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Kenya: The Solution to Coffee Corruption Kenya is a country in East Africa known for its production of tea, coffee, and petroleum oil. Its location near the ocean gives it an advantage in exports in comparison to its landlocked neighbors. Kenya is a fairly new nation. It gained independence from British rule in 1963, and since then has had an unstable political climate. The distribution of power and wealth has been unbalanced and bridled with corruption. The richest 10% of households control more than 42% of Kenya's income, while the poorest 10% control of less than 1% (UNDP, 2006). The rest of the nation lives in extreme poverty lacking access to education and medical care. Kenya's economy is heavily influenced by agriculture. It represents 28% of GDP (WDI, 2006) and 75% of the labor force (CIA, 2003). The farmers of Kenya produce goods that generate billions of dollars in revenue for the nation, yet live in extreme poverty.

Kenya has favorable agricultural conditions for growing coffee. The land in Kenya is highly acidic producing high-quality coffee beans. There are two main types of coffee beans: arabica and robusta. Arabica beans have a sweeter taste and are valued much more than the bitter-tasting robusta beans. Kenyan soil has the perfect acidity for producing the highly sought after arabica bean. Although the soil is favorable, coffee farming is still a strenuous task. Kenyan farmers must prune their plants carefully to prevent Coffee Borer Beetles from spoiling their products. Farmers must pay high attention to detail in their work; because of this, labor shortages are frequent. Kenyan laborers are reluctant to work on coffee farms where they have to be highly attuned to minute details while barely gaining a profit.

All over the world, Kenya is known for its premium coffee beans. The United States imports approximately 573 billion dollars of products from Kenya each year, making it Kenya's main importer. Coffee is the second most traded commodity second only to oil. The business is worth 50 to 100 billion dollars; unfortunately, coffee farmers see only a fraction of that money. Small farmers do not interact with large coffee companies directly. Instead, they work through a liaison who speaks to both parties to negotiate a deal. These negotiators are known to be highly corrupt, making deals that only benefit themselves. According to a report by think tank Economist Intelligence Unit (EIU), land grabbing is a common mechanism of corruption threatening food security, citing instances where public or private entities use backdoor deals to push favorable deals to secure land for themselves while displacing smallholder farmers.

The coffee market in Kenya is fragmented and complex. The root of corruption in the coffee business is

the lack of social and economic power of farmers to influence the market. There are 700,000 small coffee farmers in Kenya. These farmers are forced to sell their products through local growing cooperatives. There are 569 cooperatives in Kenya, however, farmers often work with the closest ones in order to prevent spoilage of their coffee beans. Coffee milling is managed by five mills with the Kenya Planters Cooperative Union (KPCU) running the largest mill and controlling 70% of milling capacity in the country. The coffee market is dominated by monopolistic businesses that limit the power of small farmers to negotiate deals for their benefit.

Njeri
2

Because coffee farmers rarely work directly with corporations they are limited in their autonomy. They are forced to become dependent on cooperatives and unions. Farmers all across Kenya are being taken advantage of because of corrupt practices. For example, Kenyan coffee farmer, Muri Kahunyo. He produced 1000kg of coffee and should have received at least \$1000- he ended up with less than \$200. In the late 1970s, during its first boom, the coffee market was a way of amassing profits. Now, large amounts of farmers are leaving the business.

The Coffee Board of Kenya (CBK) was established in 1934 to regulate the industry. The purpose of the Board is to prevent corruption and promote competition. The government established the Coffee Development Authority (CDA) in 1964 to support cooperatives and small farmers. It also provided farmers with technical assistance and raised \$3.98 million from local financial institutions to provide loans to cooperatives to build new processing factories. The Kenyan government also loosened restrictions on coffee farmers allowing them to set their own prices and determine which cooperative to work with.

Despite the numerous attempts of reforms on the coffee business corruption still prevails. This issue needs a multipronged approach to rid all the injustices. Through explicit policy changes, the Kenyan coffee market can be cleaned up. The first step is to promote transparency among all parties. Often, coffee farmers will not know how much their products are being sold for. A new policy will be initiated requiring all the parties involved in a trade to agree on pricing. This policy would increase the influence of the small farmer to advocate on their own behalf.

Currently, it costs \$500 to obtain a licensing fee to sell coffee in Kenya. For the average person in Kenya that is extremely high. This limits the ability of people with low incomes to invest in the coffee business. Keeping the licensing fee high perpetuates the monopoly culture that is heavily prevalent in the Kenyan coffee market. A new policy will be implemented lowering the licensing fee to \$250. This policy will empower smallholders to enter the coffee industry. This, in turn, will promote competition and reduce monopolies.

A new board-Coffee Farmers of Kenya (CFK)- seeking to protect the interest of farmers will be created. The board will be composed of farmers throughout Kenya. They will be given a platform where they can negotiate for their own interests. All coffee cooperatives and corporations will have monthly meetings with the CFK. At these meetings, negotiations will take place. All parties will have the opportunity to raise concerns and the board must take the time to hear them. The board will have field agents inspecting coffee farms ensuring they are up to code. The CFK will also provide legal assistance to any farmer who feels they have been taken advantage of. There will also be an anonymous whistle-blower system set in place. This system will allow people to file a complaint without fear of retaliation or being blacklisted. Whistleblower complaints will call out corruption and abuse of power. The complaints will then be discussed at committee meetings. The committee will also have town hall meetings with all members of the community. The public can address any concerns they have about nearby coffee farms or the coffee business in general.

Njeri

3

There will be no registration cost to join the Coffee Farmers of Kenya. Instead, the board will be supported by the United Nations. The United Nations works in many different fields, one of them being peacekeeping. Coffee rights have been known to become extremely violent. The board serves to maintain peace and equity which directly correlates to the mission of The United Nations.

There are many advantages that come with working with the UN. One, they are seen as a neutral third party in Kenya. This will eliminate perceptions of bias from parties involved in the coffee business. Furthermore, the UN at their disposal which will decrease the financial barriers that come with this project. The United Nations also has experts in Kenyan politics and government who are also natives of Kenya. This will make the parties involved feel comfortable and also provide for the best expertise.

Although it may seem appealing to employ foreign aid, it may not be the most effective solution. Kenya is already indebted to massive loans from other nations who have built a majority of Kenya's infrastructure. Some critics would argue that aid from other nations downplays Kenya's autonomy and self-reliance. Politics in Kenya are also fr too complex and will need the guidance of people native to the country

John Irungu is the president of public relations officer for the Coffee Board of Kenya (CBK), which oversees the sale of Kenyan coffee. He said that after all deductions, the farmer should receive 80% of the sale price. Since this had not been happening, the government-appointed new directors to the CBK to reform the industry. Changing the entire industry will need more than appointing new directors. Third-party auditors must also be introduced to maintain the equity of the industry. All coffee cooperatives and unions will receive random, bi-monthly checks to ensure that corruption is not continuing. Auditors will be randomly assigned to various stations to prevent biases from forming.

Going further, the CFK will send representatives to all major counties in Kenya. It is imperative that Kenyan farmers are aware of their rights as farmers. The CFK will also encourage unity among the farmers. For example, if a coffee company refuses to work fairly with one farmer, all member farmers will boycott that company. Coffee companies in Kenya maintain their power by exploiting farmers. However, with unity and perseverance, this will happen no longer.

The board will also perform monthly inspections on all members of parliament. Kenyan politicians have been found to receive bribes from coffee unions. The bribes encourage these lawmakers to turn a blind eye to the injustices of the coffee industry. The CFK will have the power to bring charges of corruption against any member of parliament. The board will then have to prove the accused of being guilty. The accused will be liable to submit financial documents, meeting notes, briefs, and anything else the board deems necessary. There will be measures set in place, however, to protect lawmakers from false accusations. The board will have to convince a jury of the accused guilt. The jury will be made of people from various social and economic statuses.

Njeri
4

The previously mentioned policies will have great effects on the Kenyan economy. The coffee business will steadily become level, allowing for smallholders to make a profit in the industry. This will encourage small farmers who had previously abandoned the business to return. An increase in farmers will increase competition and GDP. Quality of life along with economic mobility will improve. Prices of coffee will decrease, encouraging local consumption. The policies, however, are not set in stone. They will be reviewed biannually and changes based upon effectiveness. The board will vote on policies to decide whether they should be continued. The Kenyan general public will also have the opportunity to share their concerns at monthly town hall meetings. The policies must allow for any person to speak freely about their concerns. Otherwise, instead of dismantling monopolistic systems, a new one will just take its place. Balance is key when shifting power balances, especially in a fairly young country such as Kenya. Carefully implementing these policies will make the economy more equitable and prosperous.

Njeri
5

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