

(Legislative Supplement No. 49)

LEGAL NOTICE NO. 120

THE CROPS ACT

(No. 16 of 2013)

THE COFFEE (GENERAL) REGULATIONS, 2016

ARRANGEMENT OF REGULATIONS

PART I—PRELIMINARY

1—Citation and Commencement.

2—Interpretation.

3—Purpose of the regulations.

PART II—FUNCTIONS OF THE AUTHORITY

4—Functions of the Authority.

PART III—REGISTRATION AND LICENSING

5—Registration.

6—Application for a licence.

7—Prohibition against operating without a licence.

8—Issuance of Licences.

9—Limitation of a coffee trader's licence.

10—Conditions of licence.

11—Licensing Procedure.

12—Duration of licences.

13—Movement permits.

14—Obligations of licensees.

PART IV—COFFEE PRODUCTION AND PRIMARY
PROCESSING

15—Notification after planting or uprooting coffee.

16—Notification after change of details of farm or estate.

17—Coffee production and processing standards.

18—Certification of coffee.

19—Prohibition in issuance of coffee seeds or seedlings.

20—Requirements relating to coffee milling.

PART V—COFFEE TRADE AND MARKETING

- 21—Coffee marketing.
- 22—Coffee sales.
- 23—Sales catalogue.
- 24—Coffee promotions.
- 25—Coffee warehousing in designated warehouses.
- 26—Export and import of coffee.
- 27—Prohibition against misrepresentation of blended coffee.
- 28—Coffee Warrant.
- 29—Exemptions.
- 30—Activities of the Authority.

PART VI—QUALITY ASSURANCE

- 31—Quality Assurance for coffee industry.
- 32—Appointment of inspectors.
- 33—Prohibition against removal of labels, seals etc.
- 34—Surveillance.

PART VII—GENERAL PROVISIONS

- 35—Arbitration.
- 36—General penalty.
- 37—Revocation.
- 38—Transitional.

SCHEDULES

- FIRST—Application Forms, Licences, etc.
- SECOND—Requirement and Fees
- THIRD—Obligations of Licensees
- FOURTH—Standard Coffee Grades
- FIFTH—Sales Catalogue

THE CROPS ACT, 2013

(No. 16 of 2013)

IN EXERCISE of the powers conferred by Section 40 of the Crops Act, 2013 the Cabinet Secretary, in consultation with the Authority, makes the following regulations—

THE COFFEE (GENERAL) REGULATIONS, 2016

PART I-PRELIMINARY

1. These regulations may be cited as the Coffee (General) Regulations, 2016 and shall come into operation on such date as the Cabinet Secretary may, by notice in the Gazette, appoint.

Citation and commencement.

2. In these, Regulations, unless the context otherwise requires—

Interpretation.

“Act” means the Crops Act, 2013;

“agent” means a person appointed by a grower to carry out any functions licensed under these regulations on behalf of the grower;

“auction” means the system under which coffee is offered for sale at the Nairobi Coffee Exchange;

“Authority” means the Agriculture and Food Authority established under Section 3 of the Agriculture and Food Authority Act, 2013;

No. 13 of 2013

“Board” means the Board of the Authority established under section 5 of the Agriculture and Food Authority Act 2013;

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for agriculture;

“certified coffees” means coffees produced under tenets of a recognized certification scheme bearing a certification mark;

“coffee” means the plant botanically known as *Coffea* species (L.) and includes the fruit, whether on the plant or detached therefrom, the seed in form of either *buni*, parchment coffee, clean coffee, roasted beans or ground coffee;

“coffee association” means a registered group comprised of coffee growers, either in co-operative societies or estates, coffee unions, coffee millers, traders, roasters, or companies, which has been registered by the Authority and given a registration certificate for purposes of these Regulations;

“coffee branding” means the identification of coffee by defined characteristics, a specific name or origin;

“coffee business” includes operating a coffee nursery, pulping, milling, warehousing, marketing, trading, roasting and packaging coffee;

“coffee certification” means a system that distinguishes a coffee product as being sustainably grown on the basis of economic viability,

environmental conservation, social responsibility and ensures traceability;

“Coffee Directorate” means the directorate established in respect of coffee pursuant to section 11(4) of the Agriculture and Food Authority Act, 2013;

“coffee estate” means any area of land or group of parcels of land not being less than two acres in size in aggregate under the same ownership on which coffee is grown, or land which has an average production of not less than twenty thousand kilogrammes of cherry per year over a period of three years;

“coffee miller” means a person licensed by the Authority in consultation with the respective county government to conduct the business of coffee milling;

“coffee milling” means mechanical hulling or de-husking of parchment or *buni* coffee and includes the polishing and grading of the clean coffee;

“coffee sales proceeds” means monetary consideration received in exchange for coffee purchased at the auction or through direct sales;

“coffee roaster” means the holder of a roaster’s license.

“coffee standards” means the Kenya Coffee Standards issued by the Kenya Bureau of Standards;

“coffee trader” means a person licensed to buy coffee at the Exchange or to import coffee;

“coffee warrant” means an instrument prepared by the Exchange of which the person named therein, or the last endorsee thereof, shall for all purposes be deemed to be the owner of the coffee to which it relates;

“coffee year” means a period of twelve months beginning on the 1st October of one year and ending on the 30th September of the following year;

“collateral manager” means an institution appointed by the Authority to take custody of coffee at a licensed warehouse ;

“co-operative society” means a co-operative society registered under the Co-operative Societies Act;

“county government” shall have the meaning assigned to it under Article 176 of the Constitution of Kenya 2010;

“dealing in coffee” means dealing with the crop within the meaning of the Act;

“direct sale” means a contractual arrangement between a grower and a buyer for the sale of clean coffee based on mutually accepted terms and conditions enforceable in law based on the indicative price as recommended by the Pricing Committee;

“Exchange” means the Nairobi Coffee Exchange or any other Exchange licensed by the Capital Markets Authority;

“grower” means any person who cultivates coffee in Kenya and is registered with the County Government and the Authority;

“grower miller” means a grower who mills parchment or *buni* from own holding and includes a co-operative society or union which mills its members’ coffee;

“inspector” means an inspector appointed by the Authority and includes a county agricultural officer designated by the Authority by notice in the Gazette;

“licensee” means a person licensed by the Authority;

“licensing authority” shall have the meaning assigned to it under the Act;

“manufacturing” means processing coffee by pulping, milling and roasting;

“out-turn number” means an identifying number issued by a miller in respect of coffee delivered to a mill;

“out-turn milling statement” means a statement prepared by a miller after the completion of the milling process;

“private miller” means a person who mills parchment or *buni* coffee from his or its own coffee estate;

“primary processing” means the process of removal of coffee pulp from cherry, fermentation, washing and drying to the standard moisture content to obtain parchment;

“prompt date” means a date specified in the sales catalogue, not being more than seven calendar days from the date of the sale, for the receipt of coffee sales proceeds by a broker from the trader;

“pulping station” means a coffee factory or place where coffee cherry is processed into parchment coffee;

“respective county government” means the government of the county within which the land where activities to which these regulations apply is situated;

“sales catalogue” means a standard document prescribed by the Authority and prepared by a miller for sale of clean coffee at the Exchange;

“settlement account” means an account by a grower in the central depository system operated by the Exchange into which all coffee sales proceeds are paid;

“sweepings” means the balance of coffee samples in the sample room not distributed as samples to the traders and spillages collected from millers’ milling activities which are handed over to the brokers for sale, provided that the proceeds accruing shall be paid to growers on pro-rata basis;

“trading floor” means the physical space and all the facilities including; equipment, records and assets provided by or belonging to or in the use of the Exchange;

“warehouse” means a storage facility licensed by the Authority for the storage of coffee, and which is specifically designed to guarantee the quality and safety of the coffee;

“warehouseman” means any person who owns, leases or is in charge of a warehouse where coffee is handled and stored for reward or profit;

“warehousing receipt” means a certificate issued by a licensed coffee warehouseman in respect of coffee stored in a licensed warehouse for purposes of collateral.

3. The purpose of these regulations is to provide for the regulation, promotion and development of the coffee industry in Kenya.

Purpose of the Regulations.

PART II—FUNCTIONS OF THE AUTHORITY

4. (1) The Authority shall in the performance of its functions under these Regulations act through the Coffee Directorate, which shall carry out such activities and do such other things as are necessary to promote, develop and regulate the coffee industry for the benefit of coffee growers and the coffee industry.

Functions of the Authority.

(2) In consultation with the respective county governments the Authority shall—

- (a) facilitate the issuance of coffee trade and manufacturing licenses,
 - (b) co-ordinate training programmes for players in the coffee value chain;
 - (c) enforce national regulations and quality standards in the coffee industry;
 - (d) collect, collate and maintain information and data base on the coffee industry including current and future production, processing, marketing and consumption;
 - (e) conduct market intelligence and promotion activities on Coffee both locally and internationally;
 - (f) establish linkages with various government agencies including county government and private research institutions for the conduct of studies and researches designed to promote the production, marketing, processing and consumption of coffee;
 - (g) develop and promote strategies and initiatives for value addition;
 - (h) promote the application of the National Coffee Kenya Mark of Origin by local and international industry players;
 - (i) recommend general industry guidelines for interaction between coffee farmers and manufacturers; and
 - (j) promote the development of regional appellations for Kenyan coffee.
- (3) The Authority shall develop a Coffee Industry Code of

Practice for all holders of licences under these Regulations.

PART III—REGISTRATION AND LICENSING

5. (1) Every coffee grower shall register with the County Governments and the Authority for purpose of data collection. Registration.

(2) A grower who joins a co-operative society or any other association or legal entity, shall notify the Authority through that co-operative Society or other entity;

(3) The Authority shall maintain up-to-date registers of all coffee co-operative societies, coffee associations, coffee estates and nursery operators.

6. (1) Every person intending to engage in coffee business shall apply to the Authority or the County Government, as the case may be, using the respective application forms set out in the First Schedule, and shall be issued with the registration certificate or licence, as the case may be, in the corresponding forms set out in the same Schedule. Application for a licence.

(2) Every coffee dealer shall produce the certificate or license respectively issued under subregulation (1) upon request by an inspector at all reasonable times.

(3) The Authority shall maintain up-to-date records of all persons registered or licensed under this Regulation.

7. (1) No person shall, for commercial purposes—

(a) buy, sell, pulp, mill, warehouse, export or otherwise deal in or transact any business in coffee unless he holds a current licence issued by the Authority or the respective County Government for that purpose. Prohibition against operating without a licence.

(b) transport or be in possession of any coffee unless he is licensed to carry out any of the activities specified in paragraph (a) and holds a valid movement permit issued—

(i) in the case of parchment, by the licensing authority of the respective county; or

(ii) in the case of clean coffee, by the Authority.

Provided that—

(a) where a grower applies for a licence under paragraph (a) in respect of own coffee, such licence shall be issued by the Authority without undue delay; and

(b) paragraph (b) shall not apply to a grower moving own coffee between the farm and the pulping station.

(2) An application for a movement permit in respect of parchment shall contain evidence of the competitive sourcing of the miller or other service provider to whom the coffee is intended to be delivered.

8. (1) The following certificates and licences shall be issued by the respective county government in consultation with the Authority—
- Issuance of Licences.
- (a) a coffee nursery certificate authorizing the holder to operate a coffee nursery; and
 - (b) a pulping station licence authorizing the holder to operate a pulping station who is a co-operative society, an association, a company or an estate grower.
- (2) The following certificates and licences shall be issued by the Authority in consultation with the respective county governments-
- (a) a coffee grower's milling licence authorizing the holder, being a co-operative society or other legal entity comprising growers, to pulp, mill, market or roast coffee;
 - (b) a commercial miller's licence authorizing the holder to conduct the business of milling coffee at a fee;
- (3) The following licences shall be issued by the Authority—
- (a) a coffee roasters' licence authorizing the holder to conduct the business of roasting coffee for local sale or for export;
 - (b) a warehouseman's licence authorizing the holder to conduct the business of warehousing coffee;
 - (c) a coffee trader's licence authorizing the holder to buy clean coffee from the Exchange or import clean coffee from outside Kenya for processing in Kenya for sale locally or for export;
- (4) The licences issued under this Regulation shall be subject to such conditions as the issuing authority may prescribe.
- (5) A grower may enter into an agreement with other growers within the same county or region for purposes of accessing economies of scale in pulping, milling, warehousing, marketing or roasting coffee, and shall for that purpose-
- (a) apply for the necessary licences from the Authority; or
 - (b) where the parties to the agreement already hold such licences, inform the Authority accordingly in writing.
9. (1) A holder of a coffee trader's licence or any other entity associated with such holder shall not be licensed as a commercial miller or warehouseman.
- Limitation of a coffee trader's licence.
- (2) The Authority may revoke any licence which is found to be held in contravention of subregulation(1).
10. (1) The issuance of the licences specified under these Regulations shall be subject to the applicants meeting the respective requirements for such issuance set out in Part A of the Second Schedule and payment of the applicable fees as specified in Part B of the same Schedule.
- Conditions of licence.
- (2) The Authority shall not issue a licence under these Regulations unless the person meets the conditions for licensing;

(3) All licensees shall specify the premises upon which the business specified in the license shall be conducted.

(4) Every licensed person shall comply with the Coffee Industry Code of Practice.

(5) Every licensee shall submit a letter of undertaking to remit returns to the Authority.

(6) A license holder who contravenes the terms and conditions of the licence shall be liable to have his licence suspended or revoked.

11. (1) The Authority may, after inspection and evaluation of an application received under these Regulations, grant the licence applied for or reject the application.

Licensing procedure.

(2) Where an application is rejected, the Authority shall notify the applicant accordingly, giving reasons for the rejection and pointing out the reasons leading thereto within fourteen days after the date of the decision of the Authority.

(3) The applicant may resubmit an application following such rejection after addressing the issues raised in the notification from the Authority.

(4) Where an application is rejected after resubmission under subregulation (3), the applicant may appeal to the Cabinet Secretary within thirty days after notification of the rejection by the Authority.

(5) The Authority shall process the licences for successful applicants in accordance with the provisions of the Act.

12. Licences issued by the Authority shall expire on the 30th June of every year and license holders wishing for renewal thereof may apply by 1st June preceding the expiry of the license.

Duration of licences.

13. (1) The movement of coffee shall be managed through the issuance of movement permits by the licensing authority of the respective county, provided that no movement permit shall be issued under these Regulations to any person other than a licensee, and the licensee shall not alter the particulars entered thereon.

Movement permits.

(2) No person shall move coffee or cause any coffee to be moved without an original movement permit issued by the Authority in accordance with subregulation (1).

(3) Duplicate copies or photocopies of the original movement permit shall not be used for coffee movement.

(4) Any vessel used for coffee transportation shall conform to Kenya Coffee Standards

(5) The movement permit for parchment from a pulping station operated by a Co-operative Society shall authorize such transportation to millers within the county or the next nearest miller in the interest of saving on costs.

(6) The licensing authority shall monitor the movement of parchment coffee between stores and the movement of clean coffee and hulled *buni* to the market in order to ensure that the coffee is safe and to avoid any illegal coffee dealings.

(7) Any person who moves coffee contrary to this Regulation commits an offence.

14. (1) Licensees under these Regulations shall observe the obligations set out in the Third Schedule.

Obligations of licensees.

(2) The obligations set out in the Third Schedule shall be implied in every contract between a grower and a grower's agent.

PART IV—COFFEE PRODUCTION AND PROCESSING

15. (1) Every grower who plants or uproots coffee shall, within six months after doing so, notify the Authority or county government in writing of the area of coffee planted or uprooted for purposes of record.

Notification after planting or uprooting coffee.

(2) Every grower who is a member of a co-operative society and who plants or uproots coffee shall, within three months of doing so, notify the co-operative society in writing of the area and number of trees planted or uprooted for purposes of record.

(3) The co-operative society to which a report is made under subregulation (2) shall notify the Authority accordingly in every year after registering such details from the grower.

16. Any grower who changes the details of his farm or estate as registered with the Authority, whether on a subdivision of the estate or otherwise, shall report such changes to the Authority for purposes of record.

Notification after change of details of farm or estate.

17. The Cabinet Secretary shall develop a coffee industry policy which shall articulate coffee production, processing and marketing practices towards adoption of modern coffee production and processing technology.

Coffee Production and processing standards.

18. (1) The Authority shall promote coffee certification schemes for Kenyan coffee.

Certification of Coffee.

(2) The certification schemes operating within the coffee industry shall be registered with the Authority.

(3) Certified coffee shall be identified and labelled according to the respective certification schemes for traceability.

(4) Coffee growers and millers may seek certification to ensure quality of service and market confidence.

(5) Certified coffees shall be declared by the miller in the sales catalogues and sold in accordance with Guidelines for the Sale of Certified Coffees as provided by the Exchange.

(6) The standard coffee grades shall be as provided in the Fourth Schedule.

19. (1) No person, other than the Kenya Agricultural Livestock and Research Organization or its authorized agents operating laboratories or tissue culture units under their supervision, shall issue certified coffee seeds or seedlings for multiplication in any coffee nursery for distribution to any other grower or for export.

Prohibition in issuance of coffee seeds or seedlings.

(2) No person shall establish or operate a coffee nursery unless the person is registered with the respective county in consultation with the Authority.

(3) A person shall not be issued with a certificate of registration for a nursery, unless an inspector—

- (a) visits and inspects the site and is satisfied that the site is suitable for establishment of a nursery; and
- (b) is satisfied that the nursery operator or their agents have adequate knowledge of nursery management and production techniques.

20. (1) The milling of coffee may be carried out by-

- (a) a coffee grower or grower's co-operative society, under a coffee grower's milling licence, or
- (b) a commercial miller under a commercial miller's licence.

Requirements relating to coffee milling.

(2) Coffee milling shall only be conducted at premises that are specified as such in the register maintained by the Authority.

(3) A miller shall ensure that the grower or grower's representative is notified and is present during the milling process.

(4) A commercial coffee miller shall take out insurance cover against fire, theft and other risks for all coffee delivered for milling and for milled coffee which has not yet been handed over for marketing.

(5) Every miller shall account for mill spillage or sweepings and all other coffee by-products to the Authority and the growers at such intervals and in such format as may be prescribed by the Authority.

(6) The Authority shall from time to time prescribe the maximum proportion of milling losses allowable per parchment type and publicize the information in such a manner as to be easily accessible to the grower.

(7) A grower who mills his own coffee shall ensure production and delivery records are submitted to the Authority in form C3 set out in the First Schedule.

(8) For purposes of direct sales, a miller shall categorize and bulk coffee to meet specific market requirements as instructed by the grower and in the best interest of the grower.

PART V—COFFEE TRADE AND MARKETING

21. (1) Kenya Coffee shall be traded through—

- (a) auction at the Exchange; and
- (b) direct sales:

Provided that—

- (a) the prices offered at the direct sales shall bear a favourable comparison to those offered by the Exchange; and

Coffee marketing.

(b) the Exchange shall set aside one day in every fortnight for the trading of coffee by local traders.

(2) The Authority shall set up a Pricing Committee comprising of seven members drawn from the National and county governments and the Exchange to propose indicative coffee prices based on the prices prevailing at the Exchange and in the international market and on the quality of coffee from the various coffee growing regions in the country.

22. (1) A coffee estate, co-operative society or other association may undertake direct sales of clean coffee from a licensed coffee warehouse and shall notify the Authority accordingly.

Coffee sales.

(2) The notification under subregulation (1) shall contain the details of the contract of sale.

(3) Direct sales shall be conducted in accordance with guidelines issued by the Authority.

(4) The proceeds of the sale of coffee by auction or by direct sales shall be deposited in a central depository unit established by the Exchange in consultation with the Authority and which shall operate in accordance with the trading rules of the Exchange.

23. (1) Millers shall prepare a sales catalogue in consultation with the Exchange and growers for all the coffee transferred to a warehouse in accordance with the trading rules referred to in Regulation 22(4).

Sales Catalogue.

(2) A sales catalogue shall contain the particulars set out in the Fifth Schedule.

24. (1) The Authority shall co-ordinate coffee stakeholders, including growers and marketers, for the holding of international events for the promotion of Kenyan coffee in the international arena.

Coffee promotions.

(2) Respective county governments may mobilize growers for centralized coffee marketing in the overseas markets and conduct promotional activities both locally and internationally within the established legal framework.

25. (1) All coffee shall be stored in warehouses duly licensed by the Authority in consultation with the county governments.

Coffee warehousing in designated warehouses.

(2) No premises shall be designated as a coffee warehouse by the Authority unless the premises are inspected, approved, and registered as such.

(3) A licensed warehouse shall conform to the standards issued by the Kenya Bureau of Standards and shall be duly certified by a public health officer.

(4) The Authority shall cause warehouses and warehousing activities to be inspected on a regular basis.

(5) No warehouseman shall have a lien of any nature over coffee whether in his possession or not.

(6) Every warehouseman shall insure all coffee in his warehouse or under his custody against fire, theft and other insurable risk.

(7) No coffee shall be removed from a warehouse without a coffee warrant issued by the Exchange and registered with the warehouseman.

(8) A person who operates a warehouse in contravention of this Regulation commits an offence.

26. (1) No person shall export coffee or cause any coffee to be exported unless a phytosanitary certificate of inspection is presented to the Commissioner of Customs and Excise along with a certificate of origin or a certificate of re-export, as the case may be, relating to such coffee.

Export and import of coffee.

(2) No coffee grown outside Kenya shall be entered into Kenya in transit for export unless accompanied by a certificate of origin.

(3) No coffee imported into Kenya shall be re-exported in any condition or quantity other than that in which it was imported into Kenya except with a certificate of re-export.

(4) A certificate of origin for coffee produced outside Kenya shall be valid only if issued by the certifying agency of the relevant country and endorsed and completed by the relevant government agency of that country.

(5) A certificate of origin for coffee grown in Kenya, and any certificate of re-export for coffee grown outside Kenya but re-exported from Kenya, shall be issued only by the Authority.

(6) The Authority shall authorize and monitor the importation of coffee into Kenya.

27. (1) A person who blends any or various grades of coffee produced in Kenya with any other coffees produced outside Kenya shall not represent such coffee as coffee having its origin in Kenya.

Prohibition against misrepresentation of blended coffee.

(2) Any person who contravenes the provisions of this regulation commits an offence.

28. (1) A warehouseman shall, after every sale of coffee and upon confirmation of payment, issue to the purchaser a coffee warrant in such form, and containing such details of the coffee purchased, as the Authority may prescribe.

Coffee Warrant.

(2) No person shall alter any certificate of origin, certificate of inspection or certificate of re-export, coffee warrant, warehouse receipt or other document prepared for purposes of these regulations.

29. (1) Nothing in these regulations shall apply to the export or dispatch of any coffee when the coffee concerned—

Exemption.

(a) consists only of a sample or a parcel not exceeding twenty kilogrammes in weight; or

(b) is for consumption on ships, aeroplanes or other international carriers.

30. The Authority shall carry out activities for purposes of —

Activities of the Authority.

(a) advertising the merits of Kenyan coffee and increasing its sale to expand existing markets and entering new markets and matters incidental thereto;

- (b) promotions, exhibitions and trade fairs for the display of the Kenya coffee in the domestic and international markets;
- (c) collection and dissemination of statistics and other information relating to Kenya coffee and its production, distribution and consumption;
- (d) regulation and compliance activities;
- (e) promotion of product diversification and value addition; and
- (f) any other lawful purpose for the development of the coffee sub-sector.

PART VI—QUALITY ASSURANCE

31. (1) The Authority shall establish and enforce standards in grading, sampling and inspections, tests and analysis, specifications, units of measurement, code of practice and packaging, preservation, conservation and environmental sustainability and transportation of coffee.

Quality Assurance
for Coffee
Industry.

(2) The Authority shall develop a training curriculum and conduct examinations for coffee liquorers in consultation with industry stakeholders.

(3) Liquoring certificates shall be issued by the Authority to persons who pass the liquoring examinations in accordance with these regulations.

(4) Any qualified person intending to offer liquoring services shall apply to the Authority for certification.

(5) The Authority shall develop guidelines for the establishment of independent cupping centers at the counties for the purpose of coffee quality analysis and maintenance.

(6) Coffee quality analysis at the cupping centers shall be carried out only by certified liquorers.

(7) Quality Assurance officers from the Authority may whenever the need arises, carry out assessments on coffee quality maintenance at any premises that handles coffee, along all stages of the value chain.

(8) The Authority shall demand evidence of engagement of a registered coffee liquorer by a miller or trader licensed under these regulations.

32. (1) The Authority may appoint inspectors to conduct independent inspection of a grower's farm, a mill warehouse or the premises of a coffee trader to ascertain whether the requirements of the Act and these regulations are being complied with.

Appointment of
inspectors.

(2) In carrying out an inspection under subregulation (1) the inspectors shall—

- (a) monitor activities along the value chain of coffee to ensure compliance with set regulations and standards;
- (b) undertake inspections to ensure compliance with these regulations;

- (c) ensure that all people dealing with coffee adhere to the conditions of registration and licensing set out in the Second Schedule.

(3) An inspector shall work in collaboration with the County executive committee member for agriculture of the respective county in the discharge of functions under this regulation.

(4) A grower, miller, warehouseman or trader shall afford the inspector full and free access and all necessary assistance to any such inspector during the inspection.

(5) No coffee grower, miller, agent, trader, or warehouseman or their agents shall deny entry to an inspector acting in the course of that inspector's duty or obstruct an inspector from making an entry or conducting an inspection of a mill or other premises.

33. No agent or person employed by an agent shall, otherwise than with express written authority of a grower, remove labels or seals or open technically sewn or closed packets of coffee unless for the purpose of inspection to determine their validity and genuineness or with other reasonable cause.

Prohibition against removal of labels, seals, etc.

34. The Authority shall conduct periodic surveillance within coffee-growing counties and among millers, processing plants, warehousing facilities, retail outlets, export points, and exporters' premises to assess the degree of compliance with the coffee industry policy, standards, code of practice and the general well being of the coffee industry.

Surveillance.

PART VII—GENERAL PROVISIONS

35. (1) Where any dispute arises between any two or more persons licensed or registered under these Regulations, the dispute may be resolved through arbitration or relevant rules made by the Cabinet Secretary.

Arbitration.

No. 26 of 2013.

36. (1) A person who contravenes any provisions of these Regulations commits an offence.

General penalty.

(2) A person who commits an offence under these Rules for which no other penalty is provided shall be liable to a fine not exceeding five hundred thousand shillings or to a term of imprisonment not exceeding one year or both.

37. The Coffee (General) Rules 2002 are revoked.

Revocation.

38. (1) Notwithstanding Regulation 37-

Transitional.

(a) all licenses for coffee business existing before the coming into operation of these regulations shall remain valid until their expiry, and shall thereafter be renewed under these Regulations;

(b) all marketing agent and dealers' licences in force immediately before the operationalization of these Regulations shall remain valid until the 30th September, 2016.

(c) any person who immediately before the coming into operation of these regulations was an agent for a grower may upon such operationalization apply to the Authority for licensing under these Regulations;

(2) The Authority shall within a period of ninety days after the operationalization of these Regulations put in place a mechanism for the discharge of all liabilities attaching to or in respect of any of the institutions concerned with the growing, milling or marketing of coffee immediately before the operationalization.

FIRST SCHEDULE

(R. 6)

Form A1

APPLICATION FOR REGISTRATION OF A COFFEE NURSERY

(1) Personal Information

Name of Applicant (new /renewal):

(Attach National ID)

Sub county: Location

Location..... Division

Land Registration No/Plot No

(Attach copy of Title deed, lease agreement or other supporting document.)

Contact Details:

Postal Address

Email

Telephone:

(2) Nursery Information

Where the applicant is a company or co-operative society, supply the County with:

- (a) A certified copy of certificate of incorporation/registration;
- (b) A certified copy of memorandum and articles of association/ constitution/by laws;
- (c) Names and address of Directors.
 - (i)
 - (ii)
 - (iii)
 - (iv)

(3) Nursery Category (tick as appropriate)

(a) Commercial

(b) Private

CONDITIONS:

The registration requirements shall be as provided in these Regulations.

Date: Signed:

(4) (a) County Inspector Comments

.....

.....

.....

.....

(b) AFFA County Officer Comments:

.....

.....

.....

.....

(5) Nursery Certificate Approval

<p>FOR OFFICIAL USE</p> <p>Approved/Not Approved.....</p> <p>The County Executive Member in Charge of Agriculture</p> <p>Signature.....Date.....</p> <p>Stamp:</p>
--

(To be filled in duplicate and copy sent to AFFA)

FIRST SCHEDULE

Form A2

NURSERY REGISTRATION CERTIFICATE

Valid fromto.....

Name of Certificate holder:

Postal Address

Email.....

Telephone:

Location:Sub-location.....

Village/Road.....Division:.....

County.....

L.R. No. or Plot No:

Nursery Code:

Nursery Category (tick as appropriate)

Commercial

(a)

(b) Private

Is hereby registered to operate coffee nursery on the above L.R. No/Plot no. in the above (county)

Terms and conditions

1. Nursery operators shall maintain records of source of seed, amount of allocated seed, seedlings raised and seedlings bought.
2. Nursery operators shall remit returns to the County on a quarterly basis
3. The source of seed shall be only the Coffee Research Institute or its authorized agents.

FOR OFFICIAL USE

Approved/Not Approved.....

The County Executive Member in Charge of Agriculture

Signature.....Date.....

Stamp:

(To be filled in duplicate and copy sent to AFFA)

FIRST SCHEDULE

Form A3

COFFEE NURSERIES RETURNS

1. Name of Nursery /Owner:
2. Address: Postal Postal Code..... Email.....
3. Telephone:
4. Location:.....Sub-location.....Village/Road.....
5. Division:County.....
6. L.R. No. or Plot No:
7. Nursery Code.....
8. Period of returns from.....to.....
9. Source of planting materials (seed /seedlings/ cuttings).....

Seedling Stock

<i>Variety</i>	<i>Balance B/f from previous quarter:</i>	<i>Amount of planting material allocated</i>	<i>No. of seedlings raised</i>	<i>Total seedlings available</i>
Ruiru 11				
Batian				
Traditional (Specify)				
Others				
Total				

Seedlings Sales

<i>No.</i>	<i>Date</i>	<i>Name of Buyer</i>	<i>ID No</i>	<i>Receipt No. Issued</i>	<i>No of Seedlings Sold</i>				<i>Total</i>
					Ruiru II	Batian	Traditional	Others	
1									
2									
3									
4									
5									
		Total							

Prepared by:

Name:..... Designation:.....

Signature:..... Date:.....

Stamp:.....

(To be filled in duplicate and copy sent to AFFA)

Form B1

APPLICATION FOR PULPING STATION LICENCE

1. Name of Applicant: (Individual/organization)
2. Postal Address:..... Postal Code.....
E-mail..... Telephone:.....
3. Location..... Sub-Location:.....
Village/Road.....
County:.....
Proposed Name of farm (where applicable):
4. L.R. No
(Attach copy Title Deed/Lease Agreement/Other supporting document).
5. Registration Certificate of a co-operative: society/Company.....
6. (Attach certified Copy) Application is made for permission to erect/operate a factory for the pulping of coffee in accordance with the particulars given above, which are hereby certified to be correct by the applicant(s):—
Name.....Signed.....Date.....
Name.....Signed.....Date.....
Name.....Signed.....Date.....
7. Land under mature coffee.....No of Trees.....variety.....
8. Production for immediate past three years

<i>Year</i>	<i>Production (kg)</i>

9. Source of water.....
[Attach Clearance by water department, where applicable]
10. County Inspector Comments:
.....
.....
.....
.....
(b) AFFA County Officer Comments:
.....
.....
.....

FOR OFFICIAL USE

Approved/Not Approved.....

The County Executive Member in Charge of Agriculture

Signature.....Date.....

Stamp:

*(To be filled in duplicate and copy sent to AFFA)***Form B2****PULPING STATION LICENCE**

Valid fromTo.....

1. Name.....Grower's Code

2. Contacts:

Postal Address.....

E-mail.....

Telephone:

3. Location:

Sub County: Division:

Location:Sub location:

Village/Road:.....

Proposed Name of farm (where applicable):

Is/are hereby authorized to operate a factory for the pulping of cherry

Subject to the terms and conditions:

1. This licence shall be only for pulping own coffee.
2. The County may cancel, vary or suspend the license issued to any person if such person fails to comply with terms and conditions of the licence.
3. The pulping stations shall submit their pulping returns to the County on bi-annual basis
4. A pulping licence may be suspended where the licensee, without any good reason acceptable to the County, continues to default in submitting return

FOR OFFICIAL USE

Approved/Not Approved.....

The County Executive Member in Charge of Agriculture

Signature.....Date.....

Stamp:

(To be issued in duplicate and copy sent to AFFA)

AGRICULTURE AND FOOD AUTHORITY

FORM C1

APPLICATION FOR COFFEE MILLING LICENCE

Tick as appropriate:

Grower-miller;

Commercial-miller

1. Name of applicant (new/renewal-delete as appropriate)
2. Postal Address: Postal Code
3. Email.....Telephone number.....
4. Location.....Sub locationvillage/road.....
5. Division.....County
6. L.R. No. / Plot No.....
7. Milling capacity:-
 - a) Parchment.....tonnes per hour
 - b) Buni.....tonnes per hour
8. License category (tick as appropriate)—

Estate	<input type="checkbox"/>	Co-operative Society	<input type="checkbox"/>
Other	<input type="checkbox"/>		

Application is here made for authority to erect/operate a coffee milling plant;
particulars given are hereby certified to be correct:
9. Catchment Area:
- Applicant Signature.....
- Date

AGRICULTURE AND FOOD AUTHORITY

FORM C2

MILLING LICENCE**Tick as applicable:****Grower-miller;****Commercial miller.**

License No. Authority's Code.....

Valid from.....to.....

Name

Address: postal.....Postal Code.....

EmailTelephone number.....

Location.....Sub locationvillage/road.....

Division.....County

L.R.No./Plot.....Location.....

Is/are hereby authorized to

(a) erect/operate a coffee milling plantL.R. No. /Plot
No.....

(b) to pulp and mill coffee;

(c) to market and roast coffee.

Signature..... *Date***Agriculture, and Food Authority****Subject to Terms and Conditions overleaf:**

1. The Authority may vary, suspend or cancel the milling license issued if the holder fails to abide with the terms and conditions of the license.
2. The millers shall submit their milling returns to the Authority on a monthly basis.
3. A milling license may be suspended where a licensee, without any good reason acceptable to the Authority, continues to default in submitting returns.

(To be filled in duplicate and copy sent to respective County Governments)

FORM D1

APPLICATION FOR A COFFEE TRADER'S LICENCE

1. Name of Applicant (Grower/Commercial) (new/renewal-delete as appropriate)
.....
2. Address Postal Code.....
3. Registered address Building.....
Street.....
Town/City..... L.R. No.
4. Date of Incorporation.....
5. Registration No.....
6. Name of Company
7. Physical Address
8. Location of the principal office.....
Address.....
Telephone
- Fax..... E-mail.....
9. Details of the capital structure
 - (a) Nominal capital KSh.
 - (b) Paid up capital KSh.
10. Full names, addresses and occupations of the directors:

	<i>Name:</i>	<i>Address:</i>	<i>Occupation:</i>
1.
2.
3.
4.
11. Branch Office(s) if any
Address:.....
Building Street
- Town/City..... L.R. No.
- Telephone
- Fax.....
- E-mail.....
12. Name, Address and Telephone of the Chief Executive:
Name:

Physical Address

Telephone:

Postal Address:.....

Professional Qualifications:.....

Experience:.....

- 13. I/We certify that we have read and understood the coffee, Regulations currently in force and I/We also understand that the licence and registration certificate granted on this application may be cancelled and penalties and punishment may be imposed on each of us if any document or statement submitted by us in the course of this application is false or materially misleading.

Date.....

Name of Director..... Signature

Name of Director..... Signature

Name of SecretarySignature

- 14. Additional registration requirements shall be as per the fourth schedule of these forms.

(To be filled in duplicate and copy sent to respective County Governments)

AGRICULTURE AND FOOD AUTHORITY

FORM D2

COFFEE TRADER'S LICENCE

Licence No. Authority's Code.....

Valid from.....to.....

Name

Address: postal.....Postal Code.....

EmailTelephone number.....

Location.....Sub locationvillage/road.....

Division.....County

L.R.No./Plot.....Location.....

AGRICULTURE AND FOOD AUTHORITY

FORM E1

APPLICATION FOR A COFFEE ROASTER'S LICENCE

1. Name of Applicant
 - a.
2. Address Postal Code.....
3. Registered address Building.....
 - a. Street.....
 - b. Town/City..... L.R. No.
4. Date of Incorporation (fill 4-10 if applicable, if not write N/A)
5. Registration No.....
6. Name of Company
7. Physical Address
8. Location of the principal office.....
 - a. Address.....
 - b. Telephone
 - c. Fax.....E-mail.....
9. Details of the capital structure
 - a. Nominal capital KSh.
 - b. Paid up capital KSh.
10. Full names, addresses and occupations of the directors:

<i>Name:</i>	<i>Address:</i>	<i>Occupation:</i>
1. -----	-----	-----
2. -----	-----	-----
3. -----	-----	-----
4. -----	-----	-----
11. Branch Office(s) if any
 - a. Address:.....
 - b. Building Street
 - c. Town/City..... L.R. No.
 - d. Telephone
 - e. Fax.....
 - f. E-mail.....
12. Name, Address and Telephone of the owner/Chief Executive:

- a. Name:
 - b. Physical Address
 - c. Telephone:
 - d. Postal Address:.....
 - e. Professional Qualifications:.....
 - f. Experience:.....
13. I/We certify that we have read and understood the Coffee, (General) 2013 Regulations currently in force and I/We also understand that the license and registration certificate granted on this application may be cancelled and penalties and punishment may be imposed on each of us if any document or statement submitted by us in the course of this application is false or materially misleading.
- a. Date.....
 - b. Name of Director..... Signature
 - c. Name of Director..... Signature
 - d. Name of SecretarySignature
14. Additional registration requirements shall be as per the fourth schedule of these forms.

(To be filled in duplicate and copy sent to respective County Governments)

AGRICULTURE AND FOOD AUTHORITY

FORM E2

COFFEE ROASTER'S LICENCE

Licence No. Authority's Code.....

Valid from.....to.....

Name

Address: postal.....Postal Code.....

E-mailTelephone number.....

Location.....Sub locationvillage/road.....

Division.....County

L.R.No./Plot.....Location.....

AGRICULTURE AND FOOD AUTHORITY

FORM F1

APPLICATION FOR A WAREHOUSEMAN'S LICENCE

1. Name of Applicant (new/renewal-delete as appropriate).....
2. Postal Address.....Postal Code.....
3. Registered Office..... Building.....Street.....
Town/ City..... L.R. No.....
4. Date of Incorporation.....
5. Registration No.....
6. Name of Company.....
7. Physical Address.....
8. Location of the Principal Office.....
Address.....
Telephone.....
Fax.....E-mail.....
9. Details of the Capital Structure:
(i) Nominal Capital KSh.
(ii) Paid Up Capital KSh.
10. Full Names, Address and Occupations of the Directors:

<i>Name</i>	<i>Address</i>	<i>Occupation</i>
1.
2.
3.
11. Branch Office (s) if any
Address:.....
Building..... Street.....
Town/ City..... L. R. No.....
Tel:.....Fax:.....
E-mail:.....
12. I/ We hereby apply for a license as a Coffee Warehouseman and to carry on a business of Coffee Warehouseman
Date:.....
Name of Director.....Signature.....
Name of Director.....Signature.....
Name of Secretary..... Signature.....

13. I/ We certify that we have read and understood the coffee regulations currently in force and understand that the licence granted on this application may be cancelled and penalties and punishment may be imposed on each of us if any document or statement submitted by us in the course of this application is false or materially misleading. I/ We also certify that the information given above is correct.

Date:

Name of Director.....Signature.....

Name of Director.....Signature.....

Name of Secretary..... Signature.....

14. The additional registration requirements shall be as per the fourth schedule of this forms

AGRICULTURE AND FOOD AUTHORITY

FORM F2

WAREHOUSEMAN'S LICENCE

Authority's Code:

THIS LICENCE is granted to..... of P.O. Box..... and authorizes the said.....to conduct the business of a Coffee warehouseman in the Republic of Kenya for a period of one (1) year from theday oftoday of(both days inclusive).

THIS LICENCE is issued subject to the maintenance of the requirements for approval and the provisions of the Coffee (General) Regulations currently in force and the Rules made thereunder and to such conditions as are stipulated herein.

Warehouses, whether owned or rented, used for storage of clean coffee or hulled *buni* shall comply with international standards for clean coffee warehousing.

THIS LICENCE is not transferable.

ISSUED at Nairobi thisday of20.....

Signed.....

Agriculture and Food Authority

Subject to terms and conditions set out hereunder:

1. A warehouseman shall not engage in any business that is contrary to the provisions of the Coffee Regulations
2. A warehouseman shall maintain a record of all transactions undertaken and avail them to an authorized officer of the Authority or any other appointed authority upon request.

SECOND SCHEDULE**(R.10(1))****REQUIREMENTS AND FEES****A—LICENSING REQUIREMENTS****(a) Nursery Certificate**

1. Individual National ID/Passport No and PIN
2. Suitable land site for establishment of a nursery
3. Reliable source of clean water
4. Accessibility of nursery site for inspection and materials transportation
5. Any other requirements that may be prescribed by the Authority from time to time

In addition, where the applicant is a company/society

- (i) A certified copy of certificate of incorporation/registration (in the case of companies or societies)
- (ii) A certified copy of memorandum and articles of association;
- (iii) Names of directors/officials

(b) A Pulping station Licence

1. Applicants personal details and contacts.
2. Individual National ID/Passport No. and PIN.
3. Copy of title deed or certificate of leasehold of a duration of lease of not less than six years as proof of ownership *or* proprietorship and a current certificate of search or other supporting documents.
4. A minimum of 2 acres of coffee or 20,000kgs of cherry on a average of three years.
5. Any other requirements that may be prescribed by the Authority from time to time

(c) Grower Miller's Licence

1. Applicant's personal details and contacts
2. Individual's National ID No.
3. Where the applicant is a corporation, a certified copy of certificate of incorporation.
4. A certified copy of memorandum and articles of association (if No. 3 applies).
5. A paid-up share capital of not less than Ksh. 100,000.
6. Names of company directors, individual National ID/ Passport No and Pin Numbers
7. Milling facilities.
8. Compliance with statutory requirements, including but not limited to, NEMA certificate Safety and Occupational Health Certificate and County Business Permit.
9. A certified copy of a comprehensive insurance cover from a reputable firm proportionate to volume of coffee handled as per insurance valuation.
10. Proof of engaging services of a coffee liquorer registered by the Authority.
11. Lease or establishment of a Coffee Mill upon approval by the Authority.

12. Any other requirements that may be prescribed by the Authority from time to time.

(d) A commercial coffee miller's licence

Same requirements as grower/miller's licence.

In addition, the holder shall present a Tax compliance certificate from the Kenya Revenue Authority.

(e) Roaster's License

1. Applicant's personal details and contacts.
2. Individual National ID/Passport No.
3. If applicant is a company—
 - (a) A certified copy of certificate of incorporation
 - (b) A certified copy of memorandum and articles of association
 - (c) A paid up share capital of not less than KSh.100,000/=
 - (d) Names of company directors, individual National ID/Passport No, Pin Numbers
4. Tax compliance certificate from Kenya Revenue Authority (KRA) for the Company

5. If applicant is a registered business-

- (a) Certificate of Registration
- (b) Particulars of the proprietors - individual National ID/Passport No, Pin Numbers
- (c) Compliance with statutory requirements, including but not limited to, NEMA certificate (where applicable) Safety and Occupational Health Certificate (where applicable) and Business Permit.
- (d) Any other requirements that may be prescribed by the Authority from time to time

(f) Coffee Trader's Licence

1. A certified copy of certificate of incorporation
2. A certified copy of memorandum and articles of association
3. A paid up share capital of not less than Kshs 300,000/=
4. Names of company directors, individual National ID/Passport No, Pin Numbers
5. Names and addresses of two business referees
7. Tax compliance certificate from Kenya Revenue Authority (KRA) for the Company
8. Clearance letter from the Nairobi Coffee Exchange (NCE) in the case of renewals
9. Compliance with Statutory requirements, including but not limited to, NEMA certificate (where applicable) Safety & Occupational Health Certificate (where applicable) and Local Authority Business Permit
10. A valid performance bond of Kshs.500,000/= in favour of the Directorate
11. Proof of engaging the services of a coffee liquorer registered by the Directorate

13. Undertaking to furnish the Directorate with monthly returns
14. Any other requirements that may be prescribed by the Authority from time to time
15. If applicant is a registered business, the certificate of registration and particulars of the proprietors.

(h) Warehouseman's Licence

1. A certified copy of certificate of incorporation
2. A certified copy of memorandum and articles of association
3. A paid up share capital of not less than KSh.300,000/=
4. Names of company directors, individual National ID/ Passport No, Pin Numbers
5. Names and addresses of two business referees
7. Names of company directors, individual National ID, Passport No. Pin Numbers
8. Tax compliance certificate from Kenya Revenue Authority (KRA) for the Company
9. Clearance Certificate by respective county governments
10. Compliance with Statutory requirements, including but not limited to, NEMA certificate Safety and Occupational Health Certificate and Local Authority Business Permit.
11. A certified copy of a comprehensive insurance cover from a reputable firm proportionate to volume of coffee handled as per insurance valuation
12. Compliance with minimum specifications as required by Kenya Bureau of Standards.
13. Undertaking to furnish the Authority with monthly stock returns
14. Any other requirements that may be prescribed by the Authority from time to time

B—Certificate and Licence Fees

The following license fees shall apply for the respective certificates and licenses:-

Category	AFA
	Amount(KSh.)/US\$
Application Forms	KSh. 1,000
Registration Certificate	KSh. ----
Nursery Certificate	KSh. 1,000
Pulping Station license	KSh. 1,000
Grower's milling Marketing license	KSh. 20,000
Commercial Coffee Millers license	US\$ 1,000
Roaster's License	KSh. 7,500
Coffee Commercial Warehouse License	US\$ 1,000
Trader	USD 500
Clean coffee movement permit	USD 1
Mobile Huller	KSh. 10,000

NB The fees specified herein shall be paid to the Authority and shared with the County governments in accordance with agreements negotiated by the two levels.

THIRD SCHEDULE**(R.14)****OBLIGATION OF LICENSEES**

The following are the operating standards and obligations which shall be binding upon the holders of the licence respectively specified (hereinafter referred to as "Licensee").

The contracts referred to in this Schedule shall contain all relevant information and shall expressly state all tariffs and charges payable thereunder.

The cost of the service shall not exceed 15% of the net earnings from the coffee sales and the same shall be stated in the agreement at the beginning of each year and the amount shall be paid by the growers upon receipt of payment for the coffee.

A. Pulping Station Licence

1. Where a licensee pulps coffee other than that from own estate, there shall be a service contract between the parties, and the licensee shall be deemed to be the agent of the grower and shall act in the best interests of the grower.
2. The licensee shall perform sorting and density grading of cherry immediately upon receipt.
3. The licensee shall weigh the grower's cherry using a credible weighing system, maintain an accurate record of the same and give an original receipt thereof to the grower immediately.
4. The licensee shall diligently and carefully carry out the process of removal of coffee pulp from the cherry, fermentation, washing and drying to the desired moisture content without delay and maintain the highest possible value of the coffee.
5. The licensee shall, if it has not done so, buy computers, digitize its coffee weighing scales and post the information of quantity and quality to a central database made accessible to the grower.
6. In parchment handling, the licensee shall do quality analysis of the dry parchment prior to storage and will mix only parchment that is of similar quality.
7. The licensee shall digitize stock cards.
8. The licensee shall insure the coffee against loss and damage while at the station and in transit.
9. The licensee shall reinforce the security of the station to guard against theft of coffee by its servants or other persons and where security of the parchment cannot reasonably be guaranteed, it shall transport the same to a safer location.
10. Before moving the coffee, the licensee shall apply for a movement permit for the coffee from the relevant authority and install a tracking device for the vehicle ferrying the coffee.
11. The licensee shall have the permits for the movement of coffee duly endorsed by the miller to acknowledge receipt of the parchment clearly indicating quantity and quality and shall file proper returns for the same which shall periodically be availed to auditors for verification.
12. In cases where the licensee is a co-operative society, its executive officials shall not borrow funds on behalf of the grower, but if expressly approved and passed at the

Annual General Meeting of the members of which the grower is one, borrowing may be done but only to cover the operational budget.

13. The licensee shall have no authority to receive the grower's money after sale of the coffee and payment shall be done directly to the grower from the Central Depository Unit or other agent appointed by the grower for that purpose, and the licensee shall receipt its agreed fees from the same unit or agent.

B. Milling Licence

A cooperative society or other entity delivers parchment coffee or *buni* to a mill for further processing at a fee and grants the licensee the authority to mill and deliver the coffee to a warehouse accredited by the Exchange and expressly stated in the contract to be the warehouse for the grower's coffee:

1. There shall be a service contract between the parties, a copy of which shall be forwarded to the Authority.
2. The cost of the service shall be agreed in terms of Kenya Shillings for every kilogram of processed parchment or *buni* at the beginning of each year and the same shall be paid by the grower upon sale of the coffee.
3. The licensee shall publish the tariffs that are approved by the Authority and shall not charge the grower more than the approved amounts.
4. The licensee shall be accountable to the grower for the coffee received and shall acknowledge receipt of the same from the grower or his authorized agent by endorsing the movement permit, confirming whether the volume, the grading and the owner of the coffee is as indicated in the permit and by issuing an identifying outturn number for the coffee so delivered.
5. The miller shall issue a goods received note (GRN) to the grower or his authorized agent and transmit data of the same to a central database operated and maintained by the licensee.
6. The licensee shall take the agreed sample of the parchment and distribute it between the grower and the regulator and retain a portion thereof.
7. The licensee shall, if it has not done so, digitize its weighing scales and its grading equipment to ensure precision and protect against loss of coffee volume.
8. In the event of bulking, the licensee shall indicate the minimum millable lot in the contract, inform the grower and receive the grower's consent to bulk his coffee with the coffee of others, file a log and share with the owners of the coffees being bulked, stating their names, volume, and quantities of the batches being bulked and provide each person in the bulk a copy of the sales receipt indicating the distribution of the value of the same upon sale.
9. The licensee shall provide a statement on milling losses and sweepings, stating the range of expected milling loss for every parchment type and *buni* as approved by the Authority, provide a target milling loss per delivery on analysis of the sample and grant the grower the right of advance adequate notification of the time and date of the milling of the grower's coffee to enable the grower to be present at the milling.
10. The licensee shall submit monthly milling returns to the Authority.
11. The licensee shall insure the coffee against loss and damage during milling and storage including insurance against theft by servant and shall install CCTV and

retain the CCTV files for the entire season and adhere to the security guidelines that may be set by the Authority.

12. The licensee shall not in any event lend money or make any advances or any other support to the grower.
13. The licensee's liquorers shall take out and maintain professional indemnity insurance covers.
14. The licensee shall file copies of the movement permit returns duly endorsed by the accredited warehouseman, upon delivery of the milled coffee to the warehouse.
15. The licensee shall provide copies of warehouse receipts to the grower and ensure that auditors have verified that movement permits were endorsed by the licensed warehouseman.
16. The licensee shall in consultation with the Exchange prepare a catalogue for the coffee to be offered for sale at the Exchange.

C. A Warehouseman's Licence

A grower or his authorized representative deposits the coffee in a licensed or accredited warehouse and the warehouseman takes custody of the coffee:

1. There shall be a service contract between the licensee and the owner of the coffee deposited in the warehouse in the custody of the licensee.
2. The cost of the service shall be agreed in terms Kenya Shillings per kilogram of the coffee stored at the warehouse at the beginning of each year and the same shall be paid by the grower upon sale of the coffee.
3. The licensee shall upon delivery of the coffee be accountable to the grower for the coffee received and shall acknowledge receipt of the same from the grower or his authorized representative by endorsing the movement permit, confirming whether the volume, the grading and the owner of the coffee are as indicated in the permit and by confirming the outturn number for the coffee so delivered.
4. The licensee shall issue warehouse receipt for the coffee so received in the name of the grower or his authorized representative.
5. The licensee shall issue a goods received note (GRN) and transmit data of the same to a central database operated and maintained by the Authority.
6. **The licensee shall publish tariffs** that will be approved by the Exchange operator and filed with the Authority.

The licensee shall take a sample of the grower's coffee for grading and distribution between the warehouseman, the Authority, the exchange and the grower.

7. The licensee shall not allow the grower's coffee to be sold without the knowledge and consent of the grower and will not allow the grower's representatives to borrow funds against the growers' coffee.
8. The licensee shall, if it has not done so, **digitize its weighing scales and its grading equipment, and it shall weigh and count all the bags of coffee delivered** to ensure precision and protect against loss of coffee volume.
9. The licensee shall not allow sweepings beyond the maximum stipulated by the Authority, and the warehouseman shall ensure that the value of any sweepings from

the warehouse is divided on *pro rata* basis between the growers whose coffee is at the warehouse at the material time.

10. The licensee shall not bulk coffee without informing the respective owners accordingly.
11. The licensee shall insure the coffee against loss and damage while in the warehouse storage including insurance against theft by servant, install CCTV, keep the CCTV files for the entire season and adhere to the security guidelines that may be set by the Authority.

FOURTH SCHEDULE - A**Kenya Standards****STANDARD COFFEE GRADES****(R.18(6))**

<i>Grade</i>	<i>General Description</i>	<i>Screen number on which beans are retained. (Size as per KSOS-174 or 150415-1980)</i>
E	Elephant – two beans joined together, a genetic defect and includes very large (bold) AA	Retained on 21 (size diameter 8.3 mm)
PB	Pea berries – one ovule develops in Coffee of the usual two	Through 17 retained on 12 (4.76 mm)
AA	Flat beans	Through 21 retained on 18 (7.2 mm)
AB	Flat beans	Through 18 retained on 16 (6.35 mm)
C	Small flat beans	Through 16 retained on 10 (3.96mm)
TT	Light density beans, from AA, AB and E grades by air extraction	
T	Smallest, consists of broken and small C	Through screen No. (2.9 mm)

Where a coffee grade is specified a minimum 95% of beans shall fall in that grade category.

FOURTH SCHEDULE - B**Specialty Coffee Grading Standards**

As issued by the Specialty Coffee Association of America (SCAA) or other such organization as per the protocol deposited with the authority.

FOURTH SCHEDULE – C**Certifications**

As issued by the certifying organization as per the protocol deposited with the authority

FIFTH SCHEDULE**SALES CATALOGUE****(R.23(2))**

1. The sales catalogue shall be prepared by the Miller in consultation with the growers and forwarded to the auctioneer at the Exchange.
2. The details to be included in the sales catalogue shall include-
 - (a) The name of the grower
 - (b) The name of the Miller;

- (c) Sale Number;
 - (d) Day, date and time of the auction;
 - (e) The place of the auction shall be Nairobi Coffee Exchange, Nairobi;
 - (f) Total number of bags of coffee to be offered for sale;
 - (g) Name of the warehouse where the coffee is stored;
 - (h) The prompt date being the date on or before which proceeds are payable to the central depository unit of the Exchange;
 - (i) Terms and conditions of sale
 - (j) The date on which rent charges in respect of purchased coffee shall be due from the buyers to warehousemen at which the coffee is stored;
 - (k) The net weights as per warehouse weights (and unless otherwise stated coffee shall be packed in bags of 60 kg net, tare weight 1.1 Kgs but bids shall be on the basis of 50 Kgs), the bags used shall conform to the international coffee packaging standards.
 - (l) Lot numbers arranged serially per miller for all coffee offered for sale;
 - (m) The out-turn Number shown against each lot number and the registered distinguishing mark of the grower miller (whether Bulk, E/Bulk, P/Bulk, T/Bulk; Spillage, or sweepings) and out-turn Number arising from operations of grower/miller;
 - (n) Grade of the coffee (AA, AB, PB, E, C, T, TT, UG, HE, SB, ML or MH)
 - (o) Number of bags in the lot (a saleable lot shall not have be less than ten bags)
 - (p) Net weight of coffee in kilograms respectively
 - (q) Adequate space for inserting big prices by Traders.
3. The sales catalogue shall be prepared weekly or as frequently as the Authority may determine in consultation with marketing agents.
4. The saleable lots in the special auction dedicated to local roasters may comprise less than ten bags.

Dated the 14th June, 2016.

WILLY BETT,
Cabinet Secretary, Ministry of Agriculture and Livestock.