireless advocacy, Dr. Nwanze is credited with reorienting IFAD's work to focus more on making small-scale farming a viable business, as well as expanding IFAD's presence in developing countries to increase the organization's effectiveness.

The Prize also acknowledges Nwanze's courage in reminding African leaders to go beyond promising development and change to delivering it. "I would like to dedicate this award to the millions of African women who silently toil to

feed their families,” said Dr. Nwanze.

“No nation has been able to transform itself without giving women the same rights and opportunities as men. Our hope for future generations rests with African women who bear and raise our young people who will shape the African continent in the years to come.”

While congratulating the laureate, Dr. Agnes Kalibata, President of the Alliance for a Green Revolution in Africa (AGRA), said that Dr. Nwanze’s achievements reflect extremely well the ideals the award represents, putting a bright spotlight on bold initiatives and technical innovations that can be replicated across the continent to create a new era of food security and economic opportunity for all Africans.

Dr. Kalibata encouraged many others to follow in Nwanze’s footsteps and boldly use the opportunities available to them to change the reality of African farming from a struggle to survive to a business that thrives.

“In honoring Kanayo Nwanze, the Africa Food Prize Committee could not have made a better choice as the former Yara Prize takes on its new and authentic African identity,” said Svein Tore Holsether, President and

Chief Executive Officer of Yara International ASA (Yara).

“Since its inception in 2005, the Yara Prize has honored special people who have contributed in different ways to transform African agriculture.

The first Africa Food Prize recognizes an outstanding African leader who has dedicated his work to improve the lives for smallholder farmers.

“With 80 percent of farms run by smallholders, the key to transforming African agriculture lies in empowering the smallholder farmer, enabling rural value creation and providing jobs for rural youth, said Holsether”.

The Prize recognizes Nwanze for his individual leadership, but also for the results of successful efforts at IFAD in the years he has been at the helm.

IFAD, a specialized United Nations agency and International Financial Institution dedicated to eradicating rural poverty, is not the same organization today that it was in 2009, when Nwanze took office as President.

## **KAAA and JLianco signs a Cooperation development MOU**



*KAAA CEO and JLianco deputy General Manager Africa Branch Stephan Yuan signing a cooperation for development MOU.*

The Kenya Agribusiness and Agroindustry Alliance (KAAA) Chief Executive Officer Lucy Muchoki has signed a Memorandum of Understanding (MOU) for a development cooperation with the Jianglian Heavy Industry Co. Ltd (JLianco) of the Peoples Republic of China.

The MOU will enable both institutions to share a common interest in reducing poverty and advancing economic development through promotion of the **SME** agro processing sector in the in Kenya.

The memorandum will further enable both parties explore practical means by which to strengthen their cooperation and collaboration in line with each Participant’s respective key policy documents.

This will see the participants work together, as appropriate, to achieve shared objectives on

issues of manufacturing/agro processing of national importance to Kenya and regionally.

According to the MOU, KAAA and JLIanco will work together to drive industrialization and create employment by promoting the agro processing sector through implementation of selected investment opportunities in key value chains.

Speaking during the official signing of the MOU at the KAAA's head office, JLIanco deputy General Manager Africa Branch Stephan Yuan expressed his confidence in working with the Alliance.

The KAAA CEO Lucy Muchoki said that the objective of the food and industrial parks program is to boost the level of value addition and agro processing occurring in Kenya. The Alliance launched the Mega Food Park scheme in 2015 and it proposes a demand driven/pre-marketed model with strong backward/ forward linkages sustainable supply chain.

According to Lucy, the food parks will allow smallholder farmers to access shared facilities such as production, processing plant, cold store, collection centres and transports and besides this; it will provide a steady market for their produce.

## Bura Cotton farmers to receive Hybrid seeds

Lack of quality seeds and poor prices have contributed to low cotton production in Kenya and the collapse of the local textile industry.



AFA's Anthony Muriithi addresses farmers during the ploughing launch at the Bura irrigation scheme

However, cotton farmers at Bura irrigation scheme will soon have access to hybrid certified seeds, thanks to fibre crops directorate of the Agriculture Food and Fisheries Authority and partners.

Eunice, from village five in the Bura scheme has been growing cotton for years and she was one of the few farmers selected to do a demo plot using the hybrid seed which was sourced from Israel in her one and half acre piece of land. "I used to harvest about 2,500 kilograms and sell at Sh5 per kg, which was a lot of money because expenses such as fertilizer, herbicide and water were not so expensive. Now all that has gone up but the success of the ASDSP program will see us sell one kg at Sh52," says Eunice.



Part of the land to be used for cotton irrigation being ploughed

Initially the government used to spray chemicals for them using an aeroplane but when that stopped, it became expensive and most farmers shifted to other crops since they couldn't afford the pesticides, she adds.

Cotton farmers are faced with many challenges including market for their produce. Initially, the ginneries bought the entire product from farmers but now they only buy some kilos and leave the rest. Spraying of chemicals is another challenge.

"Here in Bura, you have to spray after seven days of planting and again when it has flowered and the pods have started forming. By this time the crop is too tall for some of us and we hope that this hybrid variety will be shorter for farmers to be able to spray with ease, Cotton is like a grade cow, if you take care of it, you will get good yields," she added.

According to Alfred Ngunyo, an assistant irrigation officer says that when Bura Scheme collapsed, many farmers stopped growing cotton because there was no market for

their produce and opted for seed maize farming.

“Farmers used to sell their cotton in Hola and Malindi but when the ginneries closed and they could not. “Now that there is full support by the government and assurance of market from Rivatex, I urge the government to work with cooperative societies to provide inputs to farmers,” he says.

Addressing farmers and stakeholders during the ploughing launch at the scheme’s village 5, the director of fibre crops directorate Anthony Muriithi said that the current seed being used has degenerated over time and is not pure, leading to low productivity.

“This is why we have established a system for procuring hybrid seeds from Israel,” he says. Muriithi adds that about 291 farmers will benefit from the hybrid seeds in the first season, and this quantity will be gradually increased during the subsequent seasons by contracting farmers to bulk the seed. The Bura Scheme has a potential of 50,000 hectares suitable for rain-fed crop production but 12,000 hectares are active.



#### *Canals supplying water to the farms at Bura Irrigation scheme*

Other partners who have played a key role towards the success of this project include the Kenya Agribusiness and Agroindustry Alliance (KAAA), who have been in charge of investment plan development and sourcing for a private investor, Ministry of Industry Trade and Cooperatives (MoITC), Agriculture Food and Fisheries Authority (AFFA), the National Irrigation Board (NIB) through their Bura irrigation scheme, Amiran Kenya limited, Agricultural Finance Corporation (AFC), Meru Ginnery and Rivatex.

#### **KAAA and IL&FS sign agreement**



The Kenya Agribusiness and Agroindustry Alliance (KAAA) and the IL&FS Cluster Development Initiative Ltd have entered into a collaboration agreement aimed at identifying various areas of collaboration and preparation of business plans for developing and implementing projects in various Counties, particularly preparing an Integrated Cotton and textile industry development programme for Lamu County.

IL&FS Clusters is engaged in the business of establishing, managing and operating industrial infrastructure, agri business (agriculture and food processing) and skill development for capacity building of unskilled and semi-skilled labour force in various trades / sectors of industry including textile, construction, leather and leather products and service sector.

The company has opened a project office in Kenya which is implementing USAID funded India Kenya Dairy Development Programme and in addition.

KAAA is a membership organisation established in 2013 mainly with the objective of coordinating Agricultural transformation programmes in Kenya and promoting PPP in agriculture and agribusiness and is supported by DFID and other members.

Both Parties executed a definitive Agreement which has detailed out the roles, responsibilities, financial consideration and other covenants relating to Exclusivity

Hope for cotton farmers after a new deal is signed.

#### **Hope for cotton farmers after a new deal is signed**

Cotton farmers at the Bura settlement scheme are set to benefit from a contract that has been signed with an aim of reviving the once vibrant sector.



*Thomas Mukhebi signs the contract on behalf of KAAA's CEO Lucy Muchoki*

The contract will see Meru Ginnery purchase its primary cotton supply of seed cotton from Bura farmers who will later sell it to the newly revived Rivatex East Africa.



#### **Bura Irrigation Scheme Plan**

The contract, which is a public Private partnership, was signed by 10 stakeholders and took effect immediately. Last year, Rivatex received Sh503 million from the Ministry of Industrialization Trade and Cooperatives to buy new equipment.

Meru Ginnery will pay Sh52 per kilogram of seed cotton received from farmers, who will also get 1.5 acres from the Government in a plan to scale up cotton production under contract. The Government is providing 500 acres from a 6,500-

acre irrigation scheme to farmers to supply the apparels industry, which is currently dependent on Chinese imports.



#### **Bura Cotton Stakeholders Meeting**

The signing ceremony brought together 10 stakeholders including the Ministry of Trade Industry and Cooperatives (MOITC), Kenya Agribusiness and Agroindustry Alliance (KAAA), the Tana River County Government, National Irrigation Board (NIB), Agriculture Finance Corporation (AFC), Meru Ginnery, Amiran Kenya Ltd and a Farmer Representative.

Addressing the meeting, KAAA's marketing and Information Systems Officer Thomas Mukhebi said that the Alliance is dedicated to seeing Bura Cotton farmers benefit fully from their practice.



*Stephen Njaramba, a cotton farmer at Bura Scheme*

He cited value addition as an area where KAAA will intervene into and ensure that the farmers are able to separate cotton the lint and seed, the latter, which they can sell and make an extra income.



*KAAA's Thomas Mukhebi at the Irrigated cotton-planting launch at Bura Scheme*

In addition, KAAA is mandated to identify, vet and approve willing private investors who are willing to embark of cotton farming at Bura scheme and so far, Guru Rajan from the private sector will be growing cotton on a 200 acre piece of land.

Following the extension of the African Growth and Opportunity Act (Agoa), the MOITC has been laying out plans for a textile city and an industrial park to improve

primary cotton production. Kenya has almost 35,000 hectares under cotton, with an estimated 28,500 farmers and a yield of up to 30,000 bales.



***KAAA team at Bura Scheme during the official cotton planting launch***

Although the cotton-textile sector is projected to create 90,000 jobs in the value chain, and impact more than 50,000 cotton growers, up from the current 28,500, cotton lint production has declined from 38,000 tonnes in the 1980s to 5,500 tonnes due to a decline in seed quality.

