Brewing Success: How Fair-Trade Enterprises is Revolutionizing Kenya's Tea and Coffee Markets with KIEP 250+

The Kenya Industry and Entrepreneurship Project (KIEP) is a private-sector support program implemented by the Ministry of Investments, Trade, and Industry (MITI) with support from the World Bank. KIEP 250+ is KIEP's Component 2, aimed at increasing innovation and productivity in selected private sector firms by providing technical assistance to improve managerial and technical skills and enhance access to and use of technology, enabling these firms to compete internationally.

KIEP 250+ targets fast-growing SMEs with an annual average income of KES 50 million and operating within the government's target sectors to propel economic growth: Manufacturing, Agriculture, Housing and Settlement, Healthcare, Digital Superhighway, and the Creative Economy. Business improvement initiatives of eligible SMEs are supported through a combination of business advisory and performance-based grant funding. Participating SMEs undergo a business diagnosis scan and agree on a Performance Improvement Plan (PIP) that identifies gaps to be addressed to increase innovation and productivity. KIEP 250+ offers an integrated package of consultancy and business improvement services, plus financial support aimed at increasing managerial and technical skills, strengthening innovation, upgrading processes and technology, and promoting market linkages.

FairTrade Enterprises (FTE) is a registered social enterprise founded in 2013 and based in Kenya dealing with commodity trading and specializing in the export of avocados and passion fruits. It is also a Cohort 1 SME in KIEP 250+. FTE has been packaging, processing, and exporting avocados for the past nine years, collaborating with farmers in Murang'a, Embu, Kirinyaga, Meru, and Bomet. They have faced numerous challenges that hindered their productivity, profitability, and growth. The challenges include reliance on two crops, selling products without value addition, overreliance on B2B models, and limiting their access to fair trade and organic premiums. Avocado, being their main trade commodity, is a seasonal commodity whose peak sales months are between March to August. Therefore, the company had six months between September and February where there was minimal to no fruit processing. Due to the seasonal nature of avocado trees, farmers also faced income instability during off-seasons. To mitigate against this, FTE ventured into the tea and coffee value chains, which thrive under similar climatic conditions as avocados. Mr. James Weru, the CEO and Founder of FTE, fully attributes this venture to the support received from KIEP 250+.

In Kenya, there is currently an absence of single-origin, organic, and Fair Trade-certified tea and coffee. While the country is renowned for its high-quality tea and coffee, these certifications, which ensure traceability, organic farming practices, and fair wages for farmers, are not commonly found. The introduction of these certified products would not only enhance the market value of Kenyan tea and coffee but also improve the livelihoods of smallholder farmers through better prices and sustainable farming practices. FairTrade Enterprises (FTE) is actively working to fill this gap by developing and certifying new blends of tea and coffee, aiming to bring these premium products to the market.

To achieve this, FTE's first intervention under KIEP 250+ was the construction of fixtures and fittings for a new tea and coffee processing go-down. The go-down was equipped with durable, slip-resistant epoxy flooring that is environmentally friendly and easy to maintain.

The second intervention under the project is product diversification for tea and coffee brands. This involved several key activities: obtaining EU Organic and FLO Fair Trade certifications for its tea blends, facilitated by their contracted Business Development Service Providers, Control Union, and FLO Cert; automating specialty tea packaging by purchasing a tea packaging machine for flat tea bags and acquisition of a machine for packaging pyramid tea bags; developing product descriptions and packaging designs; and consulting on marketing strategies for specialty tea and coffee. With support

from KIEP 250+, FTE also contracted a tea and coffee blending expert to create unique specialty tea and coffee blends, with completion expected by the end of July 2024. The third intervention under KIEP 250+ focuses on digital marketing for the new tea and coffee blends. The development of a new website and social media accounts is underway, set to launch alongside the new tea and coffee blends by the end of July 2024.

With FTE's move into the coffee and tea value chains, farmer livelihoods will be improved through constant income streams from the tea and coffee harvests that would supplement their earnings from avocado harvests. This aligns with FTE's commitment to empowering smallholder farmers. The company has also undertaken several initiatives to support farmers and the local community, such as training sessions on organic farming practices. Since 2023, FTE has been paying the annual National Hospital Insurance Fund remittances for their contracted farmers, supporting their contracted farmers who have an average age of 65 years and tend to need medical attention more frequently in comparison to individuals in younger age brackets. Additionally, FTE runs a tree planting program in collaboration with the local community and schools, having already planted 800 trees in partnership with the neighboring Ngararia Primary School.

By the end of the KIEP 250+ project implementation, FTE aims to have hired over 100 people to support its new tea and coffee blend production processes. This expansion reflects FTE's ongoing commitment to fostering sustainable agriculture and improving the livelihoods of smallholder farmers in Kenya.

Figure 1. FTE's new tea and coffee processing godown at their facility in Ngararia, Murang'a County

Figure 2. Mr. Bernard Kimtai, FTE Technical Manager (Left) and Mr. James Weru, CEO FTE (Right) inside the new tea and processing godown.