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REPUBLIC OF KENYA




NATIONAL ASSEMBLY



TWELFTH PARLIAMENT – SECOND SESSION

REPORT OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE AND  
LIVESTOCK ON THE  
COFFEE SYMPOSIUM IN GRAND ISLAND, NEBRASKA, USA

16<sup>TH</sup> – 18<sup>TH</sup> APRIL, 2018

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
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<b>TABLED BY:</b>	Hon. Aden Ali Haji Committee on Agriculture
<b>CLERK-AT THE-TABLE:</b>	Moses Lemung.

Clerk's Chambers,  
National Assembly,  
Parliament Buildings,  
NAIROBI.

NOVEMBER, 2018

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## **ABBREVIATIONS**

AGOA – African Growth and Opportunities Act

BNSF- Burlington Northern Santa Fe Railway

CEO- Chief Executive Officer

GDP – Gross Domestic Product

GIAEDC – Grand Island Area Economic Development Corporation

ICE – Intercontinental Exchange

ID – Identification

IT – Information Technology

USA – United States of America

## **PREFACE**

### **1. OBJECTIVES OF THE SYMPOSIUM AND BENEFITS**

The symposium was co-organised by the Grand Island Area Economic Development Corporation (GIAEDC) and Sycamore Investments LLC, who are working together to establish a market place for specialty coffee in Grand Island, Nebraska, which will operate under the name of Zabuni Specialty Coffee Auction. Kenyan coffee is a well-known and sought-after product world over, but is not easily accessible. Specifically, the symposium aimed to:

- 1) Establish a marketplace for Specialty Coffee in Grand Island, Nebraska in order to better position Kenya's Coffee in the American Market.
- 2) Explore means of increasing accessibility of Kenya's Specialty coffee to roasters in North American market who are willing to pay a premium for the Coffee.
- 3) Explore measures of directly linking small-scale coffee farmers who are organized through Cooperatives and coffee estates with coffee market hence increasing their returns.

#### **1.1. Key Benefits of Attending the Symposium:**

- 1) The event offered delegates an opportunity to meet the Governor of Nebraska and top Leadership of the state who are supportive of the idea of establishing a marketplace for Kenya's specialty coffee in the US.
- 2) The conference offered the delegation an opportunity to connect with coffee roasters and get their perspective on their assessment of Kenyan coffee in comparison to coffee from other regions.
- 3) It helped the delegation gauge the returns farmers currently receive compared to the prices that specialty Kenyan coffee fetches in the United States Market.
- 4) The symposium provided an opportunity for the delegation to visit Various businesses and institutions.

## **1.2. Composition of the Delegation**

The delegation from the National Assembly comprised of seven Members, four were from the Agriculture and livestock committee with an additional three Members from coffee growing regions. The delegation was comprised of:

1. Hon (Dr.) John Kanyuithia Mutunga, MP – **Leader of delegation**
2. Hon. Simba Arati, MP
3. Hon. Annie Wanjiku Kibeh , MP
4. Hon (Dr.) Daniel Kamuren Tuitoek, MP
5. Hon. Gabriel Kago Mukuha, MP
6. Hon. George Macharia Kariuki, MP
7. Hon. Mose Shadrack John, MP
8. Eric Kariuki Gachoki, Research Officer/ Delegation secretary

The Senate and County Governments had been invited to the symposium.

The Senate was represented by:

1. Sen. Peter Njeru Ndwiga

Murang'a County Government was represented by:

1. Hon. James Kamau Maina- Deputy Governor Muranga County

Kirinyaga County government was represented by:

1. Dr. Jackan Gutu- County Executive Committee Member, Agriculture, Livestock, Veterinary services and Livestock.
2. Sheila Mukunya- Chief Officer, Cooperative development, trade, tourism, industry and enterprise development.

A small-scale coffee farmer from Murang'a County Mr. Martin Mwangi and a coffee specialist Mr. Michael Mungai attended the symposium.

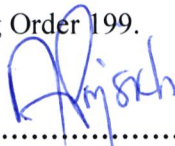
## **1.3. Acknowledgement**

The delegation wishes to extend its appreciation to the Office of the Speaker and the Clerk of the National Assembly for facilitation of the travel to and return from the symposium. Further, the delegation is grateful to the following:-

1. Mr. Pete Ricketts – Governor of the State of Nebraska
2. Mr. Adrian Smith – Member of Congress
3. Mr. Dave Taylor – President (GIAEDC)
4. Ms. Mary Berlie – Vice President (GIAEDC)
5. Mr. Jerry Heidelk – Board Member (GIAEDC)
6. Mr. Ray O'Connor – Board Member (GIAEDC)
7. Mr. Laban Njuguna – CEO, Sycamore Investments LLC

The delegation is grateful to the following institutions: Office of the Governor of Nebraska, Board of GIAEDC, Case IH, Career Pathways Institute, T & E Cattle Company, Grand Island Rotary Club, Riverside Golf Club, Chief Ethanol, Muglife Coffee, and Beansmith Coffee Roaster.

On behalf of the Members of the delegation, we beg to table this report to the house pursuant to Standing Order 199.

Sign:  .....

Date: 20/11/2018 .....

**HON. ADAN HAJI ALI, MP**

**CHAIRPERSON**

**DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK**

## **2. BACKGROUND**

The coffee industry has been an important contributor to the dominance of the agricultural sector in the Kenyan GDP. Since its introduction as a cash crop, it has remained one of the most important products of the country's economy. The industry, due to its forward and backward linkages, supports about 5 million Kenyans. It is a source of employment and livelihood to many Kenyans and plays a central role in the fight against poverty and food insecurity.

The crop was introduced in Kenya in 1893 and by 1963 production stood at 43,778 metric tonnes from a total acreage of 45,538 hectares. The industry recorded an all-time high production of 128,926 metric tonnes in 1987/88 from an estimated acreage of 170,000 hectares. It is widely recognized that the industry experienced phenomenal growth as a result of government and donor-supported intervention programmes.

Coffee export was a major foreign exchange earner until 1987/88 when it was overtaken by other sectors and is now ranked 4th after horticulture, tea, and tourism. The industry now contributes about 3.2% of Kenya's foreign exchange earnings, a drop from the 40% contribution in the good years gone by. The current production levels stand at 55,000 metric tonnes.

Kenyan Coffee is renowned internationally for its unique and specific quality attributes, and fetches prices way above coffees from other origins at the intercontinental exchange (ICE) making it a very powerful global brand. Despite this fact, low payout rates to farmers, poor governance, mismanagement of coffee institutions, and long value chains consisting of middlemen and multinationals have negatively affected coffee production from a high of 128,926 metric tonnes in 1987/88 to current production levels of 55,000 metric tonnes. This has in turn denied Kenya potentially huge amounts of revenue and foreign exchange.

Shortening the supply chain by directly linking coffee producers with roasters, specialty coffee shops and consumers is a great option that has the potential of increasing farmers' incomes which will encourage them to produce more. A fair and a sustainable price for coffee will promote and sustain production which will guarantee the future of the sub-sector and regain the dominance of coffee as a major foreign exchange earner.

### **3. INTRODUCTORY REMARKS**

#### **3.1. Address By Mr. Dave Taylor - President, GIAEDC**

Mr. Taylor welcomed the Kenyan delegation to Grand Island and appreciated their commitment and efforts towards attending the coffee symposium. He recognized the presence of the Senator, city council members, the board of the Economic Development Corporation and the city administrator. He stated that the foundation of the Grand Island business community is represented by five pillars namely: Existing Business; Entrepreneurs; Image; Workforce; and Community Assets.

He informed the delegation that Grand Island, is in the state of Nebraska and is seeking to establish a marketplace for specialty coffee which will enhance the position of Kenyan coffee in the American Market. He continued to state that Kenyan coffee is recognized world over for its good quality and is not easily available in the American market.

He informed the delegation that a majority of the potential buyers who constitute the primary market in the US are small-batch specialty coffee roasters. He stated that the roasters are willing to pay a premium for Kenyan coffee, but many are unable or unwilling to participate in the Nairobi Coffee Exchange due to lack of accountability and transparency in the process.

He informed the delegation that a local (US) platform, in addition to providing accountability and transparency, would allow buyers to purchase coffee in lots as small as one bag, or in large quantities as their needs dictate. The process would enable coffee roasters to cup and inspect coffee by themselves prior to purchase which builds confidence in the product.

He provided the following reasons that he believes Grand Island, Nebraska, is an exceptional marketplace for specialty coffee from Kenya:

- 1) The geographical location of Nebraska allows people from all over North America easy access;
- 2) The centrality of the city within the USA makes it possible for the coffee to be delivered anywhere in North America within a few days;
- 3) The city has excellent infrastructure that includes a regional airport, both the Union Pacific and BNSF railways, an Interstate highway that runs all the way from the east to west coasts, and numerous other highways, making logistics very efficient;



- 4) In 2017, Nebraska was ranked among the top 4 states in which to do business in the USA. Nebraska has low taxes, affordable energy, adequate labor, and an environment that is favorable for business, innovation and growth;
- 5) Availability of community and state incentives such as LB840 and Nebraska Advantage. LB840 is a cash payment made directly to a company based on job creation and training needs of employees. The Nebraska Advantage package is a comprehensive economic development incentive. The package may include refundable tax incentives and/or funds used to purchase machinery or inventory, develop infrastructure, or purchase real estate for projects benefiting low-to-moderate-income persons; and
- 6) Showcasing Kenyan coffee in the USA on a consistent basis will put a spotlight on the coffee's origin, which in addition will market the wet mill associated with processing the coffee, and the farmers. This in turn could lead to other trade possibilities and opportunities.

He concluded by stating that if the proposal is implemented, it would be the first specialty coffee market of its kind in the world that links and directly connects the producers with the roasters.

### **3.2. Address By Mr. Adrian Smith, Representative of Congress**

Congressman Adrian Smith in a written speech read on his behalf welcomed the delegation to Nebraska's 3<sup>rd</sup> Congressional District. He stated that he had the greatest confidence in the ability of the Grand Island community to demonstrate why they are vital to Nebraska's status among the top agricultural production states in America. Their success is directly attributable to Nebraska's commitment to innovation, collaboration, and international trade.

He stated that as a member of the congressional Committee on Ways and Means in the U.S. House of Representatives, which has jurisdiction over trade and tariffs, he was determined to grow existing trade relationships while creating new ones as well. He concluded by stating that he values and applauds the delegation's commitment to engage in the conversation over the stay in Grand Island and was looking forward to receiving feedback on the outcome.

### **3.3. Address By Mr. Laban Njuguna – CEO, Sycamore Investments LLC**

Mr. Njuguna began by introducing himself to the Kenyan delegation and members of Grand Island community who had attended the breakfast meeting. He stated that he was born and

raised in Kenya and that he and his family have lived in or near Grand Island for seven years. He is married and has three children.

He stated that Kenya is the political and economic hub for East and Central Africa. He stated that Kenya is the gateway to East Africa with a well-developed port. He provided the structure of government in Kenya, specifically elective positions consisting of a central government headed by the president with a devolved structure consisting of forty seven county governments which are similar to states in America.

He continued to state that coffee constitutes a major economic activity in Kenya that has helped educate many people. He stated that the supply chain of coffee is a challenge to the country and needs to be addressed if the product is to be beneficial to the farmers. He informed the delegation that the supply chain is inefficient and farmers are not compensated adequately for their efforts. He stated that coffee is labour-intensive since it is not mechanized and requires a lot of dedication to produce.

He stated that Coffee in Kenya should mostly fall under the specialty category due to good altitude, unique soils and that it cannot be replicated anywhere else in the world. He stated that the goal of is to create an efficient marketplace for specialty coffee in the U.S. which will ensure that a larger percentage of the premium prices being paid for specialty Kenyan coffee will be directly remitted to the producers.

He requested the delegation and Kenya as a country to be more aggressive in taking advantage of AGOA, which is a rare opportunity presented to the country to export its products to the U.S. market.

### **3.4. Introduction of The Kenyan Delegation**

The Leader of the Kenya Delegation Hon. Dr. Mutunga was given an opportunity to introduce the Members of the National Assembly. Members stated the following as they introduced themselves:

- Majority of Kenyan coffee is grown by smallholders who have formed co-operatives that cluster together to establish a factory.
- Kenya grows specialty coffee due to uniqueness of the soils.

- Farmers are hurting due to low prices that they are paid for their produce which is not commensurate to their hard work. If marketing bottlenecks are addressed it can help our farmers.
- Coffee production has drastically declined due to a myriad of challenges that need to be addressed.
- Members are elected to represent and work for the electorate. Finding a reliable market for coffee will open up other opportunities for farmers.
- Coffee in the past was the most reliable enterprise in the country which was a source of livelihood for many farmers and helped to educate many people.
- Nebraska offers good opportunity for partnerships not only through coffee but being the leading state in matters of irrigation, the state offers good platform for exploring technological transfer which will create opportunities for our farmers.

#### **4. VISIT TO CASE IH**

The delegation was informed that Case IH offers agricultural equipment, as well as parts and service support for farmers and commercial operators through a network of dealers and distributors. Productivity-enhancing products include tractors; combine harvesters; hay and forage equipment; tillage tools; planting and seeding systems; sprayers and applicators; and site-specific farming tools.

The delegation was informed that some of Case IH's most famous equipment models include Axial-Flow combines, Magnum tractors, Steiger and Farmall. Case IH has developed products that are designed to make tillage, planting, spraying/fertilizing and harvest more efficient and more productive.

The delegation was taken for a tour of the plant where tractors are assembled with the parts coming from factories in China and North America. The delegation was informed that the combine harvesters have ability to harvest 134 different grain types. A particular harvester that has over 24 lasers had a buying price of one million dollars.

The delegation was informed that regardless of crop, field condition or farm size, Case IH Axial-Flow combines are proven to produce the highest in both grain quantity and quality. As a member of the Case IH Efficient Power family, Axial-Flow combines are designed to deliver exceptional fuel economy as well as impressive horsepower. Case IH combines reward their

owners with impressive resale value. A wide variety of kits are also available to enhance performance, upgrade technology, boost productivity, and maximize investment.

The delegation was informed that Axial-Flow combine productivity is dependent on several variables: type of crop, crop conditions, timeliness of harvest, machine settings, and operator experience. Adverse harvest conditions early in the season produce lower productivity levels than ideal harvest conditions with optimized machine settings later in the season. Machine capacity may vary, depending on conditions. The average productivity difference between each Axial-Flow model ranges 10 to 20 percent.

## **5. VISIT TO RAISING NEBRASKA**

The delegation had an opportunity to visit Raising Nebraska, an interactive audio-visual display which teaches about Nebraska's Agriculture. The delegation visited during the "week of the young child" where the exhibition was showcasing agriculture in interactive displays and activities to teach children and families where food comes from. Videos play when visitors step on specific points. Each video informs about Nebraska agriculture, enlightening the children on the importance of Agriculture.

Raising Nebraska is designed to let people see agriculture from virtually every angle: from water conservation to soil health; from animal well-being to food safety; from invention to innovation; and from economic impact to global hunger.

The delegation was informed that the facility is one of the nation's leading agriculture literacy experiences. Interactive experiences span every inch of its 25,000 square feet, focusing on where Nebraska agriculture is today and how the state is positioned for global leadership in feeding the world.

The delegation made a tour through the facility and was informed that Raising Nebraska provides a unique and creative approach towards helping consumers better understand how food gets from the farm to their tables and the responsible choices that farmers and ranchers make every day to assure they are producing safe and high-quality food. Raising Nebraska is a collaborative effort between the Institute of Agriculture and Natural Resources at the University of Nebraska-Lincoln, the Nebraska State Fair and the Nebraska Department of Agriculture.

## **6. VISIT TO CAREER PATHWAYS INSTITUTE**

The delegation was met by Mr. Daniel Phillips who is the manager of the Institute. He stated that the need for technically-trained employees was growing across the nation and upon realizing the opportunities this presents to many of its students, Grand Island Public Schools (GIPS) became the first school district in Nebraska to create a dedicated career and technical training center.

The delegation was informed that concerns of manufacturers and business community members on where to get their workers, brought about by a scarcity of technical skills among potential new employees, was the genesis of Career Pathways Institute. Specifically in year 2009, Plans for the Career Pathways Institute took root when business leaders and education officials began to discuss ways to create a stronger available workforce for the Grand Island area. Career Pathways Institute opened its doors in 2013. Initially, 150 students enrolled in the program, with room to enroll up to 400 students, including those from area school districts.

This innovative educational program is currently preparing high school students for employment in such fields as business, marketing, manufacturing, construction, automotive, healthcare, and early childhood education. Classes are offered at three campuses in Grand Island: 1215 South Adams Street, Grand Island Senior High, and Central Community College.

Business partners design the programmes based on their needs. Some of the key aspects expected from students are being on time, paying attention, having a good work ethic, dependability, and communication. The mission of Career Pathways Institute is to prepare motivated learners for career paths that lead to employment and continued learning. Qualifying students are admitted to the Pathways program during their junior and senior years of high school and attend three-hour classes. By spending half the day at their respective high schools and the other half at Career Pathways Institute, students receive a more focused learning approach. Morning sessions begin at 7:45 and end at 10:30; afternoon sessions begin at 12:15 and conclude at 3:00.

To create the feeling of an actual workforce environment, students must 'clock-in' using their student ID. In order to stay in the program, students attending all Career Pathways Institute campuses must maintain a good attendance record and grade level.

Once students graduate from high school and have completed the Pathways program, they can either enter the workforce at that level, or pursue an Associates or Bachelor's degree in their chosen field.

The delegation was taken through a tour of the Institute where they found junior-year students undertaking construction of a model residential house segmented into plumbing, electrical work and construction of bathrooms. In the automobile section junior-year students were found fixing tyres and changing engine oil while senior-year students checked on computer diagnostics and the engine.

The delegation went through sections for teaching skills in the fields of: aviation maintenance, solar energy, engineering and manufacturing, and an IT area which has fourteen different classes engaging in programmes such as Sisco, troubleshooting, and operating systems.

#### **7. VISIT TO T & E CATTLE COMPANY (T & E)**

The delegation was met by Mr. Greg Baxter who is a third-generation owner of the farm, after inheriting it from his father. The farm began in 1933 and has been running for over 85 years. For nearly 60 years, cattle producers have trusted the Baxter family to provide service that goes beyond simple feeding to combine experience, performance, and personal attention.

The delegation was informed that the firm looks at the type and age of cattle from the producers to determine how they are expected to perform, this enables them to set up a feeding programme that will meet expected goals.

As of the date of visit, the delegation was informed that the farm had 20,000 beef cattle. The cattle feed on high-quality Nebraska corn and being in a location that is in the heartland of America provides a wide variety of quality feeds including alfalfa hay, corn, and sorghum silage.

The corn is high in digestible proteins and very nutritious for cattle. Trace minerals and vitamins are added to improve digestion. The ingredients added maximize on the output of the cattle. A consulting nutritionist is hired and visits the farm regularly to check on the cattle.

The delegation took a tour of the farm, of which cattle occupy approximately 160 hectares. The cattle feed through feed mills that are computerized and feeding starts from 6am ending at 2:30 am. Each cattle feeds about 23 kilograms per day.

The delegation was informed that within 16 months the bull that will have the least weight is approximately 1,250 pounds (566 Kgs) while the heaviest bull weighs approximately 1,700 pounds (773 Kgs). The delegation was informed that when a mature bull is slaughtered approximately 46% is meat while the rest is used for other products.

## **8. MEETING AT RIVERSIDE GOLF CLUB**

### **8.1. Presentation by Mr. Martin Macharia**

Mr. Macharia informed the delegation that he is a small-scale coffee farmer in Murang'a with 5 acres under coffee plantation. He stated that he has visited Uganda with his cooperative society and was surprised to find that coffee farmers there are paid over Kshs 160 per kilogram.

He stated that after picking the coffee from their farms it's taken to the factory for milling and further delivered to a contracted marketer. He noted that it's impossible for farmers to track their coffee once it leaves milling factories. The waiting period before receiving their payment is six months which is a long period of waiting.

He stated that as a farmer he wants the law amended to allow for direct marketing of coffee to eliminate bureaucracy in the process and give farmers control of the process. He stated that the County government of Murang'a has put in measures of ensuring that specialty coffee is produced by supporting farmers with extension officers and supply of farming inputs.

### **8.2. Presentation by Mr. Michael Mungai**

Mr. Mungai is a specialist in the coffee sector who informed the delegation that he has been in the coffee industry for over twenty years. He stated that influence of cartels had denied farmers the correct value of their coffee.

He stated that many farmers through their cooperatives have been trying to sell their coffee directly to the market with little success since they lacked mills. He informed the delegation that the trading floor of coffee is micromanaged by the cartels to deny farmers their rightful gains.

He stated that the average Auction price is 250 dollars per 50 kgs bag. If a window for direct market is opened the average price per 50 kg bag would increase to 450 dollars. With good payments, farmers will be encouraged to grow the crop whose production has dwindled over the years. He concluded by stating that the American market is large enough to absorb all Kenyan

coffee within a few months. Kenya produces less than one percent of the world's coffee, and the coffee is highly regarded for blending and specialty markets.

## **9. MEETING WITH NEBRASKA GOVERNOR MR. PETE RICKETTS**

The delegation had an opportunity of travelling from Grand Island to Lincoln to meet the Governor of Nebraska Mr. Pete Ricketts who is a member of the Republican Party and the 40<sup>th</sup> Governor of Nebraska.

### **9.1. Remarks by the Leader of Kenyan Delegation**

The leader of the delegation Hon. Mutunga introduced his delegation and stated the reasons for the visit to Nebraska as follows:

- The delegation was exploring ways of improving coffee prices for farmers in Kenya which supports over seven million people.
- The committee was looking for partnership with Nebraska where the economy is largely agriculture-based, similar to the economy of Kenya. Specifically, Kenya is on an ambitious plan for achieving food and nutrition security for its people and was aiming to move away from rain-fed agriculture towards irrigation. Since irrigation is a vital component of Nebraska's productive agricultural economy, partnership that creates technological transfer would be a welcome move.
- He informed the Governor that agriculture had transformed Nebraska's economy to be among the biggest in the U.S and Kenya can borrow a leaf and replicate the same by transforming its agricultural sector.
- He informed the governor that the delegation was impressed with integration of ICT to support Agriculture which if replicated in Kenya would attract the youth who are not interested in the sector.

### **9.2. Remarks by Governor Mr. Ricketts**

The Governor welcomed the Kenyan delegation and thanked them for visiting Nebraska and paying him a courtesy call. He stated that:

- Specialty coffee that is produced in Kenya has a huge market in Nebraska and the USA at large. A direct coffee market in Grand Island would be beneficial to both the farmers and consumers in the U.S.A.



- He informed the delegation that one in four jobs in Nebraska is tied to Agriculture and therefore agriculture contributes a great percentage in their economy.
- He stated that Nebraska is the largest irrigated state in the entire U.S.A and is the fourth largest Agricultural state in the U.S.A
- He commended the delegation, especially politicians, for doing the right thing of marketing Kenya through promoting its products.
- He informed the delegation that the average acreage under plantation in Nebraska is 948 acres. He concluded by stating that Soil quality and water conservation is important to farmers in Nebraska.

### **9.3. Remarks by Dr. Lameck Odhiambo,**

Dr Odhiambo is a lecturer from the University of Nebraska-Lincoln, he informed the delegation that:

- The state of Nebraska has engaged with Africa in many ways, specifically, 100 Rwandese students are undertaking studies at the University of Nebraska in conservatory agriculture.
- He stated that in Tanzania they are piloting irrigation through a shared pivot concept with many farmers sharing one irrigation pivot. In Tanzania 200 farmers are sharing a single pivot. The farmers have started to reap the benefits, having moved from producing 2 bags of maize to 26 bags per season.
- In Rwanda they have over 100 pivots. The university is engaging on public-private partnerships and acting as technical advisors with the aim of moving small-scale farmers to large scale farmers.

### **10. VISIT TO CHIEF ETHANOL FUELS**

The delegation was informed that Chief Ethanol Fuels was Nebraska's first dry-mill ethanol plant and is the oldest ethanol plant in U.S. Chief Ethanol Fuels has been a pioneer in the ethanol industry and remains committed to producing renewable fuel. The firm expects to be producing around 120 million gallons of ethanol in the coming year between its two facilities. The current annual production is 75 million gallons of ethanol.

The corn that is grown in Nebraska is tremendous since different types of corn are used for animal feed and others are used for industrial processes. The delegation was informed that a third of the corn grown by farmers in Nebraska is converted to Ethanol.

The delegation was informed that the automobile industry was using Ethanol to run, however it was displaced by petroleum. In the 1970's there was a major oil crisis which necessitated use of renewable fuel that was Ethanol. The US government provided incentives to companies that were engaging in ethanol production to venture into the business line.

Chief Ethanol Fuels produces ethanol fuel from grains grown in the United States. It also produces ethanol co-products, including distillers dry grains with solubles; distillers wet grains with solubles; and corn syrup.

The delegation was taken through the process used by the firm to make ethanol as follows:

- Milling in which the grain is run through a hammer mill which grinds it into a fine powdery meal.
- Liquefaction where the meal is combined with water and an enzyme called alpha-amylase. The mixture is heated to around 180 degrees Fahrenheit into a mash form.
- Saccharification where once the mash is cooled a second enzyme, gluco amylase, is added to convert the starch to fermentable sugars.
- Fermentation in which yeast is introduced to the mash. As the mash passes through a series of fermentation tanks the sugars are converted to ethanol. When the mash reaches the last tank called the beer well, all fermentable sugars have been converted to alcohol.
- Dehydration of alcohol passes through the molecular sieve dehydration system. Small crystalline metal aluminosilicates beads are heated creating small cavities. The cavities are the same molecular size as water allowing the water to be absorbed as the alcohol passes through. The product is now 200 proof and is called anhydrous ethanol. By law, ethanol used for fuel must be unsuitable for human consumption. Gasoline is added as a denaturant.
- Centrifuge process where the solids referred to as whole stillage are sent from the distillation column to a centrifuge. This is where the heavier materials are separated and become the distiller's grain. The thinner liquid is passed through an evaporator to make condensed solubles. Some of the solubles are added back into the feed. The product is now ready to be fed as wet cake or it can be dried to further reduce the moisture. Drying increases the cost of feed but it also extends the product's shelf life and portability.

The delegation was informed that a kernel of corn is about two-thirds starch, which is converted to ethanol. The remaining nutrients-protein, fat, fiber, minerals and vitamins are

concentrated into distiller's grains and condensed distiller's solubles. Condensed distillers solubles are partially dehydrated into a syrup form and added back into the distillers grains to increase the feed's nutritional value.

#### **11. VISIT TO MUG LIFE COFFEE SHOP IN OMAHA, NEBRASKA**

The delegation had an opportunity of visiting a specialty coffee shop in Omaha called Muglife Coffee. The delegation was informed by the proprietor that the mission of the coffee shop is to purchase, preserve, and prepare coffee in a way that venerates the producer, inspires the drinker, and elevates expectations. The coffee shop aspires at mastering the details that make a cup of coffee great and ensures that the consumer is inspired to greatness. The shop has been operating for the last three years and business has been good.

The delegation was informed that Kenyan coffee is different and of high quality which has some acidic flavor that makes it great. The shop specializes in single-origin coffees which are well-labeled to enable consumers choose the variety they prefer.

Once a consumer identifies the brand they prefer, the coffee is brewed using the pour over method which brings out a unique texture, complexity, and flavor that the consumer likes. The delegation was delighted to find coffee labeled "Rungeto" which was from Kirinyaga County. The delegation was informed that Rungeto coffee is popular with specialty coffee customers who really like it due to its uniqueness. The delegation had an opportunity of drinking the Rungeto brand. They were informed that the American market and specifically the tastes and preferences of the youth are shifting towards specialty coffee which is refreshing.

The delegation was informed that among the popular coffee brands always on high demand are those from Kenya and Ethiopia. The shop buys a pound (453.6 grams) of Kenyan or Ethiopian coffee from its supplier for between \$ 6-7. In the American market there is plenty of coffee from Tanzania and Costa Rica. Mug Life coffee shop brews approximately four tonnes of coffee annually.

The delegation was informed that Kenyan coffee does not have a substitute in the Market due to its unique qualities. The proprietor of the coffee shop was very excited about the proposal to have a distribution channel of Kenyan coffee through Nebraska which will address its scarcity and ensure that consumers have their favorite brand throughout the year.

## **12. VISIT TO A COFFEE ROASTING ROOM IN OMAHA, NEBRASKA**

The delegation had an opportunity of visiting Beansmith, a small batch specialty roaster in Omaha, Nebraska. Mr. Ian Wiese, Beansmith owner, informed the delegation that coffee roasters are very meticulous in tracking the origin of their coffees. The roasters are keen on details regarding the coffee bean size, density, color, and duration after harvest.

He informed the delegation that Kenyan coffee is phenomenal and it's more expensive compared to other coffees from other parts of the world. He stated that Kenyan coffee has a fruit-like taste and it's acidic making it highly valued in the market.

He informed the delegation that coffee roasting is a tough job since its dependent on many factors which makes the approach different for each roast aspect. He informed the delegation that unroasted coffee can last for one year retaining its potency while roasted coffee is fresh only if consumed within two weeks. After two weeks roasted coffee loses its taste, especially the fruit-like attributes.

He concluded by informing the delegation that roasters are keen on enhancing the supply chain of coffee, specifically on traceability. He stated that if the supply chain is functioning well, the quality of coffee should improve since the farmers would be paid well. He informed the delegation that for roasters the farmer is the most important person in the supply chain since the quality of coffee is entirely dependent on the farmer and therefore it's important that the farmer be compensated adequately for his labor.

### 13. OBSERVATIONS

1. Coffee production has declined from a high of 128,926 metric tonnes in 1987/88 to current production levels of 46,122 metric tonnes in 2016/17.
2. Kenyan Coffee is renown internationally for its unique and specific quality attributes, and fetches prices way above coffees from other origins at the intercontinental exchange (ICE) making it a very powerful global brand. After visiting a coffee shop and a roaster in the U.S the delegation noted that a pound of Kenyan coffee which is approximately (453.6 grams) retails at \$ 6 to 7 dollars. The Government needs to explore ways of improving coffee prices for farmers which supports many people and is a major foreign exchange earner.
3. Accessibility of Kenyan Coffee which is in high demand in the U.S market was not guaranteed. Coffee shops and roasters are willing to trade in the commodity which was in short supply. Majority of the potential buyers who constitute the primary market in the US are small-batch specialty coffee roasters. The roasters are keen on details regarding the coffee bean size, density, color, and duration after harvest. Roasted coffee has a shelf life of approximately two weeks after which it loses its taste, especially the fruit-like attributes that is important for specialty coffee consumers.
4. The Governor of Nebraska and business community of Grand Island, are supportive of establishment of a Market place for specialty Kenyan coffee. The state is well advanced with good transport and communication network. It's equally an agricultural state majoring in the production of corn and animal products. A direct coffee market in Grand Island would be beneficial to both the farmers and consumers in the U.S.A.
5. Members noted that Kenya can learn and replicate best practices from Nebraska being an agricultural economy with cash receipts from farm marketings contributing over \$21.5 billion to Nebraska's economy in 2016 and 6.0% of the U.S.A. total budget.

6. Nebraska's ten leading commodities (in order of value) for 2016 cash receipts are cattle and calves, corn, soybeans, hogs, dairy products, wheat, hay, chicken eggs, dry beans, and sorghum. Nebraska had 47,400 farms and ranches in 2017; the average operation consisted of 954 acres (386 ha). Livestock or poultry operations were found on 49% of Nebraska farms. One in four jobs in Nebraska are related to agriculture. Nebraska's farms and ranches utilize 45.2 million acres – 91% of the state's total land area.

#### **14. RECOMMENDATIONS**

1. Linkage be established by the Agricultural and Food Authority (AFA) with the State of Nebraska (USA) with an aim to establishing a niche market that will facilitate direct marketing and sale of specialty Coffee from Kenya.
2. Agricultural and Food Authority (AFA) to pursue branding of all Kenyan coffee to promote brand identity. This will enhance traceability and marketability of Specialty coffee from Kenya.
3. The Ministry of Agriculture in collaboration with County Governments to pursue registration of farmers which will provide an appropriate avenue for effective government interventions in relation to subsidies that includes issuance of fertilizers and seeds for planting.

**MINUTES OF THE 46<sup>TH</sup> SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK HELD ON FRIDAY 2<sup>ND</sup> NOVEMBER, 2018 IN ENGLISH POINT MARINA , MOMBASA 10 00 AM.**

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**PRESENT**

1. Hon. Adan Haji Ali, MP
2. Hon. Emmanuel Wangwe, MP
3. Hon. Ferdinand Wanyonyi, MP
4. Hon. Florence Mutua, MP
5. Hon. Silas Kipkoech Tiren, MP
6. Hon. Yegon Brighton Leonard, MP
7. Hon. Dr. Daniel Kamuren Tuitoek, MP
8. Hon. John Paul Mwirigi, MP
9. Hon. Silvanus Osoro Onyiego, MP
10. Hon. Adan Haji Yussuf, MP

**Chairperson**  
**Vice- Chairperson**

**APOLOGIES**

1. Hon. Francis Munyua Waititu, MP
2. Hon. Dr. John Kanyuithia Mutunga, MP
3. Hon. Simba Arati, MP
4. Hon. Gabriel Kago Mukuha, MP
5. Hon. Justus Makokha Murunga, MP
6. Hon. Joyce Kamene, MP
7. Hon. Fred Outa, MP
8. Hon. Janet Jepkemboi Sitienei, MP
9. Hon. Maison Leshoomo, MP

**IN- ATTENDANCE**

**COMMITTEE SECRETARIAT**

- |                         |                       |
|-------------------------|-----------------------|
| 1. Mr. Ahmad Kadhi      | First Clerk Assistant |
| 2. Mr. Nicodemus Maluki | Third Clerk Assistant |
| 3. Mr. Alex Mutuku      | Sergeant At- Arms     |
| 4. Mr. Eric Kariuki     | Research Officer      |
| 5. Ms. Beatrice Auma    | Secretary             |
| 6. Ms. Rose Ometere     | Audio Officer         |
| 7. Mr. Moses Musembi    | Officer Assistant     |

**MIN.NO. DC/A&L/ 173/2018:**

**PRELIMINARIES**

The Chairperson called the meeting to order at 10.30am and prayed.

**MIN.NO. DC/A& L/ 174 /2018: CONSIDERATION OF THE DRAFT REPORT OF THE COMMITTEE VIST TO USA ON COFFEE SYMPOSIUM**

The Committee considered and adopted the report with the following observations and recommendations:-

## COMMITTEE OBSERVATIONS

1. Coffee production has declined from a high of 128,926 metric tonnes in 1987/88 to current production levels of 46,122 metric tonnes in 2016/17.
2. Kenyan Coffee is renowned internationally for its unique and specific quality attributes, and fetches prices way above coffees from other origins at the intercontinental exchange (ICE) making it a very powerful global brand. After visiting a coffee shop and a roaster in the U.S the delegation noted that a pound of Kenyan coffee which is approximately (453.6 grams) retails at \$ 6 to 7 dollars. The Government needs to explore ways of improving coffee prices for farmers which supports many people and is a major foreign exchange earner.
3. Accessibility of Kenyan Coffee which is in high demand in the U.S market was not guaranteed. Coffee shops and roasters are willing to trade in the commodity which was in short supply. Majority of the potential buyers who constitute the primary market in the US are small-batch specialty coffee roasters. The roasters are keen on details regarding the coffee bean size, density, color, and duration after harvest. Roasted coffee has a shelf life of approximately two weeks after which it loses its taste, especially the fruit-like attributes that is important for specialty coffee consumers.
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5. Members noted that Kenya can learn and replicate best practices from Nebraska being an agricultural economy with cash receipts from farm marketings contributing over \$21.5 billion to Nebraska's economy in 2016 and 6.0% of the U.S.A. total budget.



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### COMMITTEE RECOMMENDATIONS

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### MIN.NO. DC/ALF/ 175/2018: ADJOURNMENT

The Chairperson adjourned the meeting at 13.30pm

Signed..... *Almisch* .....

(Chairperson)

Date..... *20/11/2018* .....