Kenya is a relatively small global producer with significant need for R&R driven by suboptimal practices and high age of trees.

**Quick facts: Kenya is a significant regional producer**

- Production: 52'000 tons
- Production share: 18th in the world, 5th in Africa
- Coffee land: 110'000 hectares
- Varieties: 100% Arabica, 0% Robusta

**R&R need:** ~60% of total land is in need of R&R

- SHF land in R&R need out of all land: 66'000 hectares
- ~4% of global need

**Drivers of R&R need:**
- Need is primarily driven by old trees (50-70 years in some places) and bad current practices.
- To a lesser extent, R&R need is driven by disease exposure (Coffee Wilt Disease) and by climate change in the Western part of the country.

**Uplift potential:** High potential for SHF yield increase, though little impact

- Current SHF yield: 0.37 tons per hectare
- Target SHF yield: 0.61 tons per hectare
- Potential increase in supply: ~10-30%
- Total national supply could increase ~10-30% if R&R and GAP is implemented on all SHF land in need of R&R.

**Notes:**
- Average yield is calculated as the total SHF production divided by the total SHF land. The potential yield improvement is estimated by GCP and Technoserve, Economic Viability of Coffee Farming, 2017.
- Rounded to the nearest 5%, estimate assumes that R&R and GAP increase yields with 65%, and the range reflects a 25-100% R&R success rate.

**Viability:** Climate change is expected to mainly impact Western Kenya

- The majority of Kenyan coffee growing areas look to be unaffected by climate change.
- Areas in the southwest of the country look to be more affected.

**Other viability considerations**

- Farmer share of the export price is around 75%. Local wet mills have the potential to decrease their operational costs, which could result in farm-gate price increases.
- Labor costs on average equal USD 260 /ha, corresponding to more than twice the labor costs in Ethiopia and Tanzania. Labor costs have increased over the past years.
- Traditional coffee growing areas face competition from housing and enterprise development.

Notes: (1) Average yield is calculated as the total SHF production divided by the total SHF land. The potential yield improvement is estimated by GCP and Technoserve, Economic Viability of Coffee Farming, 2017; (2) Rounded to the nearest 5%, estimate assumes that R&R and GAP increase yields with 65%, and the range reflects a 25-100% R&R success rate. Source: FAO Statistics database; ICO statistics; GCP and Technoserve, Economic Viability of Coffee Farming, 2017; USDA, Annual Coffee Report, 2017; Kenya Agricultural & Livestock Research Organization; Coffee Development Fund, Financing Smallholder Coffee Farmers in Kenya, 2011; Republic of Kenya, Report of the National Task Force on Coffee Sub-Sector Reforms, 2016; Dalberg Interview.
Kenya’s SHF coffee sector is built around cooperatives, but the enabling environment could be improved

Farmer segmentation: Most SHFs are in tight value chains

National production is dominated by SHFs

The majority of SHFs are members of coops, and therefore included in tight value chains

| # SHFs '000 | 650 | ~3.5% of global SHFs! SHFs are progressively replacing large plantations |
| SHF land '000 hectares | 83 | (~75% of national land) – farm size typically ~0.1-0.5 hectares |
| SHF production '000 tons | 31 | (~60% of national production) |

Assessment of SHF orgs.

Strong coop movement, but high level of mismanagement. ~100% of SHFs are linked to coops

Coops links the overwhelming majority of SHFs to markets

Enabling environment for R&R: Relatively weak political support to coffee

- Coffee share of GDP: N/A [Coffee Share of exports: 4.6% (2016)]
- National government and County governments cooperate in a “Task Force for Coffee sub-sector Reforms”, but observers complain about lacking coordination and poor implementation of legislative measures
- The Task Force recommends several measures, including the rule on prompt payment (farmers should be paid at least 40% of the prevailing price on the spot for the cherry they deliver), and a subsidy program for SHFs, offered as a package including fertilizer, planting materials for new varieties, and TA. Implementation of these measures is slow
- The Coffee Research Foundation (CRF) produces four different varieties of verified Arabica coffee, but not at commercial volumes
- Some cooperatives develop their own nurseries, sometimes with the support of private companies, but seeds are not controlled

Examples of R&R programs: Past R&R programs have focused on increasing adoption of GAP and building SHF organization capacity

- TechnoServe - The Coffee Initiative (2008-2017): Technoserve trained roughly 12,000 Kenyan SHFs on the use of GAP and rehabilitation practices