REPUBLIC OF KENYA

NATIONAL COTTON TEXTILE AND APPAREL POLICY

MINISTRY FOR INVESTMENTS, TRADE AND INDUSTRY

STATE DEPARTMENT FOR INDUSTRY

2024

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Foreword

The Cotton, Textile and Apparel policy is designed to revitalize the once thriving cotton industry in Kenya. The policy aims to increase cotton production, boost value-addition, create employment and skills development, enhance market access, promote sustainability, innovation, research and development in the CTA sector. By taking into consideration the historical challenges and present realities, the policy seeks to tackle the structural challenges grappling the sector through creation of an enabling environment for a robust sectoral growth across all the nodes of the value chain from farm to fashion.

As conceived, the policy is hinged on transformation of the sector through expansion of the ability to sustainably produce and process cotton into high value fabrics while simultaneously creating jobs, expanding export volumes and significantly boosting the manufacturing share of our GDP.

Cotton is a strategic crop under MTP IV of Kenya's Vision 2030 and a priority value chain under the Bottom-Up Economic Transformation Agenda. The government of Kenya reaffirms its commitment to the revival of the CTA sector through strategic investments across the value chain. Initiatives such as distribution of high-quality cotton seeds to farmers, modernization and upgrading of ginneries and textile mills, upskilling of textile clusters and setting a minimum guarantee price for cotton lint to catalyze growth in the sector. These efforts are supplemented by public private partnerships, foreign direct investments and export-oriented manufacturing through our Special Economic Zones.

Moreover, the policy takes into account environmental externalities and the adverse impacts of climate change and variability. Pollutants emanating from industrial and trade activities in the sector such as greenhouse gases, chemical pollutants and textile waste often end up degrading our environment and polluting our water bodies. This policy integrates sustainability principles throughout the value chain by embracing circularity, green manufacturing, climate-smart farming and low-carbon emissions. It is my firm belief that the Implementation of these targeted interventions will significantly contribute towards attaining Kenya's Nationally Determined Contribution (NDC) under the UN Framework Convention on Climate Change, to reduce GHG emissions by 32% by the year 2030.

An elaborate consultative framework involving key stakeholders was deployed in the developing this policy and I want to express my gratitude to them for their invaluable inputs. As a Ministry we are committed to bridge the gap between policy and practice by implementing the CTA Policy in line with our development goals, various trade agreements and industrialization aspirations.

Hon. Salim Mvurya Mgala E.G.H.
Cabinet Secretary
Ministry of Investments, Trade and Industry

Preface and Acknowledgement

Kenya once thrived as a dominant player in the Cotton, Textile and Apparel (CTA) value chain and stood as a leading foreign exchange earner. However, the sector collapsed due to trade liberalization and subsequent introduction of second-hand clothes. Despite the setback, the country has a huge potential to reclaim its past glory and compete effectively globally. With a youthful labour force, a strategic location and ideal climate for cotton production, Kenya's comparative advantage remains unmatched.

This policy aims to revitalize Kenya's cotton, textile, and apparel sector by addressing the key challenges that have contributed to its decline. Cotton production has decreased as farmers abandon the crop due to low profitability, limited support, and competition from synthetic fibers. The textile mills, once a stronghold of the sector, now face hurdles such as outdated machinery, high production costs, and heavy competition from imported textiles and second-hand clothing. Additionally, while Kenya's apparel industry is dynamic, it grapples with issues in quality, branding, and market access. By tackling these barriers, the policy seeks to unlock the sector's growth potential and enhance its global competitiveness. This calls for a whole-of-government approach that creates synergy and collaboration among various value chain actors and stakeholders.

The policy was developed through a consultative engagement process that convened all key stakeholders in the CTA value chain including Ministries, Departments and Agencies, Private sector, international organizations, development partners, financial institutions, academic and research institutions. This approach was designed to identify and address the strategic gaps in all nodes of the value chain. The policy development process was also evidence-based and data-driven, providing a clear picture of the current reality of the sector. The CTA policy structure also aligns to the 2024 guidelines on the development of National Government policies and legislations.

I wish to thank all stakeholders who have contributed to the development of this policy and look forward to similar collaborative approach in its implementation.

Hon. Dr. Juma Mukhwana, CBS
Principal Secretary
State Department of Industry

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[1]Hannah Ritchie, Pablo Rosado, and Max Roser, "Data Page: Seed Cotton Yields," in *Agricultural Production* (2023), data adapted from Food and Agriculture Organization of the United Nations, https://ourworldindata.org/grapher/cotton-yield?tab=chart&country=IND~CHN~KEN~BRA.

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[2] World Population Review. (2024). *Cotton production by country 2024*. https://worldpopulationreview.com/country-rankings/cotton-production-by-country

List of Abbreviations

AFC:	Agricultural Finance Corporation
AfCFTA:	African Continental Free Trade Area
AGOA:	African Growth and Opportunity Act
BCGA:	British Cotton Growing Association
BKBK:	Buy Kenya Build Kenya
Bt:	*Bacillus thuringiensis*
CAIPs:	County Aggregation and Industrial Parks
CECMs:	County Executive Committee Members
CMT:	Cut, Make and Trim
CoDA:	Cotton Development Authority
COMESA:	Common Market for Eastern and Southern Africa
CTA:	Cotton Textile and Apparel
EAC:	East African Community
EPZs:	Export Processing Zones
EU EPA:	European Union- Economic Partnership Agreement
FID:	Fund for Innovation in Development
IMF:	International Monetary Fund
KALRO:	Kenya Agricultural and Livestock Research Organization
KCLSMB:	Kenya Cotton Lint and Seed Marketing Board
KePHIS:	Kenya Plant Health Inspectorate Service
KICOMI:	Kisumu Cotton Mill
MDAs:	Ministries, Departments, Agencies
MFA:	Multi-Fiber Agreement
MT:	Metric Tonnes
MTP IV:	Fourth Medium Term Plan
NITA:	National Industrial Training Authority
NEMA:	National Environment Management Authority

PESTEL: Political, Economic, Social, Technological, Environmental, Legal

SAPs: Structural Adjustment Programs

SEZs: Special Economic Zones

SOE: State Owned Enterprise

UK EPA: United Kingdom- Economic Partnership Agreement

WRAP: Worldwide Responsible Accredited Production

Definition of Terms

Aggregation: Refers to the process of collecting and consolidating small-scale farmers' produce into larger quantities. This practice enables farmers to access better markets, negotiate higher prices, and reduce costs in logistics and distribution.

Area (ha): The land area dedicated to cotton cultivation, typically measured in hectares (ha), where 1 hectare equals 10,000 square meters.

Bt Cotton: A genetically modified type of cotton that includes genes from *Bacillus thuringiensis* (Bt), a soil bacterium that produces a protein toxic to certain pests, particularly the bollworm.

Cottonseed: The by-product of ginning, used for various purposes such as animal feed, cottonseed oil production, and other industrial applications.

Extension Services: These are educational and support services provided to farmers to improve agricultural practices, crop yields, and farm management. In cotton production, extension services may include training on sustainable farming practices, pest control, soil management, efficient water usage, and post-harvest handling.

Fabric: A material made by interlacing fibres or yarns through processes such as weaving and knitting.

Fibre: A thin, flexible, thread-like material that can be spun into yarn and used to make textiles.

Ginning: The process of separating cotton fibers from seeds, usually done in a gin.

Hybrid Seed: Hybrid cotton seeds are created by cross-breeding two genetically distinct parent plants to produce a new variety with desired traits, such as higher yields, resistance to diseases, or adaptability to specific climates.

Knitting: A textile technique that involves interlooping yarn to create fabric.

Lint Cotton: The raw cotton fiber separated from the seeds during the ginning process. Lint is the primary raw material used in textile manufacturing.

Natural fibre: A material obtained from plants or animals that can be spun into yarn and used to make textiles

Seed Cotton Price (Ksh/kg): The price per kilogram of harvested cotton.

Seed Cotton: The total harvested cotton, including both fiber and seeds. This is the initial product obtained from cotton fields before it is processed into cotton fiber and cottonseed.

Spinning: The process of twisting fibres together to form yarn or thread.

Synthetic Fibre: Man-made fibre produced through chemical synthesis.

Textile: A broad term that includes any material made through techniques such as weaving or knitting. It can be made from natural or synthetic fibre, yarn or fabric, or their blends.

Weaving: A textile technique in which two distinct sets of threads or yarns are interlaced to form a fabric or cloth.

Yarn: A long continuous strand of interlocked fibres used to make fabric, garments, or other textile products.

Yield (MT/ha): The quantity of cotton produced per unit area, measured in metric tons (MT) per hectare.

CHAPTER ONE
INTRODUCTION

This chapter covers the background information, policy issues and identification, rationale, policy goals and objectives, scope of the policy and the structure of the policy.

1.1. Background Information

1. The cotton industry first came to Kenya through the British Cotton Growing Association (BCGA) in 1906. In line with the British Colonial Policy, the local population was encouraged to grow cotton as part of the broader economic strategy to supply cotton lint to the British textile industry. As a result of the increased imports of cotton textile, the colonial government permitted simple import substitution in 1943 and encouraged village level spinning and weaving. By 1956 there were three spinning, knitting and weaving factories, several small apparel units and five large apparel factories. The cotton, textile and apparel sector continued to grow. After independence the government continued to employ import substitution measures and other controls to further grow the sector. As a result, cotton production peaked between the late 1970s and early 1980s. The sector supported both rural livelihoods and the industrial sector through employment in ginning, textile mills and apparel factories.

2. In the mid-1980s the industry began a sharp decline due to Structural Adjustment Programs (SAPs) imposed by the World Bank and the International Monetary Fund (IMF), and the introduction of used clothes (‘*mitumba*’) in the late 1980s.

3. By the 1990s, cotton production in Kenya had significantly declined due to, elimination of subsidies for inputs and deregulation of the sector. As a result, most ginneries and textile mills shut down due to lack of raw materials and financial viability.

4. Efforts to revive the CTA sector began in early 2000 when government reintroduced support programs. The Cotton Development Authority (CoDA) was established in 2006 to revamp the sector. Subsequently in 2008, the Kenya Vision 2030 included cotton as one of its strategic crops under the Economic Pillar. Under the fourth Medium Term Plan (MTP IV) plan that guides Kenya’s development between 2023-2027, the CTA value chain has been prioritized under the finance and production sector of the plan.

5. Concerning the apparel sub-sector, the African Growth and Opportunity Act (AGOA) enabled Kenya to revive the sub-sector through export of apparel duty-free to the US market. Kenya is currently the largest exporter under AGOA.

6. The fabric manufacturers did not however benefit from AGOA due to the third-party fabric provisions which enabled the apparel sub-sector to use majorly imported textiles. However, the Buy Kenya Build Kenya (BKBK) Presidential Directive which requires the disciplined forces to source apparel locally has contributed significantly to enhancing domestic consumption of locally produced textile and apparel.

7. Kenya currently has access to a domestic market of 50 million and an African market of over 1 billion people. Therefore, it can take advantage of the huge domestic and regional market to boost its economic growth through increased cotton production, value addition, job creation, increased foreign exchange earnings and revenue diversification.

1.2. Policy Issues and Identification

8. Globally, cotton is one of the key sectors that has contributed to the industrialization of many countries and provided income and livelihoods to millions of people. In Kenya, the CTA sector has significant potential to spur economic growth given the availability of land, favourable climatic conditions, skilled and adequate labour, access to domestic and global markets, geo-political advantages and political goodwill. However, this potential has not been fully realized.

9. While the CTA sector was a significant source of employment and economic growth during the period after independence until 1990, the sector has faced numerous challenges in recent decades. This has led to its decline as evidenced by decreased cotton production, underutilized ginneries and textile mills, inadequate infrastructure, and insufficient policy support. Consequently, there has been a loss of livelihoods across the value chain, including cotton farmers, and workers and owners of ginneries, textile mills, and apparel enterprises.

10. Data indicates that the area under cotton has declined from a high of 200,000 acres with a production of 70,000 bales annually in the 1970s, to the current area of approximately 30,000 acres with a production of 7,000 bales in 2023. Regarding textiles, mills are operating at 45% capacity, with only 15 out of 52 mills in operation.[3] Uptake of locally produced textile and apparel has declined

[3] The Cotton Industry Development Bill. Senate Bill, No.5 of 2023.

significantly since the 1990s with the increase of imports of textile and apparel, and second-hand clothes. According to the Economic Survey (2024), imports of second-hand clothes increased by 11.5% from 177,664MT to 198,084MT between 2022 and 2023. Regarding market access, Kenya has not yet fully utilized the benefits of its trade agreements such as AGOA, EU EPA and UK EPA, and regional integration arrangements such as EAC, COMESA and AfCFTA. These issues have hindered the sector's ability to compete globally and meet the growing domestic and international demand for quality textile and apparel products.

11. The government has commenced several initiatives across the CTA value chain to address the challenges. To increase cotton production, the government has introduced certified cotton seed systems, approved the commercialization of Bt cotton in 2019 and is undertaking research at improving cotton varieties, agronomic practices and processing technologies. Regarding the textile sub-sector, the government invested over Ksh.7 billion to modernize Rivatex Ltd, a government owned textile mill. Concerning the apparel sector, a Presidential Directive was issued (Buy Kenya Build Kenya) to boost local uptake of locally produced textiles and apparel. Other initiatives include periodic capacity building of small-scale apparel producers by National Industrial Training Authority (NITA) to improve the quality of their products and provision of incentives through incentivized programs such as the Export Processing Zones (EPZs) and Special Economic Zones (SEZs).

1.3. Rationale

1.3.1. National Development Plan

12. The government recognizes the importance of the CTA sector in national development. The revitalization of the sector requires a clear articulation of the course of action the government commits to undertake to address identified challenges in the sector to achieve specific developmental goals. These goals include reducing the cost of living through job creation, enhancing the country's economy by reducing dependence on imports through local production of textiles and apparel, and diversifying and increasing the country’s exports.

13. Kenya’s long-term economic blueprint, Kenya Vision 2030, the MTP IV, the Industrialisation Policy 2019 and the EAC CTA Strategy articulate several policy interventions for the CTA sector that would spur industrialization. These interventions are aimed at increasing cotton production, boosting value addition, and enhancing linkages with other sectors to facilitate industrialization, thereby increasing the manufacturing sector’s share to Gross

Domestic Product. This policy consolidates these interventions to coordinate government activities towards their effective implementation across the entire value chain.

1.3.2. Global Benchmarks

14. Globally, many countries with a thriving CTA sector have a policy to guide both domestic action and external engagement. For instance, China, India, Bangladesh and Turkey have policies that create backward linkages, support advanced technology, promote domestic production, enhance international competitiveness through modernization, provide export incentives and financial incentives for importation of raw materials and machinery, and integrate digital transformation.

15. The CTA sector in countries such as Benin, Ethiopia, Bangladesh, China, India and Indonesia have played a significant role in their economic growth through increased cotton production, government incentives, favourable trade policies, availability of labour, strong backward linkages in textiles, well-developed supply chain, investment in advanced technology and strategic investment in industrial parks specifically for textile and apparel manufacturing. These provide best practices that Kenya can leverage on in the on-going revitalization of the CTA sector.

1.3.3. Fragmented Interventions and Policies

16. The initiatives to revive the CTA sector are currently being undertaken by different ministries, departments and agencies, as the components of the CTA sector cut across the mandates of various MDAs. There is therefore a possibility of duplication of efforts and uncoordinated interventions, resulting in limited impact. In recognition of the negative impact of silo-interventions, the MTP IV provides for a value chain approach to development. Consequently, the Ministry of Investments, Trade and Industry was mandated to spearhead the CTA sector to address fragmented interventions not aligned to the spirit of a value chain approach.

17. In addition, there are different policies that address varied nodes within the CTA value chain. These include the Industrialisation Policy, Trade Policy and Kenya Investment Policy. However, there is no single policy that encompasses the entire value chain.

1.4. Policy Goal and Objectives

18. The overall goal of this policy is to transform Kenya's CTA sector into a globally competitive, inclusive, and sustainable industry that contributes to national economic growth, job creation, improved livelihoods and enhanced trade and investments opportunities.

19. The objectives of this policy are to:
    a. **Increase Cotton Production**: Increase cotton yield and production through improved farming techniques, access to quality seeds, farmer training programs and ensuring economic viability.
    b. **Boost Value Addition**: Promote investment in ginneries and textile and apparel manufacturing to enhance value addition and competitiveness.
    c. **Create Employment and Develop Skills**: Generate sustainable employment opportunities and skills development across the entire value chain and promote MSMEs participation.
    d. **Enhance Market Access**: Expand the market for Kenyan textile and apparel products, focusing on both local, regional, and international markets by leveraging trade agreements, export incentives, and investments in trade facilitation infrastructure.
    e. **Promote Sustainability**: Implement environmentally sustainable and socially responsible practices within the CTA value chain.
    f. **Enhance innovation, research and development:** Give a supportive environment for innovation, research and development in the CTA sector.

1.5. Scope of the Policy

20. The CTA policy addresses the cotton value chain, including cotton farming and ginning, textile and apparel manufacturing, and domestic and foreign trade, ensuring integration and efficiency across all stages. While the policy focuses on cotton, emerging fibers such as banana, wool and silk fibers will be briefly discussed. It will be implemented at the national and county level, in collaboration with relevant institutions.

1.6. Structure of the Policy Document

21. The structure of this policy aligns to the guidelines provided in Chapter Four of the 'Public Policy Handbook for Kenya, 2024' as per the diagram below.

FIGURE 1: Structure of a Policy Document

Source: Public Policy Handbook for Kenya (2024)

- **Chapter One:** Introduction
  This chapter provides background information on the need for the development of this policy.
- **Chapter Two:** Situation Analysis
  This chapter describes the current status, challenges and trends of the CTA sector. It will also examine the existing legal and institutional frameworks, and regional and international frameworks that informed the development of the policy.
- **Chapter Three:** Policy Statement
  This chapter outlines the policy statement expressing government commitments to address the challenges in the CTA sector.
- **Chapter Four:** Framework for Implementing the Public Policy
  This chapter provides coordination and administration mechanisms for policy administration.
- **Chapter Five:** Monitoring and Evaluation
  This chapter explains how policy strategies and actions will be monitored and evaluated.
- **Chapter Six:** Policy Review Interval
  This chapter shall provide for policy review activities to ensure the effectiveness of its implementation and its capacity to respond to emerging issues in the sector.

CHAPTER TWO
SITUATIONAL ANALYSIS

22. This chapter gives an overview of the history, current status, trends and challenges of the cotton, textile and apparel value chain. The challenges and interventions have been identified through a comprehensive literature review and extensive stakeholder engagement sessions involving Ministries, Departments, and Agencies (MDAs), as well as County Executive Committee Members (CECMs) and cotton cooperatives. Additionally, insights gathered from roundtable meetings with ginneries, textile mills, training institutions, financial institutions, international organizations and other private sector members engaged in cotton production, value addition and market access in the CTA sector have contributed to a comprehensive understanding of the sector's dynamics. These collaborative efforts have highlighted critical areas that require innovative solutions to enhance the productivity, sustainability, and overall competitiveness of the CTA sector in Kenya.

23. The identified challenges have been categorized using the PESTEL model, which encompasses Political, Economic, Social, Technological, Environmental, and Legal factors as described in the table below.

TABLE 1: PESTEL Analysis

Category	Definition
Political	Challenges originating from political systems, governance frameworks, or government actions that can hinder or impact the development, adoption, or success of a policy.
Economic	Challenges that negatively affect growth and stability of the economy such as high costs of production and unemployment.
Social	Challenges that affect many people, limit their potential, and require collective action to solve.
Technological	Challenges related to development, adoption, change and integration of technology.
Environmental	Challenges related to sustainability, pollution, climate change, and natural resources.
Legal	Challenges involving law, compliance, enforcement, rule of law and legal disputes.

24. By structuring the challenges in this manner, stakeholders can better understand the complexities and interdependencies that shape the industry, facilitating the development of targeted interventions. This approach not only highlights the

critical areas for improvement but also fosters a strategic dialogue among stakeholders to address the pressing issues faced by actors in the CTA sector.

25. This chapter further examines existing legal and institutional frameworks and their relevance to the CTA sector. Regional and international frameworks and experiences of other countries are also examined to draw lessons to guide the identification of gaps and way forward.

26. The CTA value chain has several nodes that are distinct but interlinked. Therefore, to conduct an effective value chain analysis, three thematic areas have been identified and will guide the analysis. These are:
    - **Pillar 1:** Cotton Production and Ginning
    - **Pillar 2:** Value Addition: Textile and Apparel
    - **Pillar 3:** Market Access: Domestic and Foreign

2.1. HISTORICAL CONTEXT OF THE CTA SECTOR: PRE-COLONIAL AND COLONIAL KENYA

27. The history of the CTA sector in Kenya can be traced back to the pre-colonial era. Interestingly, it commenced with trade in textile and apparel. This increased trade necessitated the introduction of cotton growing in the country by the British colonial government.

28. This section gives a history of the CTA sector in Kenya and covers trade, cotton production and value addition.

2.1.1. Introduction of Textile in Kenya through Trade

29. Textile manufacturing has been the engine of industrialization of countries globally, including the Industrial Revolution in Britain. Prior to mechanization in the 18th and 19th centuries, textile and apparel manufacturing was a cottage industry. Weaving and spinning however date back to 3000 B.C.

30. The mode of dressing and body covers for indigenous people of Kenya was mainly hides and skins decorated with ostrich feathers and beads.[4] Thus, production of textiles made from plant and garments from animal products commenced in Kenya centuries ago.

31. In addition to this indigenous textile production, literature indicates that the Greeks, Arabs, Indians and later Europeans also brought textile technology to

[4] Mercy V.W. Wanduara, "Looking at the Past and Current Status of Kenya's Clothing and Textiles," in *Textile Society of America Symposium Proceedings*, no. 1118 (2018), 4.

Kenya in the 14th century.[5] These foreigners were mainly explorers, missionaries and traders who travelled by ships and either landed at Zanzibar first or directly at Mombasa.[6] The *Kanga* arrived on the East Coast of Africa in the 15th century with Portuguese sailors. In the 19th century, African women sewed the handkerchiefs imported from Portugal, called *lessos*, into larger pieces of fabric, which then became known as the *Kanga*.[7] Hand-printed *Kanga* varieties were locally produced in Eastern Africa until the late 1960s while machine-printed versions were imported from Europe, then India, and the Far East.[8]

32. After its introduction, textile and apparel featured widely as major items of trade and were carried by caravans into the interior of the country.[9] This led to the replacement of skin garments with cloths made of textile. Textile also started to feature prominently in ceremonies, rituals and other cultural and economic activities of several communities in Kenya thereby increasing its demand.[10]

33. During the colonial period, the British imports of cloths took the lead while cotton growing and export of raw cotton commenced. This was in line with the British Colonial Policy which stated that their colonies were a source of cheap raw cotton for their manufacturers, who in turn supplied the colony with the manufactured textile and apparel.[11]

2.1.2. Introduction of Cotton Production and Ginning in Kenya

34. Cotton production was introduced to Kenya through the British Cotton Growing Association (BCGA) in 1906. It first began in the Nyanza region and parts of the coastal areas, where there were ideal climatic conditions for its cultivation. The local population was encouraged to grow cotton as part of the broader economic strategy to feed the British textile industry.[12]

35. In 1907, cotton ginneries became commonplace in Malindi, Kilindini, and Kisumu, with the hope of processing bountiful harvests of the cash crop from these areas. The first cotton ginnery was established in Kisumu by the British

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[5] Manoharlal Mavji Gohil, *The Historical Background of Textiles in Kenya* (master's thesis, University of Nairobi, 1983), 2.
[6] Gohil, *The Historical Background of Textiles in Kenya*, 21.
[7] Anawalt, Patricia R. *The Worldwide History of Dress.* London: Thames and Hudson, 2007.
[8] Mangieri, Tina. 2008. "African Cloth, Export Production, and Secondhand Clothing in Kenya." In *The Moving Frontier: The Changing Geography of Production in Labour Intensive Industries*, 301:318.
[9] Gohil, *The Historical Background of Textiles in Kenya*, 389.
[10] Gohil, *The Historical Background of Textiles in Kenya*, 388.
[11] Gohil, *The Historical Background of Textiles in Kenya*, 384.
[12] Kunwar, D. S. (n.d.). *Ginneries and cotton distribution in Kenya*. Department of Economics, University of Nairobi. Box 69965, Nairobi, Kenya.

East Africa Corporation.[13] Cotton became an important cash crop and local people grew and sold it to the local ginneries.

36. To ensure high cotton yields, the Cotton Ordinance was enacted in 1923 and revised in 1937.[14] It provided for the control of cotton seed varieties, the growing of cotton, storage, ginning and the fixation of prices.[15] Cotton growing expanded to Malindi, Kilifi, Taveta, Malakisi, Kibos, Nambare, Samia, Kitui, Fort Hall, Embu, Meru, Sagana and Lamu.[16]

37. Despite the provisions of the British Colonial Policy, the supply of raw cotton expanded beyond Britain because of the international agreements entered into by Britain with Belgium, Japan, Portugal, Italy and the United States of America to guarantee equality of access to trade in Africa. Thus, raw cotton was also exported to India, Burmah, Tanzania, Zanzibar, China, France, Germany, Italy, Spain and Japan.[17] By 1929, India was the biggest consumer of Kenyan raw cotton followed by Britain and Japan with the total export of cotton fetching £3,358,307.

38. As a result of this demand, cotton production expanded in the 1950s leading to the establishment of the Kenya Cotton Lint and Seed Marketing Board (KCLSMB) in 1955. The Board was mandated to regulate the cotton industry and facilitate the marketing of lint and seed[18]. Funds were availed to undertake specific development projects for the cotton growing districts. Roads were improved, bridges built and machinery for maintenance installed.[19]Consequently, the crop became central to smallholder farming communities in Western Kenya, Eastern Kenya, and parts of Central Kenya. It provided a reliable cash crop, particularly in areas where maize or other staples struggled due to climate.[20]

2.1.3. Introduction of Textile and Apparel Manufacturing in Kenya

39. Meanwhile, in line with the British Colonial Policy, imports of textiles grew for local consumption and distribution to neighbouring British colonies with Kenya

[13] Gohil, *The Historical Background of Textiles in Kenya*, 388.
[14] Gohil, *The Historical Background of Textiles in Kenya*, 388.
[15] Gohil, *The Historical Background of Textiles in Kenya*, 388.
[16] Gohil, *The Historical Background of Textiles in Kenya*, 389.
[17] Gohil, *The Historical Background of Textiles in Kenya*, 392.
[18] Kenya Fibre Crops Directorate. (n.d.). *Our history*. Agriculture and Food Authority. Retrieved September 9, 2024, from https://afa.go.ke/fibre/our-history
[19] Gohil, *The Historical Background of Textiles in Kenya*.
[20] Kunwar, *Ginneries and Cotton Distribution in Kenya*.

serving as a center for distribution of the imported cotton textile. This is illustrated in the figure below.

FIGURE 2: Comparative Imports of Cotton Textile (1927-1929)

Article	1927	1928	1929
1. Cotton Piece Goods	(Yards)		
i. Grey, unbleached	16,987,045	17,423,143	18,334,550
ii. Bleached	3,175,068	4,148,602	3,194,287
iii. Printed including Khangas	3,400,869	4,774,358	6,102,632
iv. Dyed in the piece	5,221,153	6,574,997	6,121,156
v. Coloured	8,305,865	11,219,798	10,718,414
2. Cotton Blankets	(Number)		
	1,668,688	2,459,862	2,485,606

Source: Gohil, *The Historical Background of Textiles in Kenya, 395, citing Blue Book 1929.*

40. As a result of the increased imports of cotton textiles, the colonial government considered permitting simple import substitution. Thus, in 1943, a hand spinning and weaving committee was established to introduce the craft to local communities at village level. The committee encouraged some spinning and weaving to be carried out at village industry level.

41. To further promote value addition in the colony, the colonial authorities established the Kenya Industrial Development Corporation in 1954 to facilitate the industrial and economic development of the colony by assisting in the set up and expansion of industrial and commercial undertakings.

42. Consequently, by 1956 three spinning, weaving and knitting factories were established in Nairobi and Nakuru while the apparel industry consisted of very small units with only five large establishments that produced 42% of the total value of production.[21]

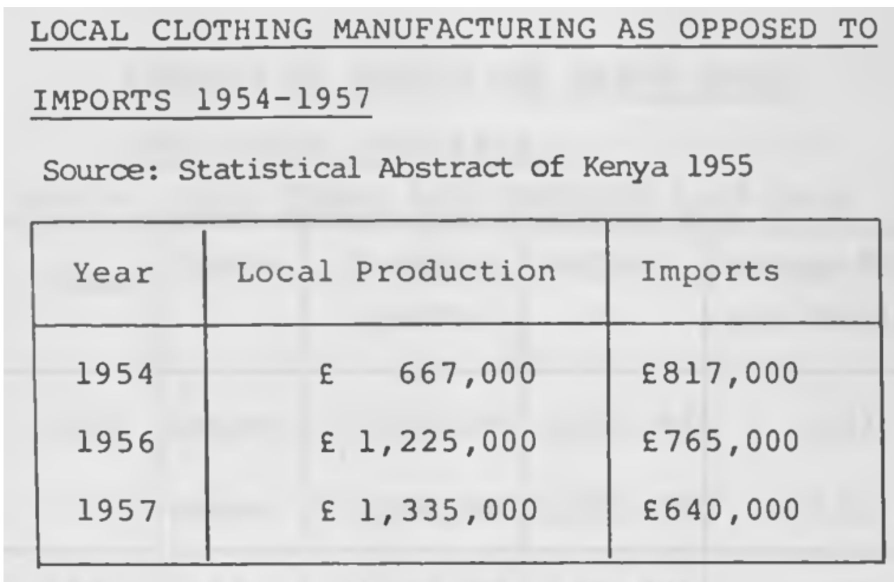
43. The apparel factories produced men suits, dresses, uniform, underwear and overalls. The production catered for all income groups in the colony. Jobs were

[21] Gohil, *The Historical Background of Textiles in Kenya*, 400.

created by the factories and the cotton, textile and apparel sector became an important contributor to the economic development of the colony. In particular, by 1956, the spinning, weaving and knitting factories had employed 308 persons while the apparel manufacturing factories had employed 1213 persons.

44. By 1957, the output value of the textile and apparel was £1,335,000. The figure below illustrates the growth of local apparel manufacturing. This growth led to reduced imports of apparel between 1954 and 1957.[22] However, the apparel industry relied on imports of textiles until 1958 when lower imports were recorded.

FIGURE 3: Local Apparel Manufacturing as Opposed to Imports (1954-1957)


LOCAL CLOTHING MANUFACTURING AS OPPOSED TO IMPORTS 1954-1957

Source: Statistical Abstract of Kenya 1955

Year	Local Production	Imports
1954	£ 667,000	£817,000
1956	£ 1,225,000	£765,000
1957	£ 1,335,000	£640,000

Source: Gohil, *The Historical Background of Textiles in Kenya*, 402, citing Statistical Abstract Kenya 1955

TABLE 2: Imports of Textile in Kenya – 1955-1958

YEAR	IMPORT	QUANTITY (Yards)	VALUE	AVERAGE PRICE PER YARD (Shillings)
1955	Cotton Textile	35,816,284	2,627,243	1.47
1956	Cotton Textile	41,582,599	2,896,574	1.38
1957	Cotton Textile	53,769,762	3,730,717	1.39
1958	Cotton Textile	40,247,299	2,807,585	1.40

Source: Gohil, *The Historical Background of Textiles in Kenya*, 403, citing Kenya Trade and Supplies 1955-1958 (table format modified).

[22] Gohil, *The Historical Background of Textiles in Kenya*, 402.

45. From 1958, the apparel industry started using local raw materials. In 1961, £1,000,000 was invested in Rayon and Cotton Mills at Thika. Thus, by end of 1961, the textile factories grew from two in 1957 to eight. Consequently, production increased from £138,000 in 1957 to £737,000 in 1961 and employment from 251 persons to 1,169 persons respectively.

46. Thereafter, in 1962, an ordinance was enacted to control imports thus importation was allowed in accordance with import licenses granted under the provisions of the ordinance.

2.2. THE CTA SECTOR IN POST-INDEPENDENCE PERIOD

47. After independence, the CTA sector remained key to Kenya's economy growth and development. The government recognized that a vibrant CTA sector was premised on strengthening cotton production and ginning as a foundation textile and apparel manufacturing, and domestic and foreign trade.

48. Thus, this section focuses on these key activities which are crucial for ensuring a sustainable CTA sector. It examines the growth of the sector after independence, the challenges that led to its decline and the interventions in place for its revitalization.

2.2.1. Pillar 1: Cotton Production and Ginning

49. Independence found an already vibrant CTA sector. In 1964, the first major cotton processing plant, Kisumu Cotton Mill (KICOMI), was founded. Its main goal was to cultivate locally grown cotton and process it into textile that could be sold in domestic and international markets.[23] It started with a workforce of 300 employees who grew to 2,000 by the 1970s.

50. Thereafter, cotton production peaked between the late 1970s and the early 1980s as the independence government prioritized cotton as a strategic crop due to its significance in the textile and apparel industry. Additionally, the government heavily subsidized cotton production through credit schemes, pest control programs, and a guaranteed pricing mechanism for farmers.[24] Other initiatives that the government systematically introduced in the sector during

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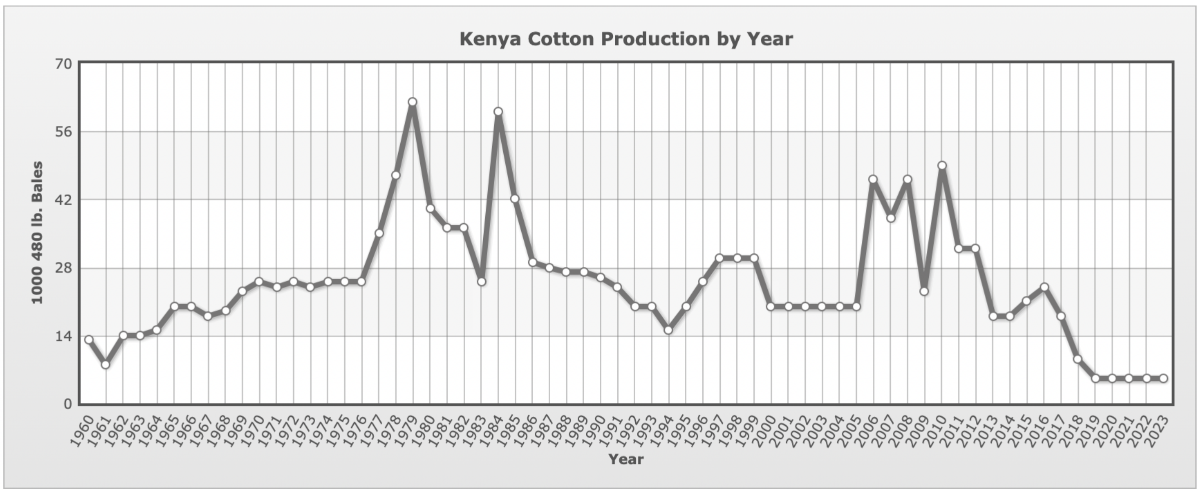
[23] Macleki.(n.d). *Kisumu Cotton Mills (KICOMI)*.Retrieved September 10,2024, from https://macleki.org/stories/kisumu-cotton-mills-kicomi/#:~:text=KICOMI%20was%20founded%20in%201964,markets%20locally%20and%20even%20globally.

[24] Pavlik, J., Wawira, C. M., & Mwabali, D. (2019, February 9). *Kisumu Cotton Mills (KICOMI): The rise and fall of an important industry in Kisumu* (with contributions from P. Awiti). Macleki. https://macleki.org/stories/kisumu-cotton-mills-kicomi/#:~:text=KICOMI%20was%20founded%20in%201964,markets%20locally%20and%20even%20globally.

the period include: helping cooperative societies buy ginneries from colonial settlers, controlled marketing margins, and fixed producer prices.[25]

51. At its peak in the late 1970s and early 1980s, Kenya produced 70,000 bales of cotton annually. This period saw about 200,000 hectares of cotton cultivated, involving over 500,000 smallholder farmers. Cotton supported both rural livelihoods and the industrial sector through employment in ginning and textile mills.[26]

FIGURE 4: Cotton Production Trends in Bales from the 1960's to 2023.



Source: https://www.indexmundi.com/agriculture/?commodity=cotton&country=ke&graph=production

2.2.1.1. Decline Due to Structural Adjustment Programs: Mid-1980s to 1990s

52. Despite the success of the cotton sector in the early years, the industry began a sharp decline in the mid-1980s due to a combination of domestic mismanagement and external economic pressures. One of the key factors that led to the collapse of the cotton industry in Kenya was the implementation of Structural Adjustment Programs (SAPs) imposed by the World Bank and the International Monetary Fund (IMF).[27]

[25] Omolo, "The Textiles and Clothing Industry in Kenya", 148.
[26] International Cotton Advisory Committee (ICAC). (n.d.). *Kenya country report*. https://icac.org/Content/EventDocuments/PdfFilesb2a9cdd2_68aa_474c_9150_b49724805967/Kenya_Country%20Report.pdf
[27] Kenya Institute for Public Policy Research and Analysis. (2021). *Assessing the cotton, textile, and apparel sector employment potential in Kenya*. https://kippra.or.ke/wp-content/uploads/2021/02/Assessing-the-Cotton-Textile-and-Apparel-Sector-Employment-Potential-in-Kenya.pdf

53. These SAPs required Kenya to adopt market liberalization policies, such as the removal of subsidies and price controls. This resulted in the following negative effects:
    - **Elimination of subsidies**: Farmers could no longer access government-subsidized inputs like pesticides and seeds, leading to lower productivity.
    - **Deregulation of the sector**: The government reduced its role in cotton pricing and marketing, leading to reduced profitability for farmers.
    - **The collapse of ginneries and textile mills**: Many local ginneries and textile industries, including KICOMI and Rivatex E.A. Ltd., were privatized or collapsed due to competition from cheaper imports following liberalization. Between 1984 and 1994, the production of cotton fell from around 70,000 bales annually to below 20,000 bales**.**
    - **Pest issues**: The high prevalence of pests such as the African bollworm severely impacted crop yields as government-backed pest control measures were discontinued.

54. By the 1990s, cotton production in Kenya had dwindled significantly, with most ginneries and textile mills shutting down due to the lack of raw materials and financial viability.

2.2.1.2. Efforts to Revive the Sector: 2000s to Present

55. Efforts to revive the cotton industry began in the early 2000s. The government reintroduced some support programs, including the Cotton Development Authority (CODA) in 2006[28], which was tasked with revamping the sector. Other initiatives included:
    a. **Cotton revival plans under Vision 2030**: Cotton was listed as one of the strategic crops under the Kenya Vision 2030 economic blueprint. Under the economic pillar, the blueprint prioritizes agriculture as a key driver of growth, and cotton has been identified as a strategic crop due to its potential to boost Kenya's textile and apparel industry, create jobs, and improve livelihoods. The government aims to increase production from 20,000 bales to 200,000 bales annually by providing farmers with high-quality seeds and better access to credit and markets.
    b. **Biosafety regulations and Bt Cotton**: In 2019, Kenya approved the commercialization of Bt cotton to address pest issues and increase productivity. The adoption of genetically modified cotton is aimed at raising

[28] International Cotton Advisory Committee. (2009). *Kenya country report* [PDF]. https://staging.icac.org/meetings/plenary/68_cape_town/documents/country_reports/e_kenya.pdf

yields and reducing pesticide use.[29] However, some reports show that the widespread use of genetically modified Bt cotton, which produces toxins derived from *Bacillus thuringiensis* to control pests like the pink bollworm *(Pectinophora gos- sypiella),* has led to the development of resistance in some pest populations. Research published by the United States Environmental Protection Agency indicates that resistance management strategies, such as crop rotation and the use of refuge crops, are essential to sustaining the efficacy of Bt cotton[30].

56. The CTA policy initiative, spearheaded by the Ministry of Investments, Trade, and Industry, is a significant effort to develop a robust policy to address challenges and opportunities in the sector.

2.2.1.3. Current Cotton Production Statistics

57. From 2019 to 2023, cotton production in Kenya has experienced various fluctuations due to challenges such as declining planting areas, fluctuating yields, and price adjustments.
    a. **Area (Ha)**: The area under cotton cultivation has varied significantly. For example, in 2020, the planting area was about 9,987 hectares, down from 18,000 hectares in 2019 due to adverse weather conditions and poor seed quality. This reduced planting area affected overall production.[31] However, the total area under cotton rose to 12,152 Ha in 2023 from 8,585 Ha in 2022, resulting in a 42 percent increase attributed to prompt disbursement of planting materials (cotton seed) and pesticides to farmers. The increase in area was also ascribed to concerted efforts by the government to revitalize cotton, as a strategy to reduce importation of seed cake and lint.[32]
    b. **Yield (Kg/Ha)**: Yields per hectare improved with the introduction of hybrid Bt cotton, which is more resistant to pests. However, the average productivity of seed cotton decreased to 323 Kgs per Ha in 2023 from 438 Kgs per Ha in 2022 mainly due to harsh weather conditions and flash floods experienced during critical periods of crop production. Areas in the cotton growing regions affected by the harsh weather conditions

[29] International Service for the Acquisition of Agri-biotech Applications (ISAAA). (2019, December 19). *Bt cotton approved for planting in Kenya*. ISAAA Crop Biotech Update. https://www.isaaa.org/kc/cropbiotechupdate/article/default.asp?ID=17902
[30] International Cotton Advisory Committee. *COTTON: Review of the World Situation, Volume 77, Number 4. Market Report on the Global and Regional Cotton Sectors for 2023/2024*. 2024.
[31] Textile Value Chain. (2023, May 5). *Kenya's cotton production has increased by 16%*. Textile Value Chain. https://textilevaluechain.in/news-insights/industry-cluster-news/kenyas-cotton-production-has-increased-by-16
[32] Agriculture and Food Authority. (2024). *AFA year book of statistics 2024*. https://afa.go.ke/resources/files/7740d2cd-d941-4cd4-b326-e67cb885a3ca_afa-year-book-of-statistics-2024.pdf

include Homabay, Kisumu, Busia, Tana River, Meru, among others.[33] In addition, late planting as a result of late delivery of cotton seeds in some of the key cotton-growing counties also contributed to the decline in productivity.[34]

c. **Seed Cotton Production (MT)**: In 2019, Kenya produced approximately 3,015 metric tons (MT) of seed cotton. By 2020, production increased slightly to 3,390 MT, despite the decrease in planting areas, largely due to improved seed quality.[35] The total quantity of seed cotton increased to 3,863 MT in 2023 from 3,762 MT recorded in 2022. The increase in production was a result of efforts made by the government to revitalize the cotton industry[36].

d. **Seed Cotton Price (Ksh/kg)**: In 2019, the price of seed cotton was about Ksh 46 per kg. However, this price increased to Ksh 52 per kg in 2020. In 2023, the seed cotton price had increased to Ksh.63 per kg. In 2024, the government set the minimum price to Ksh.72 per kg.

58. These trends reflect the significant challenges facing cotton farmers, including pest issues, market instability, and fluctuating rainfall. However, recent government efforts, such as the promotion of Bt cotton, aim to revitalize the industry, increasing both yields and profitability for farmers.

TABLE 3: Cotton Production Trend in Kenya from 2019 to 2023

Year	2019	2020	2021	2022	2023
Area (Ha)	18,000	9,837	10,640	8585	12,152
Yield (MT/Ha)	0.168	0.344	0.116	0.438	0.323
Seed Cotton(MT)	3,015	3,389	1,235	3,715	3,864
Seed Cotton price (Ksh/kg)	46	52	52	52	63

[33] ACAPS. *Kenya: Floods - Briefing Note, 14 May 2024*. May 14, 2024. Accessed October 24, 2024. https://www.acaps.org/fileadmin/Data_Product/Main_media/20240514_ACAPS_Briefing_note_Kenya_Floods.pdf.
[34] Agriculture and Food Authority, *AFA Year Book of Statistics 2024*.
[35] Textile Value Chain. (2023, May 5). *Kenya's cotton production has increased by 16%*. Textile Value Chain. https://textilevaluechain.in/news-insights/industry-cluster-news/kenyas-cotton-production-has-increased-by-16
[36] Agriculture and Food Authority, *AFA Year Book of Statistics 2024*.

Value of Seed Cotton (Ksh.Million)	156	172	65	211	231.57
Bales(185Kgs lint)	5,428	6,106	2,526	6,779	7006
Price of lint (Ksh/Kg)	164	190	180	234	250
Value of lint (Ksh.in Million)	191	203	82	283	310

Source: Agriculture and Food Authority. (2024). *AFA year book of statistics 2024*.[37]

2.2.1.4. Ginning Statistics

59. Ginneries are the market for seed cotton. The role of a ginnery is; to buy, collect seed cotton from aggregators, weigh, grade, store, and process seed cotton into lint and cotton seed. There are 24 ginneries in the country, with an installed capacity of approximately 140,000 bales annually. Out of the 24 registered ginneries, only about 10 ginneries are currently operational.[38]

60. Data show that between the year 2017 to 2023, the production of lint declined from 21,351 bales in 2017 to 7,006 bales in 2023. The value of lint has been fluctuating during the same period. In 2023, the value of lint increased by 9.9% from its value in 2022. This increase in the value of lint was mainly due to the high demand of the commodity as a result of low supply of lint in the international market from major players like China and USA[39]. This is summarized in the table below.

TABLE 4: Lint Production and Value 2017-2023

[37] https://afa.go.ke/resources/files/7740d2cd-d941-4cd4-b326-e67cb885a3ca_afa-year-book-of-statistics-2024.pdf

[38] Kenya Yearbook Editorial Board. "Cotton Processing and Ginning." *Kenya Yearbook 2022*, May 5, 2022. https://yearbook.kenyayearbook.go.ke/2022/05/05/cotton-processing-and-ginning/.

[39] Agricultural Finance Authority, *AFA Year Book of Statistics 2024* (Nairobi: Agricultural Finance Authority, 2024), https://afa.go.ke/resources/files/7740d2cd-d941-4cd4-b326-e67cb885a3ca_afa-year-book-of-statistics-2024.pdf.

Table 68: Lint Production and Value 2017-2023

Year	2017	2018	2019	2020	2021	2022	2023
Bales of Lint cotton (185 Kg)	21,351	10,674	5,432	6,106	3,019	6,779	7,006
Average Price of Lint (KES/Kg)	164	164	190	180	190	230	328
Value of Lint (KES million)	648	324	190	203	106	282	310

Source: AFA - Fibre Crops Directorate

2.2.1.5. Ongoing Interventions in Cotton Production in Kenya

61. The Kenyan government has prioritized the cotton value chain in its development plan as reflected in the fourth Medium-Term Plan (MTP IV, 2023-2027). Based on this, the government has implemented various initiatives to revitalize the cotton sector, including policy formulation, provision of subsidies, and establishment of regulatory frameworks.

    a. **County Aggregation and Industrial Parks (CAIPs):**
    The Ministry in collaboration with the County Governments is rolling out CAIPs in the forty-seven (47) Counties as a way of promoting value chains approach. The CAIPs will house an aggregation center with sections for collection, sorting, grading, cleaning, packaging and cold storage facilities. The Industrial Park section will have the value addition, processing equipment and common user facilities. The CAIPs will be linked to online warehouses management system to promote market access. Leveraging CAIPs in the cotton growing counties for aggregation, and value addition can improve infrastructure, facilitate market access, and attract investment in the cotton sector.

    b. **Cotton Industry Development Bill, 2023:** This bill, aims to enhance governance, transparency, and accountability in the cotton sector, thereby fostering its sustainable growth and competitiveness. It proposes the creation of a Cotton Industry Development Board. The board's role would include regulating and promoting the development of cotton growing and ginning, developing the cotton industry, and determining and making recommendations on the fair price of cotton.

    c. **The National Agricultural Value Chain Development Program (NAVCDP)**[40]: This is a government of Kenya/World Bank supported

[40] Kenya Agricultural and Livestock Research Organization (KALRO). "National Agricultural Value Chain Development Project (NAVCDP)." Accessed October 17, 2024. https://www.kalro.org/research-projects/national-agricultural-value-chain-development-project-navcdp/.

project under the State department for Crop Development in the Ministry of Agriculture and Livestock Development. The project goal is to increase market participation and value addition for targeted small-scale farmers across 33 counties in 9 value chains including cotton.

d. **Trade Policies and Arrangements:** Kenya's trade policies and arrangements, such as the East African Community (EAC) Common Market Protocol and the African Continental Free Trade Area (AfCFTA), have implications for the cotton sector. These agreements facilitate regional and international trade, influencing market access and export opportunities for cotton and cotton products.

e. **Research and Development Initiatives:** Kenya Agricultural and Livestock Research Organization (KALRO) and other relevant bodies like KePHIS, are engaged in research and development activities aimed at improving cotton varieties, agronomic practices, and processing technologies. The government has stepped up efforts to revive the cotton, textile and apparel sector following the introduction of a certified cotton seed system to boost production of raw materials for the industry.

f. Small-Scale Ginning by Kirinyaga University

An innovative project by Kirinyaga University, funded by the Fund for Innovation in Development (FID), is piloting the localization of small-scale ginning processes. This project provides smallholder farmers with portable ginning machines, reducing transportation and storage costs while improving income generation. The initiative also focuses on training farmers to operate these machines and develop by-products like cotton seed oil and seed cake for livestock, thus creating more revenue streams for rural communities.

g. The Agricultural Finance Corporation (AFC)

The Agricultural Finance Corporation (AFC) is a key player in providing financial support to the agricultural sector in Kenya, including tailored financing solutions for cotton farmers and cooperatives. The AFC was established to promote agricultural development by providing financial services to farmers and agribusinesses. Its primary aim is to facilitate access to credit and improve the productivity of various agricultural sectors. It offers tailored financing solutions including:

- **Loan Products**: AFC offers various loan products designed specifically for farmers and cooperatives. These may include:

    - **Input Financing**: Loans to purchase seeds, fertilizers, pesticides, and other inputs necessary for cotton production.
    - **Working Capital Loans**: Short-term loans to cover operational expenses, such as labor costs and maintenance of machinery.
    - **Long-term Loans**: Financing options for infrastructure development, such as building ginneries or investing in processing facilities.
- **Flexible Terms**: The financing solutions often come with flexible repayment terms tailored to the cash flow cycles of cotton farmers. This allows farmers to repay loans after harvesting when they have a better cash flow.
- **Insurance Products**: AFC may offer or facilitate access to insurance products that protect farmers against risks, such as crop failure due to adverse weather conditions, helping to ensure financial security.
- **Partnerships**: The AFC collaborates with other stakeholders, including government agencies, NGOs, and private sector actors, to enhance access to financing for farmers. These partnerships may help in mobilizing additional resources and providing a more comprehensive support system.

h. Cotton Seed Distribution by State Department of Industry

The State Department of Industry, in collaboration with the Ministry of Agriculture and Rivatex East Africa Ltd, began an initiative in 2023 to provide 15.8 tonnes of Bt Cotton seeds worth Ksh. 51 million to cotton growing counties in Nyanza and Western Region. The seeds are being distributed to farmers through farmer groups. In addition, farmers are receiving free chemicals and training to ensure effective management of the crop[41]. Rivatex East Africa Ltd is also involved in contract farming in Baringo County to encourage cotton production.

2.2.1.6. Policy and Legal Framework for Cotton Production

62. The following Policy and Legal framework collectively support the development, regulation, and promotion of cotton production in Kenya, aiming to enhance the sector's productivity and sustainability.

[41] State Bold Move to Revive Textile Sector in the Country." Ministry of Industrialization, Trade, and Enterprise Development, last modified October 24, 2024. https://www.industrialization.go.ke/state-bold-move-revive-textile-sector-country.

TABLE 5: Policy and Legal Framework for Cotton Production

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
i.	**National Agricultural Insurance Policy of 2024**	To build resilience and promote investments in agriculture by fostering development and growth of agricultural insurance for sustainable food and nutritional security.	Facilitating development of affordable, innovative and accessible agricultural insurance. Enhancing capacity building and awareness creation on agricultural insurance. Facilitating generation and use of data to support agricultural insurance. Promoting research and development, technology, innovation and knowledge management in agricultural insurance.
ii.	**Agricultural Policy of 2021**	The goals of this Policy are: To transform crop, livestock and fisheries production into commercially oriented enterprises that ensures sustainable food and nutrition security. To provide a framework for the support and intensification of cooperation and consultation between the National and County governments and among other stakeholders for enhanced development of crops, livestock and fisheries.	Pursue commercial agriculture by increasing and diversifying agricultural production and productivity using appropriate, good quality and affordable inputs. Promote demand driven research and timely dissemination of research findings in the agricultural sector. Strengthen agricultural institutions, develop institutional linkages and enhance collaboration to create harmony and synergy in developing agriculture. Reduce post-harvest losses of agricultural produce and products. Promote agribusiness, value addition and product development. Promote and facilitate access to domestic, regional and international markets.

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
			Protect and conserve bio-diversity that is supportive of sustainable agriculture. Promote sustainable natural resource use and management for agriculture.
iii.	**Kenya Agricultural Sector Extension Policy 2023**	To achieve an effective, efficient, and sustainable agricultural extension and advisory services for increased agricultural productivity, food and nutrition security, incomes and improved welfare of value chain actors.	Establish a framework for developing and managing human resources, and infrastructure to facilitate efficient capacity utilization in agricultural extension provision. Enhance knowledge management system for efficient and effective extension service delivery. Strengthen research-extension-clientele linkages in agricultural sector. Establish a pluralistic and coordinated approach for the provision of extension and advisory services by public, private and non-profit organizations. Create a conducive legal, regulatory and institutional framework that facilitates coordination and regulation of agricultural extension services. Promote professionalism and ensure quality in the delivery of Agricultural Extension Services.
iv.	**National Agricultural Mechanization Policy (2021)**	To improve agricultural mechanization to ensure the subsector measurably contributes to driving agriculture sector growth and development in Kenya.	Create a conducive environment for access and distribution of agricultural machinery. Promote investment in agricultural mechanization. Strengthen regulation of agricultural mechanization quality assurance. Enhance training and extension framework for adoption of agricultural mechanization.

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
			Enhance agricultural mechanization research, technology development and innovations along value chains. Enhance adoption of sustainable agricultural land management practices and climate smart agricultural mechanization technologies. Develop agricultural mechanization technologies that address the interest of people with special needs.
v.	**Agricultural Soil Management Policy (2020)**	To contribute to economically and environmentally viable, and socially acceptable development opportunities for agricultural production in Kenya in order to reduce poverty and improve food security through improved soil management.	Promote efficient and sustainable use of soil as a resource for increased agricultural productivity. Provide a framework for developing and applying appropriate agricultural soil management technologies towards restoration and maintenance of soil fertility. Mainstream agricultural soil management improvement in both National and County governments" planning agenda. Provide a framework for research and dissemination and utilization of appropriate technologies on agricultural soil management. Establish institutional and legal framework for reviewing and for proper coordination of agricultural soil management activities. Create an enabling policy environment for public and private investments in agricultural soil management improvement programmes and projects.
vi.	**Seed and Plant Varieties Act (Cap. 326)**	An Act of Parliament to confer power to regulate transactions in seeds, including provision for the testing and certification of seeds; for	**Seed Certification and Quality Control**: The Act establishes systems to ensure that seeds, including cotton seeds, meet

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
		the establishment of an index of names of plant varieties; to empower the imposition of restriction on the introduction of new varieties; to control the importation of seeds; to authorize measures to prevent injurious cross-pollination; to provide for the grant of proprietary rights to persons breeding or discovering new varieties; to establish a Tribunal to hear appeals and other proceedings; and for connected purposes.	quality standards before being distributed to farmers. This helps improve yields and crop quality by providing access to high-quality, certified seeds. **Plant Breeders' Rights**: It offers protection to plant breeders by recognizing their intellectual property rights over new cotton varieties. This encourages innovation and the development of improved, high-yielding, and disease-resistant cotton varieties. **Regulation of Seed Trade**: The Act regulates the production, sale, and distribution of seeds to prevent the sale of substandard or counterfeit seeds, protecting farmers and ensuring consistent productivity in the cotton sector.
vii.	**Crops Act (Cap. 318)**	The purpose of this Act is to accelerate the growth and development of agriculture in general, enhance the productivity and incomes of farmers and the rural population, improve the investment climate and efficiency of agribusiness, and develop agricultural crops as export crops that will augment the foreign exchange earnings of the country, through the promotion of the production, processing, marketing, and distribution of crops in suitable areas of the country	**Promotion of Cotton as a Scheduled Crop**: The Act designates cotton as a scheduled crop, ensuring government focus and resources are allocated for its development, thereby boosting cotton production and the overall value chain. **Streamlined Licensing and Regulation**: It simplifies licensing processes for cotton farmers, ginneries, and other stakeholders, ensuring smoother operations, reducing bureaucratic hurdles, and encouraging investment in the cotton industry. **Support for Value Addition and Marketing**: The Act encourages value addition in cotton processing (such as ginning and textile production), enhancing product quality, and supporting marketing efforts to improve competitiveness in local and international markets.

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
viii.	**Agriculture and Food Authority Act (Cap. 317)**	An ACT of Parliament to provide for: the consolidation of the laws on the regulation and promotion of agriculture, the establishment of the Agriculture, Fisheries, and Food Authority, the respective roles of the national and county governments in agriculture excluding livestock and related matters	**Regulatory Framework**: The Act consolidates various agricultural laws, providing clear regulations that promote compliance and create a conducive environment for cotton production. **Market Regulation and Price Stabilization**: It ensures farmers receive fair prices by regulating the cotton market, reducing exploitation by middlemen, and stabilizing prices. **Enhanced Research and Development**: The Act supports collaboration with research institutions to develop high-yielding, drought-resistant cotton varieties, improving productivity.
ix.	**Cooperative Societies Act (Cap. 490)**	An Act of Parliament relating to the constitution, registration and regulation of co-operative societies and for purposes incidental thereto. It was assented in December 1997 and commenced in November 2004. Purpose: Governs the formation, registration, and management of cooperative societies, including those involved in agriculture. The Cooperatives Bill 2024 seeks to provide a legal framework that promotes a sustainable and competitive cooperative sector for social economic development in a devolved system of governance.	**Registration and regulation** of cooperative societies involved in cotton production and marketing. **Guidelines** for cooperative management and financial reporting.
x.	**Constitution of Kenya, 2010**	The Constitution of Kenya, 2010 provides a framework for land use and management, which can directly or indirectly benefit sectors like cotton through sustainable and equitable access to land. The key provisions that relate to land use and their potential benefits to the cotton sector include: Article 60: Principles of Land Policy This article lists key principles that guide land use in Kenya, which include:	**Access to land**: Equitable access to both private and community land supports the growth of the cotton sector by allowing more people to engage in cotton farming. **Sustainability**: Emphasis on sustainable land use ensures that cotton farming practices do not degrade the soil, preserving the land for future cultivation.

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
		Equitable access to land: Ensures that land is available for productive activities, including farming of cotton. Sustainable and productive management of land: Encourages the use of land for economically productive activities like cotton farming, while maintaining sustainability. Encouragement of land consolidation: Farmers could benefit from consolidated land holdings, improving productivity in cotton farming by reducing fragmentation. Sound conservation and protection of ecologically sensitive areas: Supports sustainable land practices, important for protecting cotton-producing areas from environmental degradation.	**Government Support**: The government can regulate land for cotton production, provide subsidies, or designate specific zones for agriculture to enhance productivity and efficiency in the cotton value chain. **Investment Opportunities**: Clear land tenure systems, along with private land ownership, encourage investments in the cotton sector by providing security for long-term agricultural projects.
xi.	**Biosafety Act (Cap. 320)**	The Biosafety Act, 2009 was passed into law by the Kenyan parliament in December 2008. It received Presidential Assent on 12 February 2009. The Biosafety Act, 2009 provides a legal framework for the safe handling, transfer, and use of genetically modified organisms (GMOs) in Kenya, including crops like cotton.	**Regulation of GM Cotton**: The Act aims to facilitate responsible research into and minimize the risk that may be posed by that genetically modified organisms; ensure an adequate level of protection for the safe transfer, handling and use of GMOs that may have an adverse effect on the health of the people and the environment; and establish a transparent, science-based and predictable process for reviewing and making decisions on the transfer, handling and use of GMOs. **Enhanced Cotton Productivity**: By approving the use of GM cotton varieties like Bt cotton, which is resistant to certain pests, the Act helps reduce losses from pest damage. This can lead to higher yields and lower pesticide use, boosting cotton production and reducing input costs for farmers. **Environmental and Health Safeguards**: The Act provides a regulatory framework that aims to ensure that any introduction

	POLICY/STATUTE	PURPOSE	RELEVANCE TO COTTON PRODUCTION
			of GM cotton does not negatively impact biodiversity, human health, or the ecosystem, promoting sustainable cotton farming practices.
xii.	**Climate Change Act (Cap. 387A)**	The Climate Change Act of 2016 is a legal framework in Kenya that provides mechanisms to enhance climate resilience and low-carbon development. It was enacted to guide the country in addressing the challenges posed by climate change while promoting sustainable development.	**Strengthened Climate Resilience:** The Act encourages the implementation of climate adaptation measures that enhance the country's ability to cope with climate risks such as droughts, floods, and other extreme weather events. **Low Carbon Development:** It promotes the transition to renewable energy sources, energy efficiency, and sustainable resource management, thereby reducing Kenya's carbon footprint. **Support for Vulnerable Communities:** By ensuring the inclusion of climate resilience strategies in local development plans, the Act supports communities that are most affected by climate change, including smallholder farmers.
xiii.	**Warehouse Receipt System Act (Cap. 350)**	An Act of Parliament to provide a legal framework for the development and regulation of a warehouse receipt system for agricultural commodities, the establishment of the Warehouse Receipt System Council and for connected purposes	**To enable farmers to leverage on seed cotton as collateral to access credit.**

2.2.1.7. Regional and Global Cotton Production Outlook

63. Cotton is a key agricultural commodity, with major contributions to the global economy. Understanding the trends in cotton production across leading global and African producers is essential for developing sound public policies.

2.2.1.7.1. Global Cotton Production

a) **China**

64. China is one of the world's largest producers of cotton, playing a critical role in the global textile industry. The country's cotton production is concentrated primarily in the Xinjiang region, which accounts for the majority of China's output due to its favorable climate and large-scale modern farming practices. Cotton is a vital component of China's economy, supporting its massive textile and apparel sectors, which in turn drive both domestic consumption and exports. However, the industry faces challenges such as labor shortages, water scarcity, and environmental concerns, alongside international scrutiny over labor practices in cotton-growing regions. Despite these challenges, China continues to be a key player in the global cotton market. Below are some recent statistics of cotton production in China.
    - **Production:** In 2023, China produced 5.98 million metric tonnes of cotton, accounting for 24.2% of global production.[42]
    - **Type:** China cultivates both open-pollinated and genetically modified (Bt) cotton varieties, with Bt cotton being prevalent to combat pests like the bollworm.
    - **Yield:** The average yield in China is approximately 1.77 metric tonnes per hectare (MT/ha), one of the highest in the world.
    - **Seed Cotton Price:** Seed cotton is priced at about $0.75–$0.80 per kilogram (kg).
    - **Acreage:** China dedicates over 3.3 million hectares to cotton farming.[43]

b) **India**

65. India is one of the world's top cotton producers, with cotton being a key crop for its agricultural sector. The country's diverse climate allows cotton cultivation across several states, including Gujarat, Maharashtra, and Telangana, with a significant portion of production being rain-fed. India's cotton industry supports millions of farmers and plays a crucial role in its textile and garment sectors, which are vital for both domestic consumption and exports. Despite challenges such as fluctuating monsoon rains and pest infestations, India remains a major player in global cotton production, benefiting from a large labor force and government support for the sector.

[42] World Population Review. (2024). *Cotton production by country 2024*. https://worldpopulationreview.com/country-rankings/cotton-production-by-country
[43] International Cotton Advisory Committee. (2022). *Cotton data book 2022*. https://www.icac.org/Content/PublicationsPdf%20Files/5a7e599d_0ce4_45a4_9331_2dab12829637/DATABOOK-2022-ss.pdf

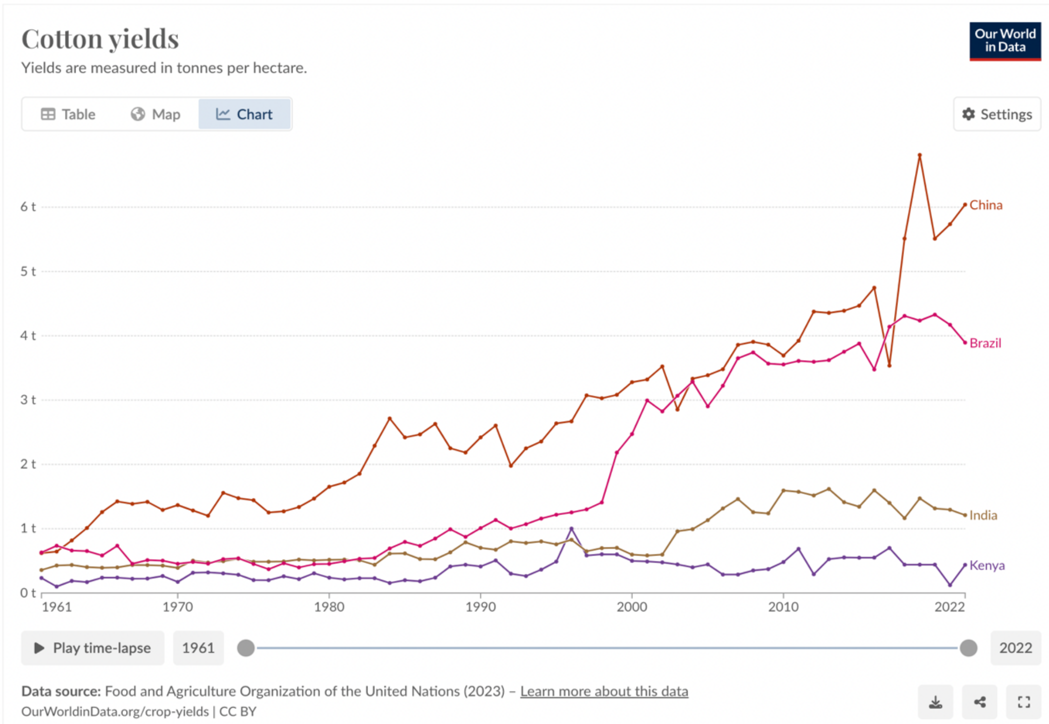
- **Production:** India is the second-largest producer, generating about 5.2 million metric tonnes of cotton in 2023.[44]
- **Type:** India extensively grows both Bt cotton, which dominates the landscape, and open-pollinated varieties, particularly for smallholder farmers.
- **Yield:** India's yield averages 0.51 MT/ha, relatively low compared to global leaders due to smallholder farming practices and inconsistent irrigation.
- **Seed Cotton Price:** The price for seed cotton is around $0.60 per kg.
- **Acreage:** Cotton is grown on about 13 million hectares in India, making it the largest area dedicated to cotton cultivation globally.[45]

c) **Brazil**

66. Brazil is one of the world's top cotton producers and exporters, with its production primarily concentrated in the central-western region, particularly in the states of Mato Grosso and Bahia. The country's cotton industry benefits from large-scale, technologically advanced farming practices, making it highly competitive on the global market. Brazilian cotton is prized for its quality, and the sector plays a key role in the country's economy, supporting both domestic textile industries and international trade. Despite facing challenges such as fluctuating global prices and environmental concerns, Brazil continues to grow as a major player in the global cotton market.
    - **Production:** Brazil is the third-largest cotton producer, with 3.02 million metric tonnes produced in 2023.[46]
    - **Type:** Brazil relies on Bt cotton for its high efficiency and pest resistance.
    - **Yield:** The yield in Brazil is about 1.8 MT/ha, boosted by modern agricultural techniques and irrigation systems.
    - **Seed Cotton Price:** The price for seed cotton is roughly $0.65 per kg.
    - **Acreage:** Cotton is cultivated on around 1.6 million hectares in Brazil

[44] World Population Review, *Cotton Production by Country 2024*.
[45] International Cotton Advisory Committee, *Cotton Data Book 2022*.
[46] World Population Review, *Cotton Production by Country 2024*.

FIGURE 5: Comparison of Cotton Yields Per Country (China, Brazil, India, Kenya)[47]



2.2.1.7.2. Cotton Production in Africa

67. The top cotton producers in Africa are located in the western part of the continent. A comparison of three of the top producers is detailed below. These are benchmarked based on size and population, production, type of cotton seed, yield, and seed cotton price. Kenya's current statistics are:
    - **Size and Population**: Area of 582,646 Km^2 and a population of approximately 52 million.
    - **Production:** 3,864 metric tonnes of cotton in 2023.[48]
    - **Type:** Open-pollinated cotton varieties and Bt cotton.
    - **Yield:** 0.323 MT/ha.
    - **Seed Cotton Price:** The price for seed cotton is about $0.55 per kg.
    - **Acreage:** Cotton is cultivated on approximately 12,152 hectares[49]

[47]Hannah Ritchie, Pablo Rosado, and Max Roser, "Data Page: Seed Cotton Yields," in *Agricultural Production* (2023), data adapted from Food and Agriculture Organization of the United Nations, https://ourworldindata.org/grapher/cotton-yield?tab=chart&country=IND~CHN~KEN~BRA.
[48] World Population Review, *Cotton Production by Country 2024*.
[49] International Cotton Advisory Committee. (2022). *Cotton data book 2022*. https://www.icac.org/Content/PublicationsPdf%20Files/5a7e599d_0ce4_45a4_9331_2dab12829637/DATABOOK-2022-ss.pdf

a) Benin

68. Benin is recognized as one of the leading cotton producers in West Africa, playing a pivotal role in the region's economy. Cotton farming in Benin is a crucial source of income for millions of smallholder farmers and significantly contributes to the national GDP. The country's favorable climatic conditions, combined with its commitment to sustainable agricultural practices, have facilitated the growth of a vibrant cotton industry. Despite challenges such as fluctuating market prices and pest infestations, the government, in collaboration with various stakeholders, is continuously working to enhance productivity and quality. This effort aims not only to strengthen Benin's position in the global cotton market but also to improve the livelihoods of its farmers and bolster rural development.
    - **Size and Population**: Area of 114,763 Km^2 and a population of approximately 14 million.
    - **Production:** Benin leads in Africa with 281,000 metric tonnes of cotton in 2023.[50]
    - **Type:** Benin primarily grows open-pollinated cotton varieties, with limited adoption of Bt cotton.
    - **Yield:** Yields in Benin are around 0.40 MT/ha, which are modest due to the reliance on rainfed agriculture and minimal mechanization.
    - **Seed Cotton Price:** The price for seed cotton is about $0.50 per kg.
    - **Acreage:** Cotton is cultivated on approximately 700,000 hectares[51]

b) Mali

69. Mali is one of Africa's largest cotton producers, with the crop serving as a cornerstone of its agricultural sector and economy. Cotton cultivation in Mali involves hundreds of thousands of smallholder farmers, primarily in the southern regions, where the climate and soil conditions are ideal for cotton growth. The crop significantly contributes to the national GDP, providing employment and income for rural communities while supporting the livelihoods of millions. Despite facing challenges such as fluctuating global prices, climate variability, and pest pressures, Mali has made strides in enhancing cotton production through improved agricultural practices and government support. Efforts are underway to promote sustainable farming techniques and diversify the economy, ensuring that cotton remains a vital source of income and development for the nation.

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[50] World Population Review, *Cotton Production by Country 2024*.
[51] International Cotton Advisory Committee. (2022). *Cotton data book 2022*. https://www.icac.org/Content/PublicationsPdf%20Files/5a7e599d_0ce4_45a4_9331_2dab12829637/DATABOOK-2022-ss.pdf

- **Size and Population**: Area of 1.24 million Km^2 and a population of approximately 24 million.
- **Production:** Mali produced 294,000 metric tonnes of cotton in 2023, making it the second-largest producer in Africa.
- **Type:** Open-pollinated cotton varieties dominate, with ongoing trials for Bt cotton.
- **Yield:** Mali's yield stands at around 0.45 MT/ha, constrained by water access and limited inputs.
- **Seed Cotton Price:** The price for seed cotton is roughly $0.48 per kg.
- **Acreage:** Cotton farming occupies about 650,000 hectares

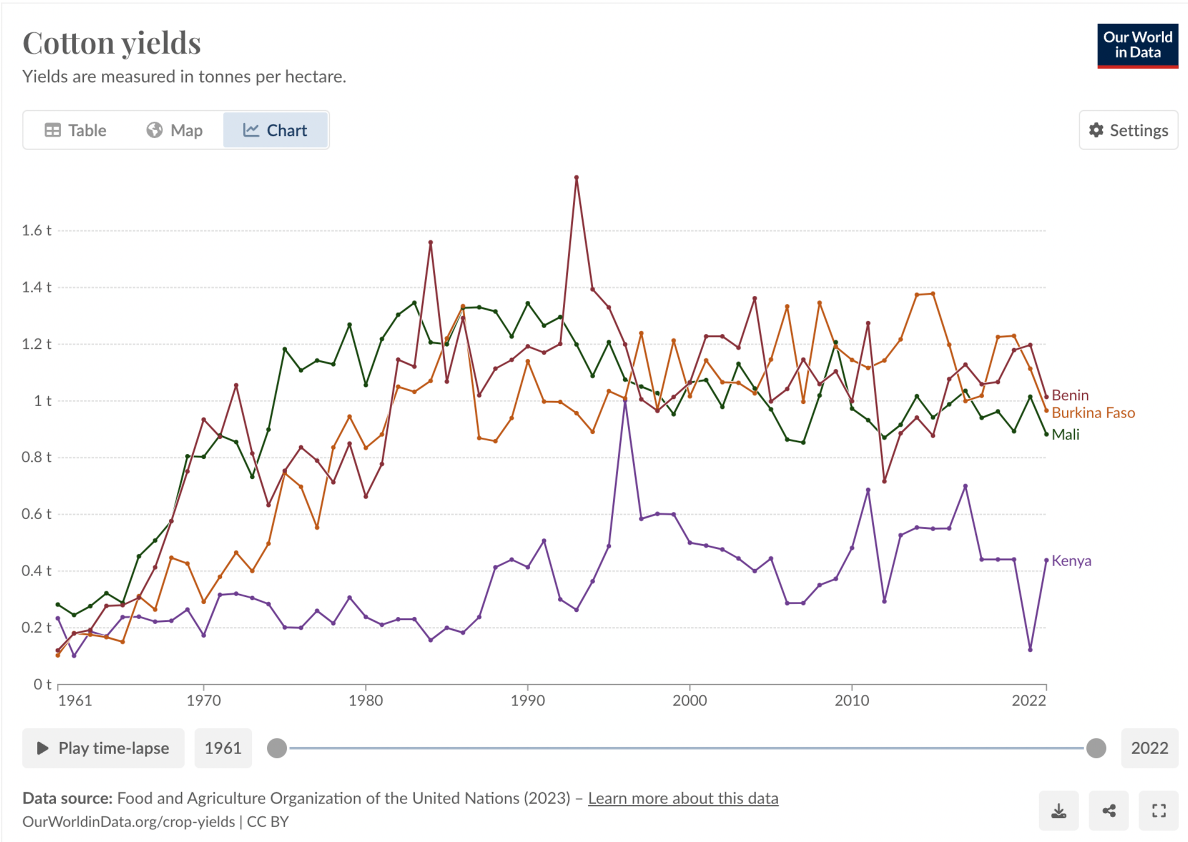
c) Burkina Faso

70. Burkina Faso stands as one of the leading cotton producers in Africa, with cotton being a key driver of the country's economy and a vital source of livelihood for many rural households. The cotton sector employs over two million people, directly impacting farmers and their communities in the country's northern and central regions. Favourable climatic conditions and an established network of agricultural practices have enabled Burkina Faso to achieve significant cotton yields, positioning it as a major exporter in the global market. However, the sector faces challenges such as fluctuating international prices, pest infestations, and environmental concerns. To address these issues, the government and various stakeholders are actively working to enhance production efficiency, promote sustainable practices, and improve market access, ensuring that cotton remains a cornerstone of Burkina Faso's economic development and rural prosperity.

- **Size and Population**: Area of 1.24 million Km^2 and a population of approximately 24 million.
- **Production:** Burkina Faso produced 193,830 metric tonnes in 2023.
- **Type:** Though initially a pioneer in Bt cotton adoption, Burkina Faso shifted back to open-pollinated varieties due to fiber quality concerns with Bt cotton.
- **Yield:** The yield averages 0.42 MT/ha.[52]
- **Seed Cotton Price:** The seed cotton price is around $0.52 per kg.
- **Acreage:** Cotton is grown on approximately 450,000 hectares.

[52] Ritchie, Rosado, and Roser, "Data Page: Seed Cotton Yields."

FIGURE 6: Comparison of Cotton Yields Per Country (Benin, Burkina Faso, Mali, Kenya)[53]



71. China, India, and Brazil dominate global cotton production, while Benin, Mali, and Burkina Faso lead in Africa. Yields in Africa are generally lower due to smallholder farming practices and lack of modern agricultural technologies, while countries like China and Brazil excel due to the adoption of Bt cotton and mechanization.

[53] Ritchie, Rosado, and Roser, "Data Page: Seed Cotton Yields."

TABLE 6: The following table shows Cotton Production by Country for the top cotton producing countries in 2024[54]

COUNTRY	COTTON PRODUCTION (BALES) 2023	% OF GLOBAL PRODUCTION 2023	COTTON PRODUCTION 2022 (1K MT)	COTTON PRODUCTION 2021 (1K MT)
China	27.5M	24.2%	5,980	5,730
India	26.2M	23%	5,200	5,219.85
Brazil	14.6M	12.8%	3,020	2,551.73
United States	12.1M	10.6%	3,150.03	3,814.53
Pakistan	6.7M	5.9%	850	1,265.62
Australia	5M	4.4%	1,200	1,277
Turkey	3.2M	2.8%	886.60	832.78
Uzbekistan	2.9M	2.5%	590	590
Argentina	1.6M	1.4%	250	331.48
Mali	1.3M	1.1%	294.52	310.85
Benin	1M	0.9%	281.82	306.40
Turkmenistan	900K	0.8%	299.37	298
Mexico	897K	0.8%	233.82	231.49

Source: https://worldpopulationreview.com/country-rankings/cotton-production-by-country

72. The analysis of cotton production reveals that Kenya faces considerable challenges in competing with leading global producers such as China, India, and Brazil, as well as key African nations like Benin, Burkina Faso, and Mali. The major global producers benefit from the adoption of advanced agricultural technologies, resulting in significantly higher yields per hectare and more efficient pest control. In contrast, Kenya's cotton sector is still reliant on traditional farming methods contributing to lower yields and reduced competitiveness.

[54] World Population Review. (2024). *Cotton production by country 2024*. https://worldpopulationreview.com/country-rankings/cotton-production-by-country

2.2.1.8. Challenges and Interventions in Cotton Production and Ginneries

73. The table below summarizes the challenges and proposed interventions in cotton production and ginneries. A detailed discussion is provided in Chapter 3 (Policy Statements) of this policy.

TABLE 7: Challenges and Interventions in Cotton Production and Ginneries

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	POLITICAL CHALLENGES		
i.	**Weak Farmer Institutions**	Under-resourced cooperatives and associations, coupled with poor governance and management, significantly reduce the support available to farmers. This hinders access to inputs, knowledge, and markets, leading to fragmented production and diminished collective bargaining power.	Strengthen farmer institutions through capacity building, better management, and governance, improving services for farmers.
ii.	**Weak Linkages between and National and County Governments, and Cooperatives**	Weak interaction between and within national government, county governments and cooperatives results in limited support for farmers in areas like resource allocation, extension services, and access to inputs, hindering sector growth.	Enhance coordination between and within national government, county governments and cooperatives to better support farmers, improve resource allocation, and ensure access to essential inputs.
	ECONOMIC CHALLENGES		
i.	**Low and Fluctuating Prices**	Cotton farmers face volatile and often low prices, discouraging production. Unpredictable prices make it difficult for farmers to plan and invest in necessary inputs, lowering production.	Implement price stabilization mechanisms or guaranteed minimum price schemes to protect farmers from severe market fluctuations.

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
ii.	**High Cost of Inputs**	High input costs, including seeds, fertilizers, and irrigation equipment, reduce farmers' profit margins, making cotton farming unattractive.	Introduce input subsidies or farmer credit schemes to improve access to affordable inputs and encourage higher yields.
iii.	**Lack of Financing for Ginneries**	Ginneries face financial constraints due to loan defaults and the inability to secure financing from lenders, hindering investment in equipment and operations. Further, the liquidity crisis in ginneries forces farmers to sell to middlemen at lower prices, reducing profitability for both farmers and ginneries.	Establish targeted financial support schemes or access to affordable credit for ginneries, encouraging investment in modern equipment and operational efficiency. Implement financial mechanisms that enable ginneries to pay farmers directly and promptly, reducing reliance on middlemen.
iv.	**Outdated Ginning Technology**	Ginning, which separates cotton fibers from seeds, is capital-intensive and inefficient due to outdated technology, raising production costs and reducing profitability. Some of the high production costs ginneries face is high electricity costs, making their operations less competitive and raising the overall cost of production.	Modernize ginneries and offer incentives for private-sector investment to reduce ginning costs and improve efficiency. Explore alternative, renewable energy sources for ginneries and negotiate for lower industrial electricity tariffs.
v.	**Limited Access to Credit Facilities for Farmers**	Cotton farmers face challenges in accessing affordable credit, which hinders their ability to invest in essential resources such as inputs, mechanization, and infrastructure. This limits productivity and discourages expansion in the sector.	Develop tailored financial products for cotton farmers, including low-interest loans, microcredit schemes, and government-backed credit guarantees. These facilities should focus on enabling farmers to invest in inputs, modern farming equipment, and irrigation systems. Additionally, partnering with financial institutions to create accessible and flexible credit

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
			schemes would support farmers in scaling up their operations.
vi.	**Delayed Distribution of Certified Seeds and Limited Access to Quality Seeds**	The lack of a well-established system for seed development (Bt Cotton and OPV), seed certification, and seed distribution leads to lower yields and vulnerability to pests and diseases. Delayed distribution and limited access to quality seeds prevent farmers from timely planting, reducing yields and overall productivity.	Establish a robust seed development, certification and distribution system, promote local seed production, and research high-quality seed varieties. Develop efficient seed distribution systems to ensure farmers receive quality seeds on time, improving production cycles and yields.
vii.	**Lack of competitiveness of cotton farming**	Higher returns, easier market access, and lower production costs for other crops lead farmers to reduce land area under cotton cultivation, threatening the sector's growth.	Introduce targeted incentives to make cotton farming more competitive, such as better market access, higher prices, and input support.
xiii.	**Underutilization of Ginneries**	Many ginneries operate below capacity due to inconsistent cotton supply and financial constraints, limiting production.	Boost cotton production through farmer training and incentivizing increased farming, ensuring ginneries have a consistent supply.
	SOCIAL CHALLENGES		
i.	**Lack of Interest by the Youth in Cotton Farming**	Young people are less inclined to engage in cotton farming due to its labor-intensive nature, low returns, and perceived lack of profitability, resulting in an aging farmer population and less innovation in the sector.	Attract youth by offering training on modern agricultural technologies, providing financial incentives, and promoting agribusiness models that integrate technology and entrepreneurship.
ii	**Limited Economic Benefits for women in cotton production**	Since many cooperatives register members based on land ownership, this excludes women who lack access to land, limiting their	Support the inclusion of women in cotton production by eliminating land ownership as a criterion for cooperative membership and promoting

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
		access to resources, credit, and other support systems.	equitable access to resources, training, and financial support for all participants, regardless of land ownership status.
iii	**Fragmented Small-scale Producers**	The cotton sector is dominated by smallholder farmers with small parcels of land, making it difficult to achieve economies of scale or attract investment.	Encourage cooperatives or farmer groups to enhance collective bargaining, access financing, and facilitate bulk buying of inputs and selling of cotton.
iv.	**Lack and/or Non-use of Protective Clothing for Pesticide Use**	Farmers often apply pesticides without appropriate protective gear, exposing themselves to health risks.	Promote awareness of pesticide safety and provide farmers with affordable protective clothing to reduce health risks.
v.	**Lack of Technical Training for Ginnery Staff**	Ginnery staff lack technical training in equipment operation and maintenance, with most training focused on garment production.	Introduce specialized training programs on ginnery equipment operation and maintenance to improve productivity. This can be introduced in the training institutions and universities offering courses in textile and apparel. Further, attachment programs can be introduced, to equip the students with the technical know-how of operating the machineries.
	TECHNOLOGICAL CHALLENGES		
i.	**Insufficient Mechanization**	The lack of mechanized farming tools makes cotton farming labor-intensive and inefficient, limiting scalability and increasing costs.	Promote mechanization by providing access to tools like tractors and harvesters to improve efficiency and reduce labor costs.
ii.	**Inadequate Post-harvest Aggregation Facilities**	Insufficient storage and aggregation facilities lead to post-harvest losses, reduced quality, and challenges in bulk marketing, affecting cotton prices. When cotton is not stored properly, it can degrade in quality. Factors such as moisture, temperature, and pests can cause the fiber to become discolored, weakened, or contaminated.	Invest in storage and aggregation facilities to reduce losses, improve cotton quality, and enhance market access.

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
iii.	**Inadequate Extension Services**	In some areas, there is a shortage of extension officers to provide technical support and training on modern cotton farming techniques, reducing farmers' productivity. However, where extension officers are available, they face the challenge of inadequate means to reach the farmers. Many farmers lack technical knowledge on improving yields and quality. Inadequate training programs limit their ability to adopt best practices.	Expand extension services and provide the means for extension officers to provide farmers with the necessary technical support and training, improving productivity and yields.
iv.	**Poor Road Networks to Access Ginneries**	Inadequate infrastructure, particularly poor road networks, limits access to ginneries, leading to higher transport costs and reduced competitiveness for Kenyan cotton. This issue impacts the entire value chain, from farm to market, causing delays and increasing operational costs.	Invest in improving road infrastructure in cotton-producing regions to facilitate easier and more cost-effective transportation. Prioritizing access roads to ginneries will lower transport costs, enhance the efficiency of the value chain, and improve the overall profitability of the cotton sector. Public-private partnerships (PPPs) can also be leveraged to accelerate these improvements.
V.	**Capacity Gaps in Quality Control**	Ginneries rely on visual inspections instead of lab analyses due to financial constraints, affecting cotton lint quality. In addition, Ginneries do not have moisture meters to monitor cotton moisture content, leading to premature harvesting and quality deterioration.	Invest in quality control technology to ensure high standards of cotton lint production. Establish regulatory standards for cotton moisture content at harvest.
vi.	**Lack of Traceability Systems**	Ginneries often source cotton from multiple farmers or cooperatives, making it difficult to maintain accurate records of the origin of each batch.	Invest in digital platforms that enable real-time tracking of cotton from farms to ginneries. This could include using blockchain technology to create a transparent and immutable

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
		Without a centralized tracking system, ginneries struggle to verify the source of their raw materials, which complicates compliance with sustainability and ethical sourcing standards.	record of each batch of cotton, ensuring accurate information about its origin, quality, and handling practices. Develop and promote standardized documentation protocols for farmers and cooperatives. This can involve creating templates for recording essential information such as farm location, cultivation practices, and input usage. Training sessions can be organized to educate farmers on the importance of maintaining accurate records. Utilize mobile applications to enable farmers to record and submit data regarding their cotton production easily. These applications can facilitate communication between farmers and ginneries, ensuring that the origin of cotton is well-documented and accessible. Establish strong partnerships with farmer cooperatives to enhance information sharing and improve traceability. Ginneries can work directly with these cooperatives to set up systems that facilitate better data collection and management, ensuring that the cotton sourced has clear provenance.
	ENVIRONMENTAL CHALLENGES		
i.	**Adverse Effects of Climate Change**	Climate variability, including droughts and unpredictable rainfall, significantly affects cotton yields and production cycles.	Promote climate adaptation strategies such as water harvesting, drought-resistant cotton varieties, and better irrigation practices to mitigate the effects of climate change.
ii.	**Limited Irrigation and Overdependence on Rain-fed Cotton Production**	Heavy reliance on unpredictable rainfall results in inconsistent	Expand irrigation infrastructure to ensure consistent water supply, stabilize yields, and

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
		production. Climate change exacerbates this issue with prolonged droughts and irregular rain patterns, further reducing yields.	reduce vulnerability to climate shocks.
iii.	**High Cost of Developing and Maintaining Irrigation Infrastructure**	Building and maintaining irrigation systems is expensive, especially for smallholder farmers, due to the high cost of dams, canals, and pumps.	Promote public-private partnerships (PPPs) and government or donor investment to lower irrigation infrastructure costs for farmers.
iv.	**Invasion of Cotton Farms by Wild Animals**	Wildlife, particularly elephants, invades cotton farms, leading to crop destruction, especially in areas near wildlife reserves.	Collaborate with wildlife authorities to implement mitigation measures such as fencing to protect farms from wildlife invasions.
	LEGAL CHALLENGES		
i.	Fragmented Policy and Legal Framework	A fragmented policy and legal framework leads to uncoordinated efforts across the cotton value chain, with sectors like production, ginning, and textiles not working in harmony. This results in weak support mechanisms such as subsidies, extension services, and market access, slowing growth.	Develop a coherent, long-term policy framework that aligns all actors in the cotton value chain—farmers, ginners, and textile mills—to ensure coordinated efforts for sector revival.

2.2.2. Pillar 2: Value Addition: Textile and Apparel

74. Value addition in the CTA sector comprises several processes that convert lint to yarn and fabric. These activities include the spinning of cotton lint, weaving and knitting of yarn, and additional activities such as dyeing and stitching of textiles to make apparel.

75. At independence, the government sought to harness the potential of the CTA sector towards national development. In 1964, textile processing was centered in four districts namely Thika (31.4%), Mombasa (24.9%), Nakuru (22.8%) and Nairobi (20.9%).[55] An import substitution policy was implemented to encourage integration of textile mills with cotton production. Credit and interest rates were also

[55] Gohil, *The Historical Background of Textiles in Kenya*, 406.

subsidized for manufacturing enterprises.[56] These measures were successful and by the 1980s the textile industry was the most important manufacturing sector in Kenya. Local manufacturing expanded from 6 weaving mills in 1963 to 52 by 1983.[57] The textile and apparel sector accounted for about 30% of employment in the manufacturing sector and supported over 200,000 small-scale farmers by providing market for cotton.[58] In 1986 the industry had 52 operational mills employing 42,000 people.[59]

76. The sector declined in the late 1980s due to large scale imports of used clothes at low prices, coupled with the influx of cheap imports in the 1990s, due to liberalization as discussed in earlier sections. In 2021, the industry engaged 21,000 people indirectly in formal employment, 30,000 in informal setting, with 40,000 households in cotton farming.[60]

2.2.2.1. Current Status of Textile and Apparel Manufacturing in Kenya

77. Kenya's Vision 2030 (2008-2030) aims to transform Kenya to a middle-income, rapidly industrializing and globally competitive country. It recognizes the potential of the textile and apparel sector towards achieving this goal, and this has been reflected in the Medium-Term Plans (MTPs).

78. According to the MTP III (2018-2022), textile and apparel in the manufacturing pillar was to contribute to GDP growth from 9% to 15% between 2017 and 2022.[61] The MTP IV, 2023/4 – 2027/28, identifies the cotton, textile and apparel sector as a priority value chain in achieving its finance and production goals. In the aspect of value addition, its objective is to enhance local processing of fabric, textiles, apparels and accessories.

79. Expected outputs include:
    - The establishment of two fabric value addition centers in Nyando, Kisumu County and Kieni, Nyeri County at a total cost of Sh.1.7 billion.

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[56] Omolo, "The Textiles and Clothing Industry in Kenya", 148.
[57] Mangieri, Tina. 2008. "African Cloth, Export Production, and Secondhand Clothing in Kenya." In *The Moving Frontier: The Changing Geography of Production in Labour Intensive Industries*..
[58] International Trade Center. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020.* 2022.
[59] Lawrence Kinuthia Njoroge and Wario Malicha, *Constraints along the Cotton Textile and Apparel Value Chain in Kenya*, KIPPRA Policy Brief No. 15/2021-2022 (Nairobi: Kenya Institute for Public Policy Research and Analysis, 2022)
[60] Njoroge and Malicha, *Constraints along the Cotton Textile and Apparel Value Chain*, 4.
[61] Ministry of Agriculture, Livestock and Fisheries. *National Cotton Value Chain Development Strategy.* April 2024.

- The development and equipping of common user tailoring facilities in Constituency Industrial Development Centers (CIDC) at a total cost of 500 million.
- The establishment of industrial warehouses at a total cost of sh. 450 million.
- Capacity building on fashion and design on clothing and textile products at a total cost of sh. 200 million for enterprise capacity building and sh.240 million for tailors’ capacity building
- 8 large industrial sheds constructed at a total cost of sh.2.427 billion
- Railway sliding and related infrastructure at EPZ Athi River developed at a total cost sh.1.6 billion.

80. Kenya’s textile and apparel industry is valued at $330 million. This accounts for 0.6% of the GDP and 6% of total manufacturing. There is however a disconnect between the textile and apparel sub-sector in terms of their integration into global supply chains. The textile mills are majorly geared towards domestic and regional uptake while apparel factories focus on exports. The apparel sector majorly utilizes imported fabric from Asia under AGOA’s 3rd country provision.[62]

81. In terms of value addition capacity, there are three operational integrated textile factories in Kenya, namely Rivatex EA. Ltd, Thika Cloth Mill and Supra Textiles Ltd. They collectively have an installed capacity of 100,000 bales but currently process 48,000 bales (8,8840MT), which is about 48% of installed capacity.[63]

TABLE 8: Lint Production and Pricing Trend in Kenya

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bales(185Kgs lint)	27,487	21,450	21,831	24,274	28,340	28,468	21,351	10,672	5,432	6,106	2,527	6779
Price of lint (KES/Kg)		138	138	142	142	164	164	164	190	180	190	234
Value of lint (KES in Million)		548	557	638	744	864	648	324	190	203	82	283

Source: AFA report, 2022

82. The table above shows the trend in lint production and pricing. The trend in production shows a drastic reduction between 2017 and 2018 of almost 50%, and a similar reduction between 2018 and 2019. Production again plummeted in 2021 before resuming an upward trend. The price of lint has however steadily increased

[62] International Trade Center. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020.* 2022.
[63] Ministry of Agriculture, Livestock and Fisheries, *National Cotton Value Chain Development Strategy.*

during this period, pointing to factors other than price incentives. While some ginneries and mills have engaged in backward linkages with cotton farmers through provision of seed, this has not guaranteed a steady supply of cotton seed. The East African Community (EAC) produces in excess of 125,000 tons of cotton lint, much of which is exported.[64]

83. Textile mills undertake different operations, and they process other material, besides cotton, including polyester and acrylic. The capacity of yarn spinning in estimated at 148,000 spindles, with 40-50% utilization. Spinning mills are large and characterized by low levels of productivity. Main product for domestic and regional markets is acrylic yarn while exports are dominated by organic cotton yarn, blended yarns and sewing thread. Production costs vary significantly depending on the quality and origin of cotton.[65] 10-20% of the yarn produced in Kenya is exported mainly to Uganda, Rwanda, Tanzania and Nigeria. The remaining 80-90% continues along the domestic value chain to the weaving and knitting segment.

84. The weaving, knitting, dyeing and finishing enterprises in Kenya are operating at 40-50% capacity and rely on imported yarns from Asia. There are 15 enterprises engaged in the weaving, knitting, dyeing and finishing space. There is however no stand-alone dyeing/finishing plants and these activities are performed in textile mills. [66]

85. As pertains to the apparel, design and sewing enterprises are operating at 100% capacity. 93% of fabric supply is however imported. Trims, machinery, spare parts and accessories are also majorly imported. There are 170 medium and large garment companies and 75,000 small and medium enterprises. The apparel manufacturers in the EPZ largely engage in Cut-Make-Trim (CMT) activities. A small number of locally owned micro-garment companies are being incubated through Kenya's Export Business Accelerator Program.

86. To facilitate value addition in the CTA sector, textile and apparel manufacturers can operate within Industrial Parks. Industrial Parks in incentivized zones such as Export Processing Zones (EPZs) and Special Economic Zones (SEZs) enjoy

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[64] Kenya Investment Authority (KenInvest). *Investing in Kenya's Fibre, Textiles and Apparel Industry*. 2021.
[65] International Trade Center. 2022. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020.* Citing African Cotton & Textile Industries Federation. 2011. *Competitive Supply-Side Analysis of Cotton, Textile & Apparel Sectors in East Africa: Kenya, Sudan, United Republic of Tanzania and Uganda*
[66] International Trade Center. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020*

privileges that enable them to be more competitive due to reduced costs of production.

87. In addition to textile-apparel manufacturing, value addition in the CTA sector also includes cotton seed cake and cotton seed oil, which are by products of the ginning process.

88. Animal feed manufacturers process cotton seed cake to animal feeds. There are 305 registered feed companies with an installed capacity of 1,126,656MT/year and an average utilization of 68.9%. This under-utilization on the installed capacity is attributed to erratic supply, low quality of raw materials and low-level use of commercial feeds.[67]

89. There are two operational cotton seed oil millers: Zaynagro Industries in Kitui and Eni Kenya in Makueni. The installed capacity of Eni Kenya is over 100,000MT cotton seed while that of Zaynagro Industries is 4,500MT. Rift Valley Products Ltd, in Nakuru is constructing a seed milling plant.[68]A portable mini-ginnery innovated by researchers from Kirinyaga University has a mini oil-extractor, and is in the process of commercialization, having viably been piloted.

90. In terms of sustainability, Kenya is a leader in the use of green energy. The country has 14 sites generating over 690 megawatts of geothermal power, projected to increase to between 7,000 to 10,000 megawatts. It has the largest solar plant in Africa with 50 megawatts of installed capacity. It also has the continent's largest windfarm with 356 turbines and an installed capacity of 31 megawatts. [69] This is key for developing Kenya's brand image as a hub of green textile and apparel production, and eco-designs. However, large volumes of water are used in textile manufacturing, and there is polluting effluent from textile dyeing processes.

91. While the Kenya Association of Manufacturers (KAM) has a Center for Green Growth to support members in sustainability practices, Voluntary Sustainability Standards (VSS) to certify environmentally sustainable and socially equitable production have not been widely adopted in Kenya.

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[67] Ministry of Agriculture, Livestock and Fisheries, *National Cotton Value Chain Development Strategy,19.*
[68] Ministry of Agriculture, Livestock and Fisheries, *National Cotton Value Chain Development Strategy,18.*
[69] Kenya Investment Authority (KenInvest). *Investing in Kenya's Fibre, Textiles and Apparel Industry*

2.2.2.2. On-going Interventions in Value Addition

92. At the national level, parks under development targeting the textile and apparel sector are: Oserian Industrial Park, which is private and located in Naivasha includes a sustainable textile and apparel park under development with access to geothermal and solar energy at competitive rates; SEZ – Dongo Kundu, which is public and located in Mombasa, has 3,000 acres and is strategically located in proximity to the Mombasa Port; Kilifi Environmental Eco Park, which is private with a planned phased development on 270 acres of 1,500 acres of land, has been licensed as a SEZ; SEZ – Africa Economic Zone, a private industrial park, will be a fully solar run economic zone, close to Rivatex complex with 700 acres set for textile and apparel.[70] These incentivized zones are geared towards reducing the cost of production, a major barrier in the CTA sector.

93. At the county level, the MTP IV highlights two initiatives with a focus on the CTA sector. These are tailoring units in Nyando in Kisumu County and Kieni in Nyeri County, as part of Rivatex EA Ltd. strategy.

2.2.2.3. Policy and Legal Framework of Value Addition

94. The following policies and laws guide the value addition activities and processes in the CTA sector.

TABLE 9: Policy and Legal Framework of Value Addition

	STATUTE	PURPOSE	RELEVANCE TO VALUE ADDITION
i.	**Sessional Paper No.9 of 2012 National Industrialization Policy Framework for Kenya, 2012-2030**	Focuses on value addition and linkages between industrial sub-sectors and other productive sectors. Policy interventions include prioritizing labour intensive sectors.	Textiles and clothing is categorized as a labour-intensive sector. It is therefore a focal sector for value addition and linkages with other productive sectors, particularly agriculture for seed cotton supply.
ii.	**Competition Act (Cap. 504)**	An Act of Parliament to promote and safeguard competition in the national economy; to protect consumers from unfair and misleading market conduct; to provide for the establishment, powers and functions of the Competition Authority and the	Protection of consumers of CTA products from misleading conduct and to protect enterprises from unfair market competition.

[70] Kenya Investment Authority (KenInvest). *Investing in Kenya's Fibre, Textiles and Apparel Industry*

	STATUTE	PURPOSE	RELEVANCE TO VALUE ADDITION
		Competition Tribunal, and for connected purposes.	
iii.	**County Governments Act (Cap. 265)**	An Act of Parliament to give effect to Chapter Eleven of the Constitution; to provide for county governments' powers, functions and responsibilities to deliver services and for connected purposes.	County government responsibilities in the CTA sector pertain to the County Industrial Centers Parks (CIDCs) and the County Aggregated Industrial Parks (CAIPs). The establishment of these facilities is key to value addition.
iv.	**County Licensing (Uniform Procedures) Act, Act No.8 of 2024**	An Act of Parliament to establish standard uniform procedures for licensing by county governments; and for connected purposes.	Multiple taxes raise the cost of doing business which reduce profits and make enterprises uncompetitive. The Act would streamline the taxation regime of county governments.
v.	**Energy Act (Cap. 314)**	An Act of Parliament to consolidate the laws relating to energy, to provide for National and County Government functions in relation to energy, to provide for the establishment, powers and functions of the energy sector entities; promotion of renewable energy; exploration, recovery and commercial utilization of geothermal energy; regulation of midstream and downstream petroleum and coal activities; regulation, production, supply and use of electricity a and other energy forms; and for connected purposes.	The cost of energy comprises the highest business expenditure for many industries. Interventions that reduce this cost would enhance the competitiveness of industries involved in value addition in the CTA sector.
vi.	**Environmental Management and Coordination Act (Cap. 387)**	An Act of Parliament to provide for the establishment of an appropriate legal and institutional framework for the management of the environment and for matters connected therewith and incidental thereto.	Environmental protection is key to a sustainable CTA sector. Sustainability encompasses the CTA value chain from farming to textile-apparel manufacturing and market access.
vii.	**Export Processing Zones Act (Cap. 517)**	An Act of Parliament to provide for the establishment of export processing zones and the Export Processing Zones Authority; to provide for the promotion and facilitation of export-oriented investments and the development of enabling environment for such investment and for connected purposes.	The Export Processing Zones are key to the development of the CTA value chain due to the incentives for industry offered within these zones.
viii.	**Industrial Property Act**	An Act of Parliament to provide for the promotion of inventive and innovative	There is the use of outdated equipment and technology, and

	STATUTE	PURPOSE	RELEVANCE TO VALUE ADDITION
	(Cap. 509)	activities, to facilitate the acquisition of technology through the grant and regulation of patents, utility models, technovations and industrial designs, to provide for the establishment, powers and functions of the Kenya Industrial Property Institute and for purposes incidental thereto and connected therewith.	a low uptake of technology in training institutions as well as in some industries. There is the need to acquire and innovate modern technologies that can produce goods that meet consumer demands at both the local and international markets.
ix.	**Industrial Training Act (Cap. 237)**	An Act of Parliament to make provision for the regulation of the training of persons engaged in industry.	The use of new equipment and machineries in value addition in the CTA sector will require training in the use, maintenance and repair of these items.
x.	**Investment Promotion Act (Cap. 485)**	An Act of Parliament to promote and facilitate investment by assisting investors in obtaining the licenses necessary to invest and by providing other assistance and incentives and for related purposes.	The facilitation of investments is key to the growth of the CTA sector, due to the high cost of capital required for entry into global markets.
xi.	**Sustainable Waste Management Act (Cap. 236)**	An Act of Parliament to establish the legal and institutional framework for the sustainable management of waste; ensure the realisation of the constitutional provision on the right to a clean and healthy environment and for connected purposes.	Textile-apparel manufacturing produces waste in all processes, and these need to be sustainably managed.
xii.	**Water Act (Cap. 372)**	An Act of Parliament to provide for the management, conservation, use and control of water resources and for the acquisition and regulation of rights to use water; to provide for the regulation and management of water supply and sewerage services; to repeal the Water Act (Cap. 372) and certain provisions of the Local Government Act; and for related purposes.	Water is key to manufacturing activities in the CTA sector. An insufficient water supply is costly to business and a deterrent to investments in value addition activities.
xiii.	**Occupational Safety and Health Act (Cap. 236A)**	An Act of Parliament to provide for the safety, health and welfare of workers and all persons lawfully present at workplaces, to provide for the establishment of the National Council for Occupational Safety and Health and for connected purposes.	The workforce in Textile and Apparel manufacturing is covered under the provisions of this act. It includes for chemical and machinery safety, and health protection among other safeguards.
xiv.	**Standards Act (Cap. 496)**	An Act of Parliament to promote the standardisation of the specification of commodities, and to provide for the standardisation of commodities and codes of practice; to establish a Kenya Bureau of Standards, to define its	Standards are integral to the economic viability of the textile and apparel sector, particularly in accessing highly competitive markets.

	STATUTE	PURPOSE	RELEVANCE TO VALUE ADDITION
		functions and provide for its management and control; and for matters incidental to, and connected with, the foregoing.	
xv.	**Tax Procedures Act (Cap. 469B)**	The object and purpose of this Act is to provide uniform procedures for— (a) consistency and efficiency in the administration of tax laws; (b) facilitation of tax compliance by taxpayers; and (c) effective and efficient collection of tax.	Taxation has the potential to attract or bar investments in the CTA sector. High taxation is a barrier to profitability within the CTA sector and reduces Kenya's competitiveness in regional and global markets.
xvi.	**Trade Marks Act (Cap. 506)**	An Act of Parliament relating to the registration of trade marks. A trademark is a mark used to distinguish goods or services. It can be a device, name, word, letter or any combination.	The protection of trade marks for the various enterprises including textile mills, apparel manufacturers and fashion designers.

2.2.2.4. Regional and Global Value Addition Outlook

95. The global textile and apparel sector is dynamic. Various factors determine where value addition occurs, and the value that accrues to various players in the supply chain. These include the geographical location, availability of land on which to set up textile mills, the availability of a skilled and adequate labour force and the availability of physical and financial capital.

96. An emerging consideration is the sustainability of value addition processes in terms of social equity and environmental protection.

TABLE 10: Commodity Market Share of Top 10 Exporting Countries

Commodity market share of top-10 exporting countries

	Knit Shirts & Tshirts	Woven Shirts	Woven Cotton Pants	Underwear& Sleepwear	Knit Pants
China	15%	16%	23%	39%	32%
Bangladesh	15%	18%	20%	9%	10%
Vietnam	6%	7%	3%	6%	10%
India	6%	8%	2%	6%	1%
Cambodia	2%	1%	1%	3%	5%
Indonesia	1%	3%	1%	1%	3%
SriLanka	1%	2%	1%	4%	2%
Pakistan	2%	0%	1%	1%	1%
Myanmar	0%	2%	1%	1%	0%
Turkey	5%	4%	5%	2%	2%
TOTAL	53%	61%	59%	72%	67%

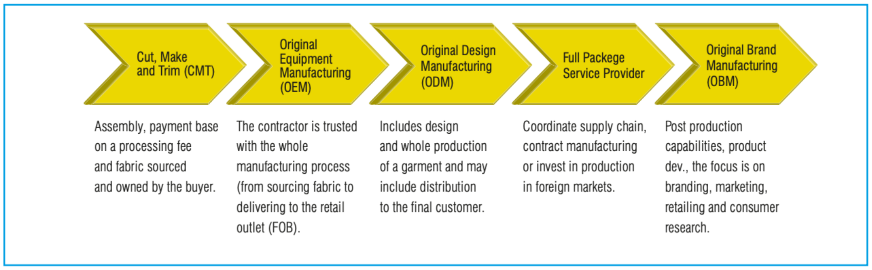
Source: Birnhaum, D. (2021). Compiled from International Trade Center (ITC) data.

97. There are 220 garment exporting countries and territories, of which 187 are engaged in the basic commodity export sector, which include the items in the table above. There is however a global shift from commodities to fashion by consumers. The commodity market is dominated by the top 10 exporting countries as depicted above.[71] AGOA countries make up only 1% of apparel exports to the US.

98. To succeed in export-oriented textile-apparel manufacturing, Kenya would need to shift from a commodity focus to a fashion focus. This would require the acquisition of new skills sets from single-tasked to multi-tasked. Single-task expertise is optimal for large-scale, factory-based production where efficiency, increased productivity and reduced costs are the focus in gaining a competitive edge. However, multi-task expertise will be crucial in responding to fashion needs and MSMEs are able to respond to fashion-based market requirements.

[71] Birnhaum, David. The Global Garment Industry Commodity Trap. 18 June 2021. Cited from ITC data. Retrieved from:

FIGURE 7: Apparel Value Chain



Source: Based on Gereffi, G. and Frederick, S. (2010); and Staritz, Cornelia (2012).

99. The diagram below shows the value addition activities in the textile and apparel sub-sector in Kenya.

100. Integration into global value chains has been marked by value attrition, whereby Kenya is not moving up the value chain but rather engaging in contract manufacturing, marked by assembly and CMT activities.[72] Kenya is uncompetitive in its value addition in terms of productivity, quality and service provision. Interventions required include process efficiency and workforce development.[73]

101. The high cost of electricity reduces the sector's performance. Energy accounts for 40% of the total production cost when manufacturing textiles in Kenya. While the cost of electricity in Kenya is $0.15 KwH, the cost in China is $0.07 and for South Africa and Ethiopia is $0.04 each. Incentives around water and electricity are critical for Kenya's textile-apparel manufacturing sector to be competitive.

2.2.2.5. Global Textile and Apparel Manufacturing

a) China

102. China is considered the lead country in manufacturing capacity and technological capability in the textile and apparel value chain. In 2020, it was the world's largest textile exporter with net exports of $154.1 billion, accounting for 43.5% of the world's total textile exports in terms of value.[74]

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[72] International Trade Center. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020.*
[73] International Trade Center. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020.*
[74] International Labor Organization, *Responsible Business Conduct in China Textile Industry,* 2021. Retrieved from: https://www.ilo.org/media/299226/download#:~:text=The%20country%20is%20the%20frontrunner,links%20of%20the%20industrial%20chain.&text=In%202020%2C%20China%20was%20the,exports%20in%20terms%20of%20value.

FIGURE 8: Breakdown of Number of Firms, Employment, and Sales Volume by Type of Enterprise in the Textile and Garments Industries in China

Breakdown of number of firms, employment, and sales volume by type of enterprises in the textile and garments industries in China

	Textile Industry			Apparel Industry		
	Total number	Percentage share per type of company		Total number	Percentage share per type of company	
Number of enterprises	18,726	SOEs	0.9%	14,600	SOEs	1.3%
		Private Chinese firms	70.6%		Private Chinese firms	58.5%
		Foreign firms	11.4%		Foreign firms	19.9%
Employment	3.91 million	SOEs	3.3%	3.87 million	SOEs	2.2%
		Private Chinese firms	53.9%		Private Chinese firms	44.4%
		Foreign firms	16.6%		Foreign firms	31.7%
Sales volume	3.611 billion RMB	SOEs	2.3%	2.089 million RMB	SOEs	1.0%
		Private Chinese firms	54.6%		Private Chinese firms	47.5%
		Foreign firms	13.4%		Foreign firms	26.1%

SOE- State-owned enterprises
Data based on firms with annual sales over 20 million RMB
Source: National Bureau of Statistics of China. 2018: (Altenburg. et al. 2020)

103. The table above compares the textile and apparel industry in terms of the number of enterprises, employment and sales volume. It shows that the textile industry has a higher percentage of private chinese firms as compared with the apparel industry, with state owned enterprises (SOE) comprising a minimal share of enterprises for both. The textile and apparel industry employs a total of 7.78 million people.

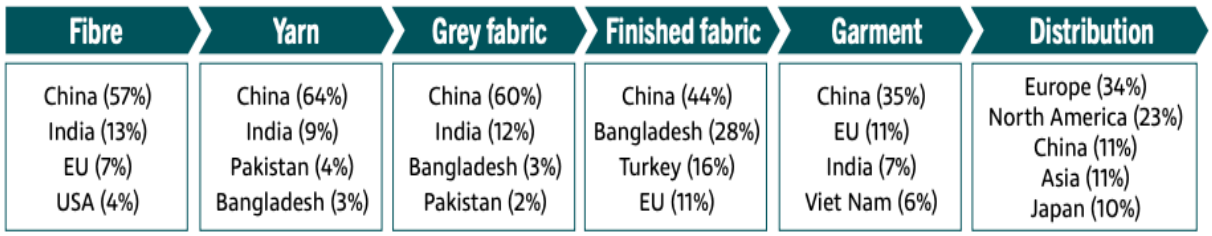
FIGURE 9: Indicative Percentage Share of China to Global Yarn and Textile Production Capacity

Source: CNTAC 2020

104. The figure above shows that China dominates synthetic fiber production with a 70% percentage share. In the processing of spinning, weaving, printing and

dyeing, the country has more than half the percentage share of global production capacity.

FIGURE 10: Top Countries in the Global Apparel Textile Supply Chains



Source: UNEP 2020

105. The figure above depicts China's dominance in the global apparel textile supply chain, with the largest share in fibre, yarn, grey fabric, finished fabric and garments.

Export numbers may however be an underestimate, due to transhipment, which has been noted through several AGOA eligible countries. These exports are credited to the African exporting countries. The high productivity of the textile and apparel industry has however come at a social cost. Challenges in terms of social equity have been noted in forced labour, child labour, security of employment, conditions of work and life, and industrial relations.

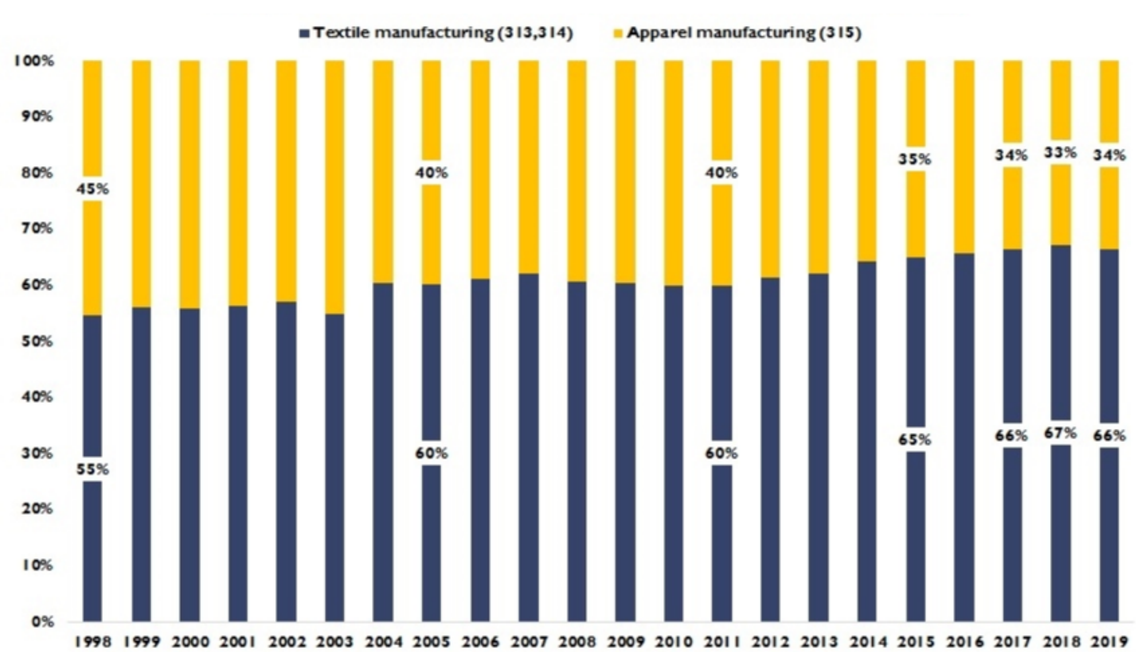
b) USA

106. U.S. textile and apparel production totalled $28 billion in 2022, according to the U.S. Bureau of Economic Analysis. [75] The sector employs 502,000 workers with an annual output of $64.8 billion. Between 2012-2021, the textile and apparel industry invested $20.9 billion in new plants and equipment. It however faces several challenges including unchecked foreign predatory trade practices and diminished customs enforcement. The sector is pushing for enactment of policies for buy American rules targeting the military, Personal Protective Equipment (PPE) and federal agencies. Policies critical to the National Council of Textile Organizations (NCTO) include closing the *de minis* loophole which allows packages with a value of less than $800 to enter the US with less scrutiny. In September 2024, a new rule was proposed which would prohibit products that are subject to US-China tariffs from being eligible for special customs exemptions.

[75] Chapman, N. State of the U.S. Textile Industry, 2024 Quarterly, Volume III. July 18, 2024,

107. Other policies include strengthening customs enforcement, holding China accountable, strengthening domestic procurement laws, maintaining the yarn-forward textile rule in CAFTA-DR (Dominican Republic-Central America-United States Free Trade Agreement). The Yarn-forward Rule of Origin refers to the agreement by Parties to the CAFTA-DR that only apparel using yarn and fabric from the United States, Central America and the Dominican Republic qualifies for duty-free benefits.[76]

FIGURE 11: Output Structure of the US Textile and Apparel Industry



108. The output of textile manufacturing, measured by value added, totaled $16.59 billion in 2021 while U.S. apparel manufacturing was $9.5 billion in 2019. The table above illustrates the output structure of the country's textile and apparel industry, with textile manufacturing having a larger output than apparel manufacturing.

c) Sri Lanka

109. The textile and apparel industry is the most significant sector to Sri-Lanka's economy, contributing $4.86 billion in export revenue which comprised 41.82% of

[76] Office of the USTR. CAFTA Policy Brief-2007. *Textile in the CAFTA-DR, 2007*. Retrieved from: https://ustr.gov/archive/assets/Trade_Agreements/Regional/CAFTA/Briefing_Book/asset_upload_file551_7185.pdf

the national export revenues in 2023. The textile industry employs both the power looms and the traditional handlooms, dating before 500BC, for highly valued handcrafted items.[77] The country's apparel industry began to grow significantly in the 1980s as an alternative to garment manufacturing in India, given the quota regime of the Multi Fiber Agreement.

110. Its competitiveness increased when a pioneer of "speed sourcing" for the America fashion retail sector began working with textile and apparel factories and entered joint venture partnerships in 1986-87. This was due to knowledge transfers and technology. The removal of quotas on garments produced in China led to the consolidation of many garment facilities in Sri Lanka, with about three companies accounting for a majority of the value of exports to U.S. markets. The country has a reputation for ethical manufacturing of high-quality apparel.

111. The textile and apparel industry is entirely privately owned and employs 362,500 people directly and 1 million indirectly. There are 300 manufacturers of apparel, 10 knitting factories, 28 weaving factories, of which 20 are handloom and 8 power loom, 1,734 local garment factories and 587 export garment factories. [78]

2.2.2.6. Regional Textile and Apparel Manufacturing

a) Lesotho

112. Lesotho is the 2nd highest exporter in terms of value of goods exported under AGOA and third in terms of volume of goods exported, primarily in textiles. The sector is dominated by the textiles and apparel industry. Most companies produce for the U.S. and South Africa markets, with apparel exports to South Africa growing. Textile exports to South Africa account for 30% of total apparel exports in volume. With one exception, the factories import all the raw materials for garments. Lesotho also has duty free access to Southern African Customs Union (SACU) and Southern African Development Community (SADC), which have a population of 277 million.[79]

113. The manufacturing sector is the largest employer after the government, and employs over 50,000 people, of which 80% are women. The sector directly and

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[77] Sri Lanka Export Development Board. *The Textile Manufacturing Industry in Sri Lanka*, 2024.
[78] Ministry of Industries-Sri Lanka. *Textile and Apparel Sector.* 2024Retrieved from:https://www.industry.gov.lk
[79] International Trade Administration. Lesotho-Country Commercial Guide. Manufacturing, 2 February 2024. Retrieved from: https://www.trade.gov/country-commercial-guides/lesotho-manufacturing

indirectly benefits 13% of the population. The manufacturing sector grew by 34% between 2014-2019 largely due to a tripling of textile and apparel exports to South Africa. Several challenges hamper its competitiveness and the interventions proposed are: improving social compliance through fair wages, improving worker conditions and utilizing ethical sourcing and transparent supply chains, ensuring adequate water supply in the industrial areas, strengthening value chain offerings to reduce costs and lead times by building upstream and downstream linkages such as launderers, embroiderers and waste water treatment plants.

114. Other interventions include upskilling across the value chain and strengthening infrastructure provision particularly in energy, water and waste management, investment promotion through a 'Made in Lesotho' strategy and strengthen international presence, and partnerships with South Africa to reduce trade facilitation barriers and reduce trade, logistics and import costs.[80]

b) Ethiopia

115. The government aims to create jobs and become a middle-income country by 2030 and is adopting an Industrial Development Policy to transform the agricultural-led economy to an industry-based one. To achieve this, the light manufacturing sector has been prioritized as it is labor-intensive and requires low-capital. It aims to create 350,000 jobs, especially for young women, in the textile and apparel sector.

116. Export-oriented textile and garment industry is mainly based in new industrial parks, with 13 of these contributing to 80-90% of total textile and garment production. The two biggest industrial parks are located in Addis Ababa with Hawassa Industrial Park exclusively hosting textile and garment factories. The industry accounted for more than 36% of manufacturing exports in 2021/2022, valued at $181 million.

117. The sector has attracted foreign investors through incentives such as tax benefits, state-of-the-art infrastructure, all-inclusive services for businesses and low electricity prices. The country has received technical assistance from the German Federal Ministry for Economic Cooperation and Development through various projects. One of this is the 'Promoting Sustainable Growth in the Textile and

[80] Marie-Nelly, M.F. and Baskaran, G. *Revitalizing the Competitiveness of Lesotho's Export Manufacturing Sector.* World Bank Blogs, March 25, 2021. Retrieved from: https://blogs.worldbank.org/en/africacan/revitalizing-competitiveness-lesothos-export-manufacturing-sector

Garment Industry in Ethiopia.' The project entailed the strengthening of the sector's regulatory bodies and the certification of local-based companies after implementing internationally recognised social and environmental standards.

118. Another example is 'The Sustainable Industrial Clusters (S.I.G.)' project which was commissioned by the German government and co-financed by UK's Foreign, Commonwealth and Development Office (FCDO). It promotes decent jobs and sustainable growth of the manufacturing sector by promoting worker welfare, improving investor satisfaction, improving environmental sustainability, and strengthening the regulatory framework and linkages between locally based businesses and exporting companies.

119. In 2023, two years post-implementation, the project had created at least 8,743 decent jobs, improved working conditions for 59% of workers in industrial parks, implemented measures to improve operations and environmental sustainability of industrial parks, introduced two new sustainability standards and guidelines and established new business linkages between locally based companies and industrial parks or exporting companies. These have opened the European market, which is critical in light of the country's suspension from AGOA.

120. Ethiopia's competitiveness lies in an abundance of labour, with a population of over 130 million, cheap and clean energy, free water, tax holidays of 2-10 years, low rental or lease costs in industrial parks, newly designed factory sheds that are amenable to fulfilling international occupational health and safety standards and enabling environmentally friendly production, and the potential for the creation of a vertically integrated value chain from cotton to textile manufacturing and finished garment.

121. Challenges include the suspension from AGOA in 2022, thereby losing the market for 80-90% of its exports, precarious working conditions including low wages and a high turnover rate, inadequate compliance with social and environmental standards, and dependence on imports of raw materials such as cotton and fabric. Similar to Kenya and Lesotho, fabric used for garment production is imported, mostly from Asia, cotton production does not meet international buyer

requirements in both quality and quantity, and low-skilled activities in the value chain such as cutting, sewing, finishing, ironing and packaging.[81]

c) Egypt

122. Referred to as 'white gold', Egypt has a long history in the cotton textile and apparel industry. It has the largest and most productive cotton and textile clusters in Africa, with the entire value chain represented domestically. This vertical integration includes cotton cultivation, manufacturing of yarns, fabrics, filament yarns and fibers, and production of ready-made garments. Cotton comprises 75% of natural fibers in volume. The industry is the second largest in the country after the food industry.

123. Its apparel sector accounts for 3% of GDP and 27% of industrial output. Its competitiveness lies in many factories that meet legal and community standards approved by WRAP, ISO and OEKO-TEX organizations. Its exports of ready-made clothes increased by 42% during FY 2021/2022 with raw cotton exports amounting to $156 million. The public sector dominates the productive industry: 50% in spinning, 60% in knitting and 60% in weaving. The private sector owns 90% of the garment sector. The number of new established companies in the textile sector between 2014-2019 reached about 6,740 companies. Revenues in the apparel market in 2023 were estimated at $17.04 billion and are projected to have an annual growth rate of 5.53% of CAGR in the period 2023-2028.[82]

124. In early 2024, it unveiled what it described as the world's largest spinning and weaving factory with investments of over $38 billion. The factory aims to achieve a production of 15, 000 tonnes of lint, boost annual yarn production to 188,000 tonnes and textile to 198 million meters, and manufacture 50 million pieces of clothing annually.[83]

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[81] Fink, M., Gronemeyer, R. and Rössner, H. Ethiopia's Textile and Garment Industry: Excerpts from a Study on Labour Turnover. Justus Liebig University Giessen. December 2023. Retrieved from: https://reimergronemeyer.de/wp-content/uploads/2023/12/ET_Textile_Industry_2023.pdf

[82] Elsewedy Industrial Development. Textile Sector in Egypt-December 2023, 2023. Retrieved from: https://elsewedydevelopment.com/case-studies/textile-sector-in-egypt-dec-2023/

[83] Ndure, Isatou. *Egypt Set to Unveil 'World's Largest' Textile in February.* January, 12, 2023

2.2.2.7. Challenges and Interventions in Value Addition

TABLE 11: Challenges and Interventions in Value Addition

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	POLITICAL CHALLENGES		
i.	**Weak integration into the Global CTA value chain**	Kenya has not meaningfully integrated into the global CTA value addition. Nearly all sector gains since the inception of AGOA in 2001 have been realized in the apparel segment, which also majorly imports fabric. Engagement with the CTA value chain is centred around CTM activities done under contract for large apparel enterprises. This means that there are no backward linkages to cotton production and textile milling	Acquisition of modern technology and equipment to enable the manufacturing and creation of high-quality textile and apparel products. Branding of Kenya as a green textile-apparel producer through environmentally sustainable cotton production and processing, and equitable labour practices. Raise awareness and facilitate the acquisition of certifications such as Cotton Made in Africa (CMiA) and Better Cotton Initiative, WRAP (Worldwide Responsible Accredited Production), global organic standards and accreditation by different brands. Facilitate capacity building of MSME's to meet industry standards and enable their profitable integration into the global value chain.
	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	ECONOMIC CHALLENGES		
i.	**High cost of value addition processes**	Value addition activities including the processing of cotton seed cake and cotton seed oil, milling, spinning, weaving and knitting, require numerous inputs. These high costs of production include the cost of energy, machinery, labour, water, credit, and inputs such as lint, fibres, filament and dyes, some of which are imported. The costs of these inputs reduce profit margins and make Kenya's finished products uncompetitive on the	Reduce the cost of electricity through operationalizing of net metering regulations and wheeling tariff framework, opening captive power market, reviewing time of use policy and promoting the use of renewable energy. Inclusion of textile-apparel manufacturers in the priority list for power connectivity. Increase local capacity to produce inputs for textile-apparel manufacturing.

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
		local and global markets. This deters investment in textile-apparel manufacturing and leads to local apparel producers importing textiles.	Institute a tax regime that incentivizes entry into CTA value addition, particularly for MSME's. through tax holidays and tax reduction for capital goods for businesses operating in the CAIPs. Ensure a predictable wage structure to facilitate business planning. Review overlapping regulatory mandates among national institution and between national institutions and the county government. Harmonize business permit and documentation between national and county governments, and county to county governments. Harmonize county licensing and revenue collection mechanisms to reduce overlaps.
ii.	**High Cost of Doing Business**	The cost of acquiring business permits is also high due to multiplicity of documentation required at the county and national governments, and a high tax burden. The high cost of doing business renders businesses uncompetitive. These costs include Cost of doing business includes multiplicity of taxes, business and work permits and delays in processing documentation. This has the negative consequence of capital flight from Kenya, due to competitive costs of doing business in the region and internationally.	Streamlining and reduction of multiple taxes in the entry and continuation of business within the CTA value chain. Centralized digital platform that streamlines the application process of various permits and documentation. Coordination between departments, agencies and regulatory bodies whose mandate touches of businesses, including industries, in the CTA value chain.

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
iii.	**Quality control**	Quality control should occur across the value chain from farm to final product. This includes lint, textile, and apparel quality.	National compliance with international certification and accreditation is key to integrating into the global textile-apparel chain. Supply chain development of complementary items in the textile-apparel sector such as zips, tags and accessories.
	CHALLENGE	**DESCRIPTION**	**PROPOSED INTERVENTIONS**
	SOCIAL CHALLENGES		
i.	**Reduced Competitiveness due to Skills Gaps in Textile-Apparel Manufacturing**	There is a skills gap between work force and industry requirements in textile-apparel manufacturing. This is caused by the misalignment of training with industry needs, outdated technology used in training institutions, and insufficient collaborations between training insitutions and industry. This results in the country being uncompetitive in attracting investments that target a consumer-base that requires specialized skills, and is a barrier to local workers who want to integrate into the global value chains in the fashion industry. Bridging the skills gap will require capacity building in learning institutions in curriculum revision and development, and adoption of modern techology to equip the workforce with updated industry skills.	Facilitate the re-skilling and up-skilling of the existing workforce to equip them with multi-skills that can respond to dynamic consmer demands. This will entail structured engagements with industry, including those that are located in the incentivized zones and are using modern technologies. Facilitate capacity building for institutions such as NITA-TTI who are engaged in training the existing workforce. Facilitate the training on the repair and fabrication of equipment, machinery and technology used in value addition processes. Facilitate public-private partnerships to equip KIRDI in industrial research. Engage in public-private partnerships for the acquisition of modern equipment and machineries for training institutions. Upgrading of skills for supervisory and mid-level management to facilitate upward shift in the textile-apparel chain.

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
ii.	**Low demand for local textile and apparel within the country.**	The low demand for local textile and apparel is due to several reasons including perceptions of poor quality, high price and a lack of awareness of the products available.	Marketing by enterprises in the value chain, including weavers and knitters. Buy Kenya Build Kenya (BKBK). Beyond wearing clothes designed by Kenyans, to have a farm to fashion approach, where the apparel is sourced from cotton grown in Kenya and processed with materials produced in Kenya. Availability of ready market. Blending with alternative fibres to address quality concerns. Societal appreciation of heritage textiles. The quest for a national dress is on-going through the ministry of culture.
	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	TECHNOLOGICAL CHALLENGES		
i.	**Outdated technology and machinery in training institutions and limited machineries in industry.**	Training institutions are constrained by the use of outdated technology and machinery which poses a challenge in skills transfer. Students often have to be retrained due to lack of exposure to modern technologies and machinery during their training. The outdated equipment and machinery also tend to be inefficient in resource use and therefore reduces profitability.	Facilitate engagement between training institutions and industries using modern equipment and machinery so as acquire new skills. Conduct a needs-based assessment of the machinery and equipment in training institutions to establish the current gap. Prioritize resource-use efficiency in the acquisition of new equipment and machinery.
	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	ENVIRONMENTAL CHALLENGES		
i.	**Inefficient Water Use**	Large volumes of water are consumed in value addition processes including textile manufacturing and the effluent from manufacting processes often contains chemicals that require treatment. These processes are costly both financially and environmentally.	Offer fiscal incentives for industries for the purchase and installation of water harvesting and storage facilities. Prioritize infrastructure development that enables access to water for industries in the CTA sector and ensure the integrity of new and existing water infrastructure.

	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
			Incentivize the use of environmentally friendly value addition chemicals. Have one dedicated water line and dedicated water supply with volumes to be reviewed twice annually in the EPZs. Prioritize water recycling. Requirement for water harvesting capacity for new buildings.
ii.	**Negative Economic and Environmental Impact of Used Clothes Imports**	The importation of used clothes is a political, economic, and environmental challenge as pertains to value addition in the CTA sector. Political-economic considerations include the significant number of people supported by the used clothes sector, which would render a total ban unviable. Additionally, the country does not have the capacity to meet all the clothing needs of the county in terms of both quality and quantity. The environmental issues relates to textile waste dumping, which occurs when clothes imports are not usable. There are currently no mechanism to distinguish textile waste from useable clothes before offloading at ports of entry.	The institution of quality control measures in exporting countries to avoid textile waste being dumped in Kenya. Utilize trade remedies to deter textile waste dumping. Facilitate the shift to eco-design practices such as integrating used clothes into other products, promote use of organic cotton, and embrace a circular economy through reducing, recycling and reusing.

2.2.3. Pillar 3: Market Access: Domestic and Foreign

125. A substantial quantity of goods is traded on the domestic and global market daily. Goods traded are classified as primary, intermediate, consumer and capital goods which include the machinery used for the production of other goods.[84] Goods can also be differentiated by broad category, including natural resources,

[84] United Nations Conference on Trade and Development, *Key Statistics and Trends in International Trade 2022: The Remarkable Rebound of 2021 and 2022* (Geneva: United Nations, 2022),30.

agricultural products and manufactures.[85] Cotton is categorized as an agricultural product while textile and apparel as manufactures. Cotton, textile and apparel are actively traded commodities. Thus, the Textile and Apparel sub-sector is vital for economic development and poverty reduction.

126. The success of any textile and apparel company is its ability to trade in the local (domestic) and international markets. Domestic market access is vital for various reasons, including revenue for the business and growth. On the other hand, expanding into international markets is key because it increases the market share of the business, thus tapping into new revenue streams. It also helps the business achieve economies of scale and mitigate risks associated with economic downturns or geopolitical uncertainties in a single country or region. Concerning the home country where the business is domiciled, it contributes to job creation, increased foreign exchange earnings, and revenue diversification.

127. This chapter examines Kenyan trade in textile and apparel in the domestic and international markets. It commences by giving an overview of the history of trade in textile and apparel in Kenya, current status, trends and challenges. It also examines existing legal and institutional frameworks regarding trade in textile and apparel and their relevance to the sub-sector. The experiences of other countries are also analysed to draw lessons for Kenya.

128. After independence, trade in textile and apparel continued to grow as the government prioritized the CTA sector in its development plans.

129. Between 1964 and 1990, the government continued to employ import substitution measures such as tariffs to raise revenue and prohibition of imports where a viable local industry could satisfy local demands. In addition, it employed foreign exchange allocation measures.[86] The exchange rates were overvalued to discourage imported materials.[87]

[85] UNCTAD, *Key Statistics and Trends in International Trade 2022*, 30.
[86] Jacob O. Omolo, "The Textiles and Clothing Industry in Kenya," in *The Future of the Textile and Clothing Industry in Sub-Saharan Africa*, ed. Herbert Jauch and Rudolf Traub-Merz (Bonn: Friedrich-Ebert-Stiftung, 2006),148.
[87] Omolo, "The Textiles and Clothing Industry in Kenya", 148.

130. As a result, the textile and apparel sub-sector continued to expand and became the leading manufacturing activity in Kenya thereby increasing domestic and foreign trade.

131. Unfortunately, in the last quarter of the 1980s, the textile and apparel sub-sector began to decline due to the introduction of used clothes (*mitumba*) in Kenya in the late 1980s and economic liberalization programmes in early 1990s as discussed in previous sections. As a result, local consumption and export of textiles and apparel decreased.

2.2.3.1. Current Status of Trade in Textile and Apparel in Kenya

132. Kenya's textile and apparel sub-sector started to revive from 2000 following Kenya becoming eligible to export to the United States of America under the African Growth and Opportunity Act (AGOA).

133. AGOA was enacted in May 18, 2000 to provide eligible Sub-Saharan African (SSA) countries with duty-free access to the U.S. market for 6,421 tariff lines.[88] Its objective is to diversify Africa's export production, expand trade and investment between the U.S and SSA, and accelerate Africa's economic growth.[89]

134. Kenya exports to the U.S. under AGOA have been steadily increasing. Textile and apparel products currently dominate Kenya's exports to the U.S. under AGOA. Since 2000, Kenya has exported $6.5 billion worth of apparel to the United States duty-free under AGOA and from 2016, it has enjoyed a surplus in its two-way trade with the U.S. In 2022, the country's trade surplus with the U.S was $337 million.[90]

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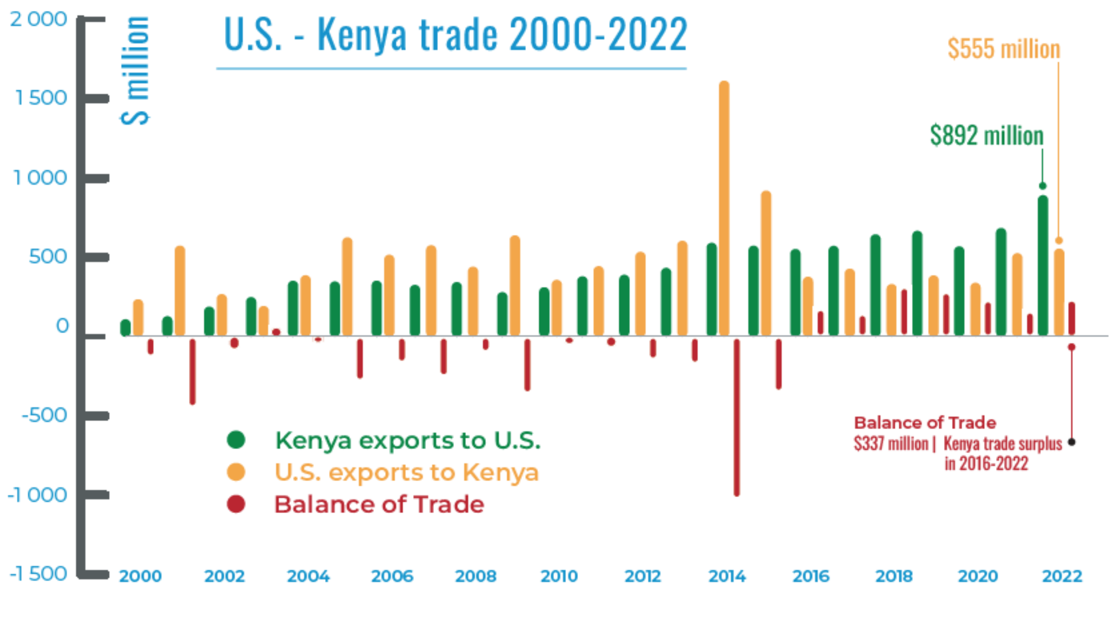
[88] https://agoa.info/

[89] Francis Owusu and Kefa M. Otiso, "Twenty Years of the U.S. African Growth and Opportunity Act (AGOA): Policy Lessons from Kenya's Experience," *Kenya Studies Review* 9, no. 1 (Summer 2021), 17.

[90] "AGOA and Kenya," *AGOA.info*.

FIGURE 12: Bilateral Trade between Kenya and U.S – 2000 to 2022



Source: *AGOA.info*

135. Thus, AGOA enabled Kenya to revive its textile and apparel industry by developing an apparel export sector that is overwhelmingly dependent on the U.S market.[91] Some American apparel and clothes retailers such as PVH Corp, who own the Calvin Klein and Tommy Hilfiger brands, have local buying centers in Nairobi.[92]

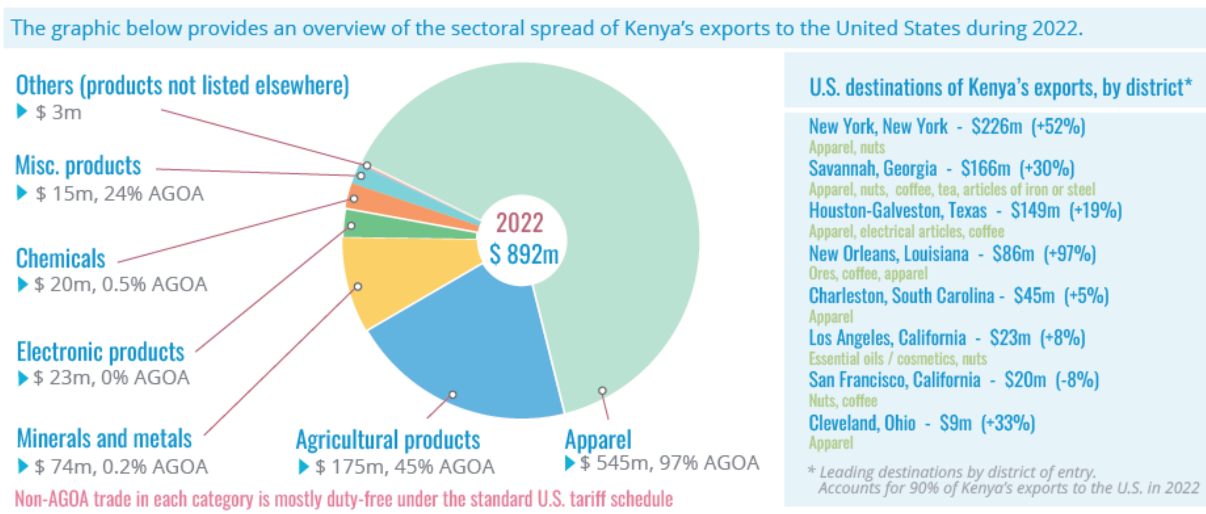
136. Under AGOA, qualifying apparel must be made up locally (cut, make, trim); however, fabric sourced from anywhere in the world (third country fabric) may be used. Kenya qualified for "Third Country Fabric" provision on 18th January 2001.[93] Hence, despite the dominance of cotton products in Kenya's exports, textile is imported to meet the quantity and quality demands. According to the Economic Survey 2024, Kenya imported 19,184.3 tonnes of textile yarn worth over Kshs. 85

[91] Owusu and Otiso, "Twenty Years of the U.S. African Growth and Opportunity Act (AGOA), 22 citing Export Processing Zones Authority (EPZA), *Export Processing Zones Program Annual Performance Report, 2014* (Nairobi: Export Processing Zones Authority, 2015).
[92] Owusu and Otiso, "Twenty Years of the U.S. African Growth and Opportunity Act (AGOA), 22 citing United States International Trade Commission (USITC), *AGOA: Trade and Investment Performance Overview* (2014).
[93] "AGOA and Kenya: The African Growth and Opportunity Act," *AGOA.info*, accessed October 16, 2024, https://agoa.info/.

billion.[94] Part of the fabric utilized by the EPZ companies is cotton which can be sourced from the country. Thus, there is an opportunity for the country to provide fabric inputs to the export-oriented industry.

137. With regard to textile, they must be wholly produced from locally made fibers, yarns, fabrics or components knit-to-shape.[95]

FIGURE 13: Overview of the Sectoral Spread of Kenya's Exports to the U.S in 2022



Source: *AGOA.info*

TABLE 12: Kenya Exports to the US under AGOA– 2000 to 2022 in $million

YEAR	EXPORTS UNDER AGOA ($ MILLION)
2000	0
2001	55
2002	124
2003	181
2004	280
2005	272
2006	265
2007	250

[94] Kenya Association of manufacturers (KAM) Strategy Support 2023.
[95] "AGOA and Kenya," *AGOA.info*.

YEAR	EXPORTS UNDER AGOA ($ MILLION)
2008	252
2009	205
2010	221
2011	288
2012	288
2013	337
2014	417
2015	428
2016	391
2017	403
2018	467
2019	512
2020	428
2021	517
2022	603

Source: Modified by author from *AGOA.info*

138. Kenya is currently the largest exporter under AGOA, well ahead of Lesotho, and with higher U.S exports than Mauritius and Madagascar combined.[96]

139. Kenya also exports its textile and apparel to other regions such as Sub-Saharan Africa, Europe, Central Asia, Latin America, Middle East, North Africa, and North America. In 2022, it exported textile and clothing to U.S, Nigeria, Uganda, European Union countries, Canada, United Kingdom and Saudi Arabia.[97]

140. According to the Economic Survey 2024, Kenya exports of textile yarn increased from 1,480.4 tonnes in 2022 to 1,539.3 tonnes in 2023. The export of apparel also increased from 6,764.4 tonnes in 2022 to 31,997.1 tonnes in 2023. Consequently, Kenya's foreign exchange earnings from domestic export of apparel increased from Kshs. 2.556 billion in 2022 to Kshs.2.945 billion in 2023.

141. Despite the increase of export of apparel due to AGOA, local and regional uptake of textile and apparel manufactured in Kenya by non-EPZ textiles and apparel firms is low despite the presence of a huge market of approximately 50 million people in Kenya, 300 million people in the EAC region and 1 billion people in the rest of Africa. This is because of various factors including increase of mitumba imports (according to the Economic Survey 2024, imports of second-hand clothing

[96] "AGOA and Kenya," *AGOA.info*.
[97] World Integrated Trade Solution.

increased by 11.5%), import of new apparel disguised as mitumba and influx of illicit unaccustomed wears leading to unfair competition.[98]

2.2.3.2. Ongoing Interventions in Market Access

142. The government has introduced several initiatives to enhance local consumption and increase exports of textile and apparel. They include:

a) **County Aggregation and Industrial Parks (CAIPs)**
This is a joint initiative by the national and county governments and has been discussed in detail in earlier sections.

b) **Buy Kenya Build Kenya (BKBK)**
This is a presidential directive which requires the disciplined forces to source textile and apparel locally. It has contributed significantly to enhancing market access for locally manufactured goods thus contributing to cushioning the non-EPZ textile and apparel firms.[99]

c) **Capacity Building by National Industrial Training Authority - Textile Training Institute (NITA-TTI)**
NITA-TTI has been training tailors owning small scale apparel businesses in garment making in various clusters such as Nairobi Textile and Makina.

d) **Access to Global Market**
Kenya has recently concluded several trade arrangements that have opened additional global markets for Kenya. For example, the Economic Partnership Agreement (EPA) between the European Union and Kenya (EU-Kenya EPA) which entered into force in July 2024, UK-Kenya EPA which entered into force in March 2021, the AfCFTA and the Tripartite Free Trade Area (TFTA).

2.2.3.3. Legal Framework

143. The following legal framework identifies the laws that collectively support the enhancement of market access in the CTA sector.

[98] KAM Textiles and Apparels Sector Profile, 13 and KAM Strategy Support 2023.
[99] KAM Textiles and Apparels Sector Profile, 18.

TABLE 13: Legal Framework for Market Access

S.No	Statute	Objective/Purpose	Relevance to Market Access
i.	**National Trade Policy**	Facilitate Kenya's transformation into a competitive export led economy, enhance regional integration and widen participation in both domestic and international trade.	The key policy measures will support the CTA sector and include encourage competitive and fair trade practices, encourage business community to take advantage of the various training programmes available in the country, develop a vibrant and reliable supply chains, elimination of NTBs, promote value chains to respond to regional and international market opportunities, establish industrial parks and special and free economic zones to expand production for export market, enhance institutional capacities to improve compliance with standards and technical regulations, strengthen administration mechanism for the duty remission and other EAC export promotion scheme to ensure the maximum use of the schemes by Kenyan industries, and advocate and negotiate for trade supportive Rules of Origin in EAC, COMESA and other Regional Economic Communities that Kenya ais party to.
ii.	**Kenya Investment Policy**	To attract, encourage and retain productive investments for sustainable and inclusive development by promoting and providing a thriving and globally attractive investment climate.	The key policy measures will support the CTA sector and include improving the facilitation of foreign and domestic investment entry and establishment to enhance the country's competitiveness, and strengthen coordination of

S.No	Statute	Objective/Purpose	Relevance to Market Access
			investment promotion and facilitation between investment actors at national and county levels, create a harmonized institutional, legal and regulatory framework that supports a vibrant and attractive investment climate.
iii.	**Anti-Counterfeit Act (CAP.510)**	To prohibit trade in counterfeit goods.	Enlighten and inform the public on matters relating to counterfeiting in the CTA sector. Combat counterfeiting, trade, and other dealings in counterfeit textile and apparel goods in Kenya. Devise and promote training programmes on combating counterfeiting in textile and apparel sub-sector. Carry out inquiries, studies and research into matters relating to counterfeiting and protection of intellectual property in the textile and apparel sub-sector.
iv.	**Kenya Trade Remedies Act (CAP.524)**	Establishes the Kenya Trade Remedies Agency whose functions are to investigate and impose anti-dumping, countervailing and trade safeguard measures.	Investigate and evaluate the allegations of dumping and subsidization of imported textile and apparel in Kenya. Investigate and evaluate requests and applications of safeguard measures on textile and apparel imported in Kenya. Initiate and conduct public awareness and training on the public and private stakeholders on trade remedies.

S.No	Statute	Objective/Purpose	Relevance to Market Access
v.	**Micro and Small Enterprises Act (Cap. 499C)**	Provides for the promotion, development and regulation of micro and small enterprises. Establishes the Micro and Small Enterprises Development Fund in Section 51(1) to provide affordable and accessible credit to micro and small enterprises. Establishes the Micro and Small Enterprises Authority in Section 29(1)	Facilitate access to business development services for micro and small enterprises in Textile and Apparel sub-sector. Facilitate formalization and upgrading of informal micro and small enterprises in the Textile and Apparel sub-sector. Provide technical assistance in the development of textile and apparel products. Identify markets for products and provide linkages between micro and small enterprises and potential markets. Organize trade fairs and shows to promote products generated by micro and small enterprises. Conduct market research, survey and analysis. Facilitate the registration and protection of intellectual property rights for micro and small enterprises in the Textile and Apparel sub-sector. Provide incentives to encourage invention and innovation. Develop in collaboration with relevant institutions, programmes in standardization and product development for the textile and apparel sub-sectors. Facilitate micro and small enterprises to access relevant equipment either through,

S.No	Statute	Objective/Purpose	Relevance to Market Access
			purchasing, leasing or franchising. Import modern and appropriate technologies for use by micro and small enterprises. Develop, in collaboration with relevant institutions, programmes for improving credit access and other financial services by micro and small enterprises.
vi.	**Miscellaneous Fees and Levies Act (Cap. 469C)**	Provides for the imposition of duties and levies in imported and exported goods.	All goods specified in the First Schedule are subject to the indicated export levy. All goods specified in the Third Schedule are subject to the Export and Investment Promotion Levy specified therein. The levy is paid by an importer and the purpose is to provide funds to boost manufacturing, increase exports, create jobs, save foreign exchange and promote investments.
vii.	**National Electronic Single Window System Act (Cap. 485D)**	Provides for a single platform for facilitation of trade through integration of systems of government and private entities. Establishes the National Single Window System under Section 6(1) to facilitate trade. Establishes the Kenya Trade Network Agency to provide for electronic transactions.	Businesses lodge documents electronically including export documents for processing and approval. This facilitates a single-entry point submission and receipt of documents or any other information required for trade facilitation. Enables synchronized processing of data and information. Facilitate electronic transactions in trade and reduce legal and operational barriers to electronic transactions.

S.No	Statute	Objective/Purpose	Relevance to Market Access
			Facilitate the electronic payment for fees and levies due to the government on goods exported for transactions submitted through the system. Facilitate co-ordination and partnership among the department responsible for customs, other relevant Government ministries, Government entities or agencies and industry players dealing with trade or trade facilitation. Can also be used by businesses for domestic trade transactions.
viii.	**Trade Description Act (Cap. 505)**	Prohibits misdescription of goods	The description of any goods in any customs entry is deemed to be a trade description under Section 2(2)C of the Act. It is an offence under the Act to falsely describe a good. Prohibits the importation of goods bearing false indication of origin.
ix.	**Gazette Notice No. 8887, Volume CXIX-No. 136 of September 15th, 2017**	Establishes the National Trade Negotiations Council.	Contribute and coordinate the formulation of country negotiating positions, research and analysis, and preparation of negotiating proposals and ministerial conferences. Disseminate information on policy developments on trade matters among the Council. Support public awareness of matters related to domestic and international trade.

S.No	Statute	Objective/Purpose	Relevance to Market Access
			Organise meetings and seminars on trade matters.
x.	**Public Finance (National Government) Regulations (Legal Notice 34 of 2015)**	Section 24(4) of the Public Finance Management (PFM) Act provides for the establishment of national government public fund. The Public Finance Management (National Government) Regulations provide for the means of administering the powers vested in the Cabinet Secretary for the National Treasury under the Constitution, the PFM Act, and any other related legislation.	Regulation 207, 208 and 209 provides the criteria for establishment of a public fund, the management and winding up of a national public fund.
xii.	**Investment Promotion Act (Cap. 485)**	Promote and facilitate investment by, among other things, assisting investors to acquire necessary licenses Establishes Kenya Investment Authority in Section 14. Section 26 establishes the National Investment Council.	Promote and facilitate investments in the CTA Sector.
xii.	**Public Private Partnerships Act (Cap. 430)**	Provide for the participation of the private sector in the financing, construction, development, operation or maintenance of infrastructure or development projects through public-private partnerships at the National and County governments.	Legal framework that helps the government to leverage on the benefits of Public Private Partnerships. Public Private Partnerships are essential for developing large-scale government projects such as roads and industrial parks to support the CTA Sector.

2.2.3.4. Regional and Global Outlook

2.2.3.4.1. Global Outlook

144. World cotton trade is projected to increase significantly in 2023/2024 to 9.9 million tons. This growth is attributed to increasing demand in major markets such as China and India and recovery in global economic activity.[100]

145. Kenya has a great opportunity to take advantage of the increase in world trade in CTA as the apparel industry has the potential to fuel the economic progress of a country.

146. Export-oriented foreign direct investment has helped countries such as Bangladesh, Cambodia, Ethiopia and Lesotho to access Global Value Chains (GVC) and international production networks. In some cases, it has facilitated the upgrade of technology, machinery and equipment.[101]

147. In Bangladesh, inward investment has contributed to skills development and knowledge transfer. This has helped to grow local garment experts who eventually set up domestic garment firms of their own.[102]

148. In Cambodia, garments account for 80 percent of export revenues.[103]Export growth was achieved through an increase in Foreign Direct Investment in the garment industry leading to growth in the number of factories and associated employment. 50% of the workers in the industrial sector are employed in garment sub-sector.[104] Its major export markets are US and EU due to preferential access agreements.

149. In Vietnam, the garment and textile sector consist of three sub-sectors: the upstream sector (fiber production), the midstream sector (fabric production and

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[100] International Cotton Advisory Committee (ICAC), *Market Report on the Global and Regional Cotton Sectors for 2023/2024,* vol. 77, no. 4 (August 2024): 6.

[101] Neil Balchin and Linda Calabrese, *Comparative Country Study of the Development of the Textile and Garment Sectors: Lessons for Tanzania* (May 2019), 7. Also see Generation Kenya. *Skills Needs Assessment of the Textile and Apparel Manufacturing Sector in Kenya: Learnings from Global Practices*. Report, October 2023, 13.

[102] Balchin and Calabrese, *Comparative Country Study*, 7.

[103] **World Bank**, *Improving Trade Competitiveness: Cambodia Garment Exports*, Trade Development Policy Note No. 83075 (September 2013).

[104] Cambodia Industrial Development Policy 2015-2025.

dyeing), and the downstream sector (garment manufacturing).[105] The sub-sectors that produce fibers or fabric are mainly used for domestic consumption. The garment manufacturing sub-sector accounts for the bulk of the apparel and textile sector with CMT models accounting for 70 percent of the output of the manufacturing firms and the more advance models of Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) account for around 30 percent.[106] The US, Europe, Japan and South Korea are the main export destinations. Vietnam has a huge potential for cotton cultivation and production; however, the textile industry imports most of the cotton inputs. In 2022, it imported US$3.76 billion worth of cotton from the USA, Australia, Brazil, India and Argentina. The success of the sector is attributed to various factors including technology, low labor costs, good infrastructure, and free trade agreements. Also, the government has expanded industrial parks for textiles and is supporting firms in research and development activities, technology transfer and innovation. In addition, tax incentives in form of preferential tax rates and tax holidays have also contributed to the growth of the sector. Vietnam is currently focusing on moving up the value chain and has invested in advanced machinery and skilled labor, building a national image that is competitive and quality driven, and strategizing a green transition through adopting green practices and improving the Environmental, Social and Governance (ESG) profiles of suppliers to ensure they retain global competitiveness.[107]

150. U.S remains a big market for Kenya's apparel under AGOA as discussed earlier. Also, Kenya and the United States are negotiating the Kenya-US Strategic Trade and Investment Partnership (STIP) and discussions on the successor arrangement to the African Growth and Opportunity Act (AGOA) which lapses in September 2025 are still ongoing.

151. In addition to the US market, the European Union and United Kingdom are potential lucrative markets for Kenyan apparel. Kenya entered into bilateral Economic Partnership Agreement (EPA) with the United Kingdom and the European Union (EU). Further, it was granted permission to implement the EU-EAC EPA under the principle of variable geometry vide the EAC Heads of State Communique of 27 February 2021.

[105] Vietnam Briefing. https://www.vietnam-briefing.com/news/seizing-investment-opportunities-vietnams-textile-garment-industry.html/

[106] Vietnam Briefing.

[107] Vietnam Briefing.

152. The global textile and apparel market has begun a shift towards prioritising sustainability in the textile and apparel sector. For example, in 2023 EU considered several legal instruments on fashion and textiles which will regulate the entire fashion value chain from product to marketing designs. Some of these instruments include the EU Strategy for Sustainable and Circular Textiles, Digital Product Passport, EU Green Claim Directive, Waste Framework Directive, and Corporate Sustainability Reporting Directive.

153. U.S is also moving towards sustainability. Some of the proposed legislations include the New York Sustainability and Social Accountability Act.

154. Other global initiatives toward sustainability include the Fashion Industry Charter for Climate Action, an initiative spearheaded by the UN Climate Change to guide the fashion sector to achieve net-zero greenhouse gas emissions by 2050. Approximately, 68 brands and retailers and 31 manufacturers have pledged their support. Kenya can tap on this upcoming market to grow its textile and apparel sub-sector.

2.2.3.4.2. Regional Outlook

155. Kenya enjoys preferential access to regional markets through memberships in regional arrangements including the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA). These regional ties open doors for further market diversification and economic integration.

156. The implementation of the African Continental Free Trade Area (AfCFTA) marks a significant milestone for Kenyan apparel exports. This agreement seeks to significantly boost intra-Africa trade, particularly trade in value-added production and across all sectors of the economy. It further seeks to promote industrial development through diversification and regional value chain development by progressively eliminating barriers on intra-Africa trade. It creates a unified African market of about 1.3 billion people and a combined GDP of $3.4 trillion. Kenyan apparel manufacturers stand to benefit immensely from this expanded market.

157. Countries such as South Africa, Ethiopia, and Mauritius have taken advantage of both regional and global trade arrangements to boost their textile and apparel sub-sector.

158. South Africa is one of the biggest textile and apparel exporter in sub-Saharan Africa. Its export for textile was approximately $3.8 billion in 2023. Its export destination is mainly South African Customs Union (SACU) members. The sub-sector employees approximately 146,000 people. Policy initiatives such as boosting local production, promoting public procurement of locally manufactured goods and boosting global competitiveness contributed to the growth of the sub-sector.[108]

159. As discussed in pillar 2 on value addition, Ethiopia's textile and apparel sub-sector is export-oriented and has expanded at an average rate of 51% during the past ten years.[109] It exports mainly to the USA under AGOA and the European Union under the Everything But Arms (EBA). The industrial parks have played a key role in the growth of the sub-sector and have attracted investors due to several targeted incentives as discussed in pillar 2 above. Ethiopia is starting to shift away from relying on the US for its garment exports. Also, it sources its raw materials and accessories from Asia but is currently developing its cotton farms and companies for backward integration.[110] Local cotton production currently meets 60% of the textile and clothing industry needs.[111]

160. Concerning Mauritius, the main export markets are Europe, US, and South Africa. Agreements like AGOA and EU EPA and membership to trade arrangements including COMESA have expanded its consumer base. Also, European and Asian investments have contributed in the development and expansion of its textile and apparel sub-sector. The textile industry is known to produce premium products that cater for luxury and mid-market segments.

2.2.3.5. Challenges and Proposed Interventions in Market Access

TABLE 14: Challenges and Proposed Interventions in Market Access

S.No	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	POLITICAL CHALLENGES		
i.	**Governance Challenges in Addressing Unfair Competition Arising**	There are significant illicit trade activities that negatively impact the sub-sector. They include	Strengthen enforcement mechanisms through capacity building of relevant officers and sub-sector specialization.

[108] Rethabile Molala, *Industry Study: Clothing and Textile 2024*, Trade and Industrial Policy Strategies, 4.
[109] Abera Kechi Kabish, "Textile and Clothing Production and Trading: The Way to Industrial Economy Development," *Ethiopian Journal of Science and Technology* 16, Special Issue (May 2023): 1–12, 6.
[110] www.agoa.info.
[111] Kabish, "Textile and Clothing Production and Trading, 8.

S.No	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
	from Illicit Trade and Misdeclaration of Goods	smuggling of fast fashion garments; counterfeiting of fabrics; and misdeclaration of goods at ports of entry.	Implement stricter oversight on product safety and intellectual property protection. Enhance international cooperation. Increase inter-agency cooperation. Foster collaboration between public and private sector stakeholders. Deploy advanced technology for monitoring and compliance.
	ECONOMIC CHALLENGES		
ii.	**Limited Backward Linkages**	Despite the increase of export of apparel due to AGOA, there is limited use of local raw materials and other inputs by the EPZ firms thus minimal backward linkages.	Provide incentives to local industries to increase competitiveness of their raw materials and intermediate goods. Facilitate Business to Business engagements between the EPZ firms and textile mills for exchange of information to support inward investment. Encourage formation of digital platforms that allow access to real-time market information between EPZ firms and textile mills. Provide special incentives linked to local content requirements to foster development of supply chain linkages.
iii.	**Limited Export Market and Product Diversification**	Kenya's exports in the CTA sector is poorly diversified as they are concentrated in a few products and destinations. For example, a significant amount of Kenya apparel exports is to the U.S under AGOA. Apparel is also the highest exported product under AGOA.	Increase global market knowledge through international market research and identifying target markets through an evidence-based approach. Collate and disseminate export market information to firms in a timely manner. Support textile and apparel firms to comply with market requirements of targeted international markets. Strengthen sector coordination.Regularly participate in trade exhibitions and encourage

S.No	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
			textile and apparel firms to engage in trade shows. Develop Kenya's brand image as a hub for green textile, apparel production, and eco-designs. Further promote Kenya as the main Foreign Direct Investment destination for textile and apparel. Increase the capacity of Trade and investment support institutions, including trade missions abroad, to target and attract the appropriate investments in textile and apparel. Support access to affordable finance by SMEs to encourage investment and expansion. Support textile and apparel firms to engage in higher value-added portions of the value chain. Support textile and apparel firms to engage in handmade and customized products. Encourage the development of a diverse range of textile and apparel products. Facilitate investment in modern technologies and techniques and capacity building for workers and businesses.
	SOCIAL CHALLENGES		
iv.	**Decline in consumption of locally produced goods.**	There is decline in use of domestic apparel and textiles due to lack of information on available textile; minimum order quantity requirements; challenges in implementing the Buy Kenya Build Kenya Presidential Directive; and delayed payment by government to suppliers under the Buy Kenya Build	Develop the Buy Kenya Build Kenya Local Content Policy. Undertake awareness campaigns on the benefits of Buy Kenya Build Kenya. Encourage apparel firms and textile mills to establish a coordinated digital platform for bulking to meet the minimum order quantity.

S.No	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
		Kenya presidential initiative thus affecting their liquidity.	Encourage textile mills to embrace digital marketing. Support local trade shows for networking, sharing skills, experiences, innovations and opportunities and enlarge customer base. Support SMEs to grow their brands through fostering partnerships with foreign fashion and apparel stores in Kenya to encourage their purchase of local brands for their local and international stores. Introduce an Export and Investment Promotion Levy under the Miscellaneous Fees and Levies Act on textile and apparel inputs available in Kenya to promote use of local products. Promote linkages between tailors and large entrepreneurs, schools, colleges and uniformed forces. Promote the development of green and technology-driven integrated textile parks by the private sector or through public private partnerships to boost local capacity. Encourage the establishment of Centres of Excellence in Textile to bolster research, technical expertise and training in textile matters. Provide information to tailors on the opportunities to expand their local market. Encourage the formation of textile clusters. Promote the establishment of textile industrial parks or common user facilities in textile clusters.
v.	**Limited awareness and utilization of trade arrangements.**	There is a gap in the awareness and understanding of trade	Increase awareness and knowledge of existing trade arrangements in the private and public sectors.

S.No	CHALLENGE	DESCRIPTION	PROPOSED INTERVENTIONS
		arrangements Kenya is party to among key stakeholders in the CTA sector, particularly within the public and private sectors.	Enhance capacity building programs for the public officials and private sector entities. Improve coordination and support by establishing a dedicated focal point. Develop a digital platform for information dissemination and sharing.

2.2.4. Sustainability in the CTA Sector in Kenya

161. Sustainability in cotton production aims to reduce environmental impact, optimize resources, and promote social responsibility across the entire CTA value chain. Central to this is the concept of a circular economy, which emphasizes resource optimization and waste elimination throughout the production and consumption cycles[112]. The circular economy promotes extending the lifespan and usage of resources, thus, prioritizing the reuse of goods and materials over their disposal.

162. This section examines sustainability under cotton production, value addition and certification.

2.2.4.1. Sustainable Cotton Production

2.2.4.1.1. The Versatility of Cotton

163. Cotton is mostly known for its natural fiber and its use in textile production. However, cotton does more than produce textiles. It is known as an "and" crop because of the many byproducts it creates without requiring extra land, water, or fertilizers. Once lint has been taken off, cotton seed can be used to produce seed cake to feed dairy cattle, and the seed kernels can be squeezed to make cottonseed oil, a protein-rich oil with countless uses. In addition, Cotton linters, the tiny fuzz left on cottonseed hulls, are commonly used to make products like paper. The cottonseed hulls themselves are used in hundreds of non-food products, including

[112] Cotton Inc. "Understanding ISO Standards and the Importance of a Circular Economy." *Cotton Today*. Accessed October 28, 2024. https://cottontoday.cottoninc.com/understanding-iso-standards-and-importance-of-circular-economy/.

soap and fertilizers. Cotton's versatility and efficiency make it an important crop for a growing global population striving for a more sustainable future.[113]

2.2.4.1.2. Resource Management: Fertilizers and Sustainability

164. The sustainability of cotton production relies on the effective management of resources such as fertilizers, pesticides, and water. Fertilizers play a vital role in maintaining soil fertility and optimizing yields in cotton farming. Managing fertilizer applications to minimize environmental impact demands precision. For instance, excess nitrogen in fertilizers can cause challenges with water quality and greenhouse gases and could delay cotton harvest, reducing fiber quality.[114] However, the use of precision agriculture helps farmers understand precisely where to apply fertilizer and how much to apply, ensuring the cotton plant only receives as much as it needs. Using precision technology, farmers know what their crop needs, at what point crops require additional inputs, and exactly where in their fields fertilizer needs to be applied. This minimizes excess applied nutrients and improves the sustainability of the crop.

165. In addition, avoiding the use of synthetic fertilizers is crucial for promoting sustainability in cotton production. Synthetic fertilizers can lead to soil degradation, reduced biodiversity, and increased reliance on chemical inputs, which can have detrimental effects on ecosystems. By adopting organic practices, such as using compost, green manures, and biofertilizers, farmers can enhance soil health and fertility naturally. This shift not only improves the resilience of cotton crops but also contributes to the overall sustainability of agricultural systems by reducing pollution and promoting healthier ecosystems. Furthermore, organic practices can lead to better market opportunities for farmers as consumers increasingly seek sustainably produced cotton, thereby supporting economic viability alongside environmental stewardship.

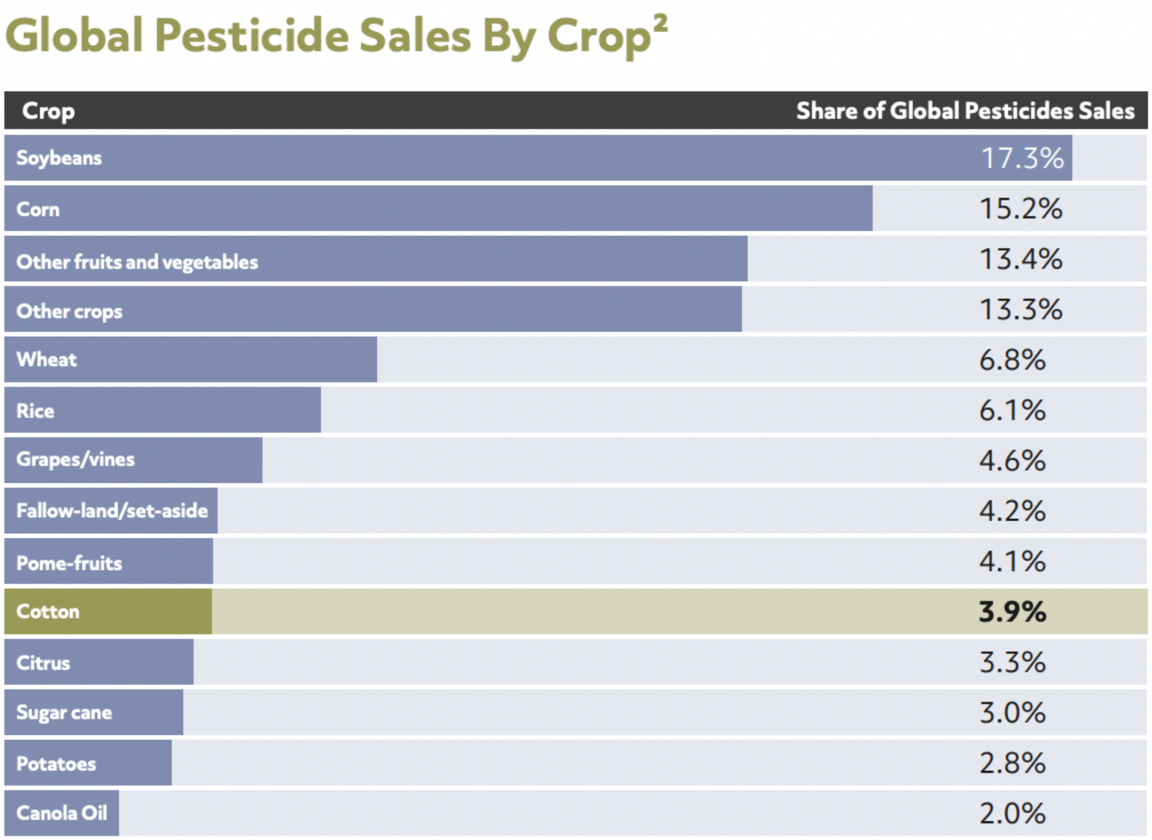
2.2.4.1.3. Pesticide Use and Integrated Pest Management

166. Pesticides protect crops from weeds, insects, and diseases, and it is estimated that without pesticides, 80% of the world's cotton crop could be lost to these

[113] Cotton Inc. "Cottonseed and Crop Circularity." *Cotton Today*. Accessed October 28, 2024. https://cottontoday.cottoninc.com/our-sustainability-story/circularity/cottonseed-and-crop/.
[114] Cotton Inc. "Fertilizers." *Cotton Today*. Accessed October 28, 2024. https://cottontoday.cottoninc.com/our-sustainability-story/land/fertilizers/.

threats each year.[115] Utilizing integrated pest management, farmers use pesticides in the most appropriate way prioritizing criteria such as profitability, safety, and sustainability. Integrated pest management helps farmers carefully select the right pesticide for the right pests on the right crop, apply them only when and where necessary, and in the appropriate rates as suggested by the pesticide label.[116] Research on pesticide use show that cotton is one of the lowest users of pesticides, accounting for less than 3.9% of the world's pesticide sales. The figure below illustrates this[117].

FIGURE 14: Global Pesticide Sales by Crop



[115] Westbrook, J. K., W. W. Wolf, P. D. Lingren, and J. R. Raulston. "Modeling Seasonal Migration of Beet Armyworm (Lepidoptera: Noctuidae) Moths." *Agricultural and Forest Meteorology* 122, no. 3-4 (2004): 101-117. https://www.sciencedirect.com/science/article/abs/pii/S0261219403002540?via%3Dihub.

[116] Cotton Inc. "Fabric: Fact or Fiction? Unraveling Cotton Cultivation Myths through Science." *Cotton Today*. Accessed October 28, 2024. https://cottontoday.cottoninc.com/fabric-fact-or-fiction-unraveling-cotton-cultivation-myths-through-science/.

[117] Cotton Inc. *Pesticides Fact Sheet*. Accessed October 28, 2024. https://cottontoday.cottoninc.com/wp-content/uploads/2024/08/CottonInc_Pesticides_FactSheet.pdf.

167. There is no one-size-fits-all solution to reducing pesticide use, each region and crop may require a unique approach to integrated pest management. For example, farmers can increasingly benefit from the adoption of new pest management technologies such as robotics and artificial intelligence. Blue River Technology's See and Spray is one such example – by using cameras, sensors, and other sophisticated equipment, it identifies and targets only those weeds that threaten the cotton plant. Estimates suggest this could lead to a 90% reduction in chemical use[118]. Further, most cotton farmers globally use BT, a bacterium known as *Bacillus thuringiensis*, which produces a protein that is toxic to certain insects, chiefly worm pests, that harm the cotton plant. The use of Bt cotton is permitted in organic agriculture as a naturally derived insecticide. However, its sustainability is influenced by factors such as seed availability, regulatory frameworks, and farmer adaptability.

168. The Kenyan government has initiated the distribution of Bt cotton seeds to farmers, with plans to supply approximately 15.8 tonnes to farmers in Nyanza and Western regions. Additionally, institutions like the Kenya Agricultural and Livestock Research Organization (KALRO) are developing certified cotton seed systems to bolster production. Despite these efforts, challenges persist. The reliance on imports for certain seed varieties, particularly those not locally produced, can affect the sustainability of cotton cultivation. Open Pollinated Varieties (OPVs) are traditional cotton varieties that can be replanted annually, allowing farmers to save seeds from their harvest for the following season. This practice promotes genetic diversity and can enhance resilience to pests and diseases. In contrast, Bt cotton varieties are typically hybrids that may not be replanted due to potential sterility issues.

2.2.4.1.4. Water Use in Cotton Production

169. Cotton production requires significant water, which can strain water-scarce regions. Sustainable practices, such as water-efficient drip irrigation, allows farmers to use less water and can potentially increase yield, which may help them improve water efficiency, but implementation is still limited.[119] However, farming techniques such as no-till farming and improved soil health can also optimize water use.

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[118] Cotton Inc. "Fabric: Fact or Fiction? Unraveling Cotton Cultivation Myths through Science." *Cotton Today*. Accessed October 28, 2024. https://cottontoday.cottoninc.com/fabric-fact-or-fiction-unraveling-cotton-cultivation-myths-through-science/.

[119] Cotton Inc., "Fabric: Fact or Fiction?"

2.2.4.1.5. Seed Distribution

170. The supply of quality cotton seeds is critical for sustainability. The Kenyan government, in collaboration with stakeholders, has supported improved seed distribution, particularly to enhance crop yields. However, challenges persist in ensuring that seeds reach smallholder farmers who lack access to distribution channels. Enhancing seed distribution could increase productivity while reducing the need for environmentally harmful inputs.

2.2.4.2. Sustainable Value Addition and Trade

171. The global textile and apparel sector is a major contributor to environmental fragility. The textile sector accounts for 2-8% of global greenhouse gas emissions, 9% of annual microfibre pollution to oceans, and uses 215 trillion litres of water annually.[120] The sector is therefore making increased commitments to social and environmental sustainability. This includes embracing the principles of a circular economy and eco-innovation. Eco-innovation focuses on 'the development and application of a business model, shaped by a new business strategy that incorporates sustainability throughout all business operations based on life cycle thinking and in cooperation with partners across the value chain.' Circular economy on the other hand is an economic system where materials and energy circulate in loops and stay within the value chain, as opposed to a linear system of take-make-dispose.[121]

172. Challenges in environmental sustainability in the textile and apparel sector are majorly premised on water, energy and chemical use, and waste management. The sector uses over 8,000 chemicals through various processes across the value chain. Brands and retailers regulate the use of these through a prescribed 'Restricted Substance' list, initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC) and the development of new techniques such as waterless dyeing. [122]

173. In the Kenyan textile and apparel sector, challenges identified include: low recycling and recuse of textile and clothing waste in Kenya; EPZ regulations do not allow for second-hand clothing thereby restricting the potential for new circular

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[120] UNEP. *The One UNEP Textile Initiative*. 2024 Retrieved from: https://www.unep.org/topics/chemicals-and-pollution-action/circularity-sectors/one-unep-textile-initiative
[121] UNEP. *Policy Scan and Recommendations for the Kenyan Textile and Apparel Sector*, 2024
[122] UNEP. *Policy Scan and Recommendations for the Kenyan Textile and Apparel Sector*, 12.

business models; limited number of firms handling hazardous waste; no incentives for waste reduction or utilization; lack of Extended Producer Regulations for clothes resulting in most of the apparel waste going to landfills; gaps in capacity and skills in working with waste materials; and creating upcycled and recycled products. [123]

174. Proposed interventions based on these challenges include incentives for companies reducing waster generation or increase in waste utilisation, phasing out of hazardous chemicals and increasing awareness of greener chemicals, reuse of clothes and incentives for start-ups offering waste management, cleaner energy and energy efficient equipment, subsidies for water efficient equipment, collaboration for wastewater reuse and rebates for effluent treatment plants.[124] In Kenya, the National Environmental Management Authority (NEMA) is mandated with exercising general supervision and coordination over all matters relating to the environment.

2.2.4.3. Certifications

175. Certifications to ascertain environmentally sustainable and socially equitable production are not commonly used in Kenya. Some of the certifications in the CTA sector are the EU's Business Social Compliance Initiative, the US's Worldwide Responsible Accredited Production (WRAP),[125] Cotton Made in Africa (CmiA) which encompass environmental, social, and economic aspects of cotton farming and ginning; and organic cotton certifications. To be legally sold as organic, raw cotton must be grown on a farm that is certified to its respective government-controlled organic standard. Organic standards include the Global Organic Textile Standard (GOTS) and the Organic Content Standard. To support members adopt sustainable practices, the Kenya Association of Manufacturers (KAM) has a Center for Green Growth.

176. Most certifications have a component that guides the social aspect of sustainability. The main guiding instrument regarding the labour dimension of CSR or responsible business conduct (RBC) is the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), which was adopted in 1997 and most recently updated in 2017. The MNE Declaration sets out principles in the fields of general policies, employment, training, conditions of work and life and industrial relations which governments, employers 'and workers

[123] UNEP. *Policy Scan and Recommendations for the Kenyan Textile and Apparel Sector*, 13.
[124] UNEP. *Policy Scan and Recommendations for the Kenyan Textile and Apparel Sector*, 14.
[125] International Trade Center. *Textile and Clothing Value Chain Roadmap of Kenya, 2016–2020*

'organizations and multinational and national enterprises are recommended to observe on a voluntary basis.

177. Sri Lanka is an example of a country that has leveraged sustainable production processes in the textile and apparel sector for market access. It has the world's first eco-friendly "Green Garment Factory" that cut energy in half and water consumption by 70%. These factories have found business sustainability through the practice of lean manufacturing, with lowered overheads and faster return on investment.[126] Its LEED Platinum and Gold Certified entities practice international standards of recycling, effluent treatment and waste management practices. LEED, stands for 'Leadership in Energy and Environmental Design', and is a rating system developed by the U.S. Green Building Council (USGBC) to evaluate the environmental performance of buildings and measure their sustainability, and is used in over 160 countries. [127]Besides environmental sustainability, Sri Lanka has also positioned itself in socially equitable production.

178. UNEP identifies ten social impact risk indicators for decent work in the global textile industry. These include the risk of: child labour; corruption; excessive working time; forced labour; gender inequality; high conflict; fatal and non-fatal injuries; fragility in the legal system; exposure to toxins and hazards; and sector average wage below country minimum wage.[128]

179. Kenya's journey towards a sustainable, circular cotton economy is work in progress. The country's CTA sector shows promise in embracing green practices through activities being undertaken by organisations such as Lawy Afrik Foundation and Mr. Green, However, challenges like financing, training, and slow adoption of technology continue to be hurdles. Transitioning to a fully sustainable CTA Sector will require coordinated government support, investment in green technologies, and farmer and industry education to build a truly circular sector.

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[126] Export Development Board. *Apparel and Textile*. Retrieved from: https://www.srilankabusiness.com/apparel/about/, n.d.

[127] U.S. Green Building Council. *LEED Rating System.* Retrieved from: https://www.usgbc.org/leed, n.d.

[128] International Labour Organization. *Responsible Business Conduct in China Textile Industry.* n.d. Retrieved from: https://www.ilo.org/media/299226/download

CHAPTER THREE

POLICY STATEMENTS

POLICY STATEMENTS

3.1. PILLAR 1: COTTON PRODUCTION AND GINNERIES-POLICY STATEMENTS

ISSUE 1: Insufficient Development of Local Certified Cotton Seed System and Delayed Distribution of Seeds

180. The absence of a well-established system for producing and distributing certified cotton seeds significantly undermines the productivity and resilience of cotton farming. Without access to high-yielding and pest and disease-resistant seed varieties, farmers are left with limited options that typically yield lower outputs and are more vulnerable to pests and diseases. This situation exacerbates existing challenges in the cotton sector, as inadequate seed quality directly impacts overall production efficiency and profitability. Moreover, reliance on unverified or non-certified seeds threatens the long-term sustainability of cotton farming, making it increasingly difficult for farmers to compete in the market.

181. In addition, the cotton farming sector is severely hindered by delayed distribution of seeds and limited access to quality seed varieties. These challenges prevent farmers from planting on time, ultimately leading to reduced yields and overall productivity. Delays in seed availability can disrupt planting schedules, particularly in regions where weather conditions dictate planting windows. Furthermore, without access to high-quality seeds, farmers may experience lower germination rates and suboptimal crop performance, compounding the difficulties faced by the cotton sector.

Policy Objective:

To establish a robust local certified cotton seed system that enhances the availability and accessibility of high-quality seeds, thereby improving yields and reducing susceptibility to pests and diseases.

Policy Statement:

The Government shall develop a comprehensive and efficient seed system that ensures the availability of high-quality, high-yielding, and pest and disease-resistant cotton seed varieties. Fostering partnerships among seed producers, agricultural research institutions, and extension services, will enhance the production and distribution of certified cotton seeds, thereby improving the productivity and sustainability of the cotton sector.

Interventions:

i. Ensure adherence to guidelines for the production and certification of cotton seeds to ensure quality and reliability.
ii. Invest in research initiatives focused on developing high-yielding and pest and disease-resistant cotton varieties suitable for local conditions.
iii. Facilitate partnerships with private seed companies to increase investment in local seed production and distribution networks.
iv. Offer capacity-building programs for local seed producers on best practices in seed production, handling, and certification processes.
v. Establish government-supported seed multiplication initiatives to ensure a steady supply of certified seeds for farmers.
vi. Establish efficient distribution channels to ensure timely access to certified cotton seeds for farmers across different regions.
vii. Strengthen agricultural extension services to provide farmers with information on the benefits of certified seeds and guidance on sourcing them.
viii. Create financing options specifically aimed at supporting the establishment of local seed production facilities and certification processes.
ix. Implement a monitoring framework to assess quality of seed varieties and production practices, ensuring compliance with established standards and identifying areas for improvement.

ISSUE 2: High Cost of Inputs

182. Cotton farmers are increasingly burdened by the high cost of essential inputs, including cotton seeds, fertilizers, and pesticides, which significantly impacts their profitability and willingness to cultivate cotton. These high costs, combined with the low prices offered by ginneries for seed cotton, create a challenging economic

environment for farmers, making it difficult for them to recover their investments and secure a sustainable income. Consequently, many farmers are forced to either reduce their cotton production or abandon it altogether in favor of more financially viable crops, threatening the long-term stability of the cotton industry and the livelihoods of those who depend on it.

Policy Objective:

To improve the economic sustainability of cotton farming by reducing the cost of essential agricultural inputs and ensuring that farmers receive fair prices for their seed cotton, thereby increasing production capacity and enhancing the livelihoods of those engaged in the cotton sector.

Policy Statement

The Government is committed to fostering a sustainable cotton farming sector by addressing low cotton seed prices and the high cost of essential inputs such as cotton seeds, fertilizers, and pesticides.

Interventions:

i. Implement government subsidies for cotton seeds, fertilizers, and pesticides to lower costs for farmers.
ii. Encourage cooperative purchasing initiatives to enable farmers to buy inputs in bulk at reduced prices.
iii. Establish credit facilities specifically for purchasing agricultural inputs.
iv. Provide training and support to farmers on the efficient use of inputs, pest management, and soil fertility improvement.
v. Promote the establishment of local manufacturing facilities for seeds, organic fertilizers, and pesticides to reduce reliance on imports and stabilize prices.
vi. Invest in research initiatives aimed at developing high-yield, pest-resistant cotton varieties to enhance productivity.
vii. Foster arrangements between farmers and agribusinesses to enhance input access and improve market connections.

ISSUE 3: Low and Fluctuating Cotton Prices

183. Cotton farmers often encounter significantly low prices when selling seed cotton to ginneries, which severely impacts their economic viability. The prices offered by ginneries frequently fail to reflect the true cost of production, leaving farmers struggling to cover essential expenses. Factors such as the cost of high-quality cotton seeds, fertilizers, pesticides, labor, and storage all contribute to the overall investment needed for successful cultivation. When the cotton prices fluctuate below sustainable threshold, farmers are left with little to no profit, forcing many to reconsider their commitment to cotton farming. This financial strain not only discourages current cotton producers but also deters potential newcomers, especially the youth, from entering the sector, further exacerbating the challenges facing cotton production.

Policy Objective

To create a resilient cotton farming sector by establishing a framework that ensures fair pricing and economic stability for cotton farmers through the implementation of price stabilization mechanisms and guaranteed minimum price schemes, while enhancing access to market information, financial services, and training programs.

Policy Statement

The Government is committed to fostering a sustainable cotton industry that ensures economic viability for farmers by stabilizing market prices and promoting fair prices for seed cotton. To achieve this, it will implement price stabilization mechanisms and guaranteed minimum price schemes that protect farmers from severe market fluctuations, enabling them to cover production costs and invest in their operations.

Interventions:

i. Implement Price Stabilization mechanisms that minimize price volatility through government or cooperative support.
ii. Introduce a guaranteed minimum price scheme that ensures farmers receive a baseline price for their seed cotton, regardless of market fluctuations.

iii. Encourage farmers to form cooperatives for saving and to collectively market their cotton and leverage economies of scale, enhancing bargaining power and achieving better prices.
iv. Facilitate farmers' access to credit and financial products that allow them to invest in production inputs without the fear of price fluctuations.
v. Support initiatives that focus on improving cotton varieties, and farming technologies and practices to enhance yields and reduce costs.
vi. Provide training for farmers on best practices in cotton production, marketing, and financial management to enhance profitability.
vii. Establish a cotton fund at low interest rates to mitigate the fluctuation of prices.
viii. Encourage the adoption of intercropping cotton with compatible food crops such as legumes or cereals. This will cushion farmers against price fluctuations in the cotton market by providing an alternative source of income and food security.

ISSUE 4: Limited Use of Protective Clothing for Pesticide Use

184. Farmers in the cotton sector often apply pesticides without using appropriate protective gear, due to lack of the gear or reluctance to use it, exposing them to significant health risks. The lack of access to affordable protective clothing or reluctance to use them has health implications. This situation not only jeopardizes the well-being of farmers but can also have broader implications for agricultural productivity and community health.

Policy Objective:

To promote access to affordable protective clothing and gear, and raise awareness are about the risks associated with improper pesticide application.

Policy Statement:

The government shall promote the health and safety of cotton farmers by raising awareness of proper pesticide application and facilitating access to and enforce use of protective clothing and gear.

Interventions:

i. Raise awareness on the importance of pesticide safety, the risks associated with improper use, and the benefits of wearing protective clothing.

ii. Partner with agro-chemical companies and organizations to provide affordable protective clothing and gear to farmers, ensuring that they have the necessary equipment to safely handle pesticides.
iii. Implement training programs that educate farmers on safe pesticide application techniques, including the proper use of protective clothing and gear, thereby reducing health risks and promoting sustainable farming practices.

ISSUE 5: Fragmented Small-scale Producers

185. The cotton sector is largely characterized by fragmented small scale cotton producers, each managing small parcels of land. This fragmentation makes it challenging to achieve economies of scale, mechanization, attract investment, and enhance overall productivity. Small scale cotton producers often struggle to access financing and inputs, and their limited bargaining power diminishes their competitiveness in the market. Furthermore, they face the challenge of inadequate infrastructure, particularly poor road networks in the rural cotton growing areas which significantly limits access to ginneries. As a result, the potential for growth and development within the cotton sector is significantly hindered.

Policy Objective:

Enhance the capacity and bargaining power of small-scale cotton producers through the establishment of cooperatives and farmer groups.

Policy Statement:

The government is committed to strengthening the cotton sector by encouraging formation of farmer groups and cooperatives, development of access roads, establishment of aggregation centers and uptake of mini-ginneries to enhance access to resources and reduce the cost of production.

Interventions:

i. Facilitate the formation and registration of cooperatives or farmer groups that enable smallholders to pool resources, share knowledge, and achieve better bargaining power in the market.

ii. Provide training and support for these groups in areas such as financial management, group dynamics, and marketing strategies to enhance their operational effectiveness.
iii. Encourage partnerships with financial institutions to create tailored financing solutions for cooperatives, enabling them to access capital for bulk buying of inputs, aggregation and selling of cotton, thus improving their competitiveness and sustainability.
iv. Prioritize investments in road construction and rehabilitation in key cotton-producing areas, particularly access roads leading to ginneries, by collaborating with local governments and communities to identify critical infrastructure needs and mobilize resources for road improvements.
v. Leverage public-private partnerships (PPPs) to accelerate infrastructure development, ensuring that the cotton sector benefits from enhanced transport logistics and reduced costs.
vi. Encourage farmers to lease out their land.

ISSUE 6: Limited Access to Credit Facilities for Farmers

186. The inability of cotton farmers to access sufficient credit facilities significantly hinders their capacity to invest in necessary inputs, technology, and infrastructure for production. Many farmers lack the collateral or credit history required to secure loans from financial institutions, leaving them unable to purchase high-quality seeds, fertilizers, and modern farming equipment essential for increasing yields. This limitation not only affects individual farmers but also stifles the overall growth of the cotton sector, as inadequate investment leads to reduced productivity and profitability. As a result, farmers may struggle to compete with other agricultural sectors or crops, further perpetuating cycles of poverty and limiting the potential for economic development in cotton-growing regions. Addressing the issue of limited access to credit is crucial for empowering farmers and revitalizing the cotton industry.

Policy Objective:

To facilitate improved access to credit facilities for cotton farmers by establishing tailored financial products and partnerships with financial institutions, ultimately enabling increased investment in inputs and technology that enhance productivity and sustainability.

Policy Statement:

The Government is committed to improving access to credit facilities for cotton farmers to enhance their ability to invest in production inputs, technology, and infrastructure. Collaborating with financial institutions and developing tailored financial products will create a supportive environment that enables farmers to secure the financing they need to increase productivity and competitiveness in the cotton sector.

Interventions:

i. Leverage of the credit guarantee by National Treasury.
ii. Collaborate with banks and microfinance institutions to create financial products specifically designed for the needs of cotton farmers, including purchase of inputs and technology
iii. Encourage farmers to join cooperatives that can collectively access credit facilities, leveraging group collateral to secure loans.
iv. Offer training programs for farmers on financial literacy and management, empowering them to better navigate the financing landscape.
v. Promote affordable insurance products that can protect farmers against crop failures, thereby reducing risk and making them more attractive to lenders.
vi. Establish partnerships between farmers and microfinance institutions to improve access to small loans for operational expenses.
vii. Create a fund that provides low-interest loans to farmers, with repayments reinvested to support more farmers over time.
viii. Launch initiatives to educate farmers about available credit options and the process for accessing loans.
ix. Work with private sector players to develop financing models that support the cotton industry, including venture capital or impact investment funds.
x. Establish a framework for monitoring the effectiveness of credit interventions and identifying barriers to access, ensuring continuous improvement in financing strategies for cotton farmers.
xi. Formalise contract farming for cotton farmers as a form of loan.

ISSUE 7: Lack of Competitiveness of Cotton Farming

187. The cotton sector is facing significant challenges due to competition from other cash crops that offer higher returns, easier market access, and lower production costs. As farmers seek to maximize their income, many are reducing the

land area dedicated to cotton cultivation, which threatens the viability and growth of the cotton industry. This shift not only undermines the sustainability of cotton farming but also impacts the entire value chain, including ginneries and textile manufacturers, ultimately affecting job creation and economic development in regions reliant on cotton production.

Policy Objective:

Enhance the competitiveness of cotton farming by providing targeted support to farmers to incentivize increased land area under cotton cultivation.

Policy Statement:

The government shall revitalize the cotton sector by providing incentives for farmers to enhance its profitability.

Interventions:

i. Develop a framework for targeted financial incentives for cotton farmers, including subsidies for inputs such as seeds and fertilizers.
ii. Establish partnerships with local cooperatives, extension officers,and NGOs to provide training on sustainable cotton farming practices and market access.
iii. Create a marketing platform that connects farmers directly with buyers to secure better prices for their cotton.
iv. Encourage the adoption of intercropping cotton with compatible food crops such as legumes or cereals. This will cushion farmers against price fluctuations in the cotton market by providing an alternative source of income and food security.

ISSUE 8: Inadequate Post-Harvest Aggregation Facilities

188. Insufficient storage and aggregation facilities in the cotton sector lead to significant post-harvest losses, and reduced quality, ultimately affecting cotton prices. When cotton is not stored properly, it can degrade in quality due to factors such as moisture, temperature fluctuations, and pest infestations. This degradation can result in discolored, weakened, or contaminated fiber, further diminishing the market value of the cotton produced. Without adequate facilities, farmers may

struggle to access profitable markets, leading to financial losses and decreased incentives for continued cotton farming.

Policy Objective:

To invest in the development of post-harvest storage and aggregation facilities to reduce losses, enhance cotton quality, and improve market access for farmers.

Policy Statement:

The government will establish adequate post-harvest aggregation facilities that protect cotton quality and facilitate better market opportunities, to strengthen the cotton supply chain.

Interventions:

i. Allocate funding for the construction and maintenance of modern storage and aggregation facilities in key cotton-producing regions to minimize post-harvest losses.
ii. Partner with agricultural cooperatives, extension officers and NGOs to implement training programs for farmers on proper post-harvest handling techniques, emphasizing the importance of quality preservation.
iii. Encourage private sector investment in storage solutions through incentives or subsidies to enhance the availability of facilities for cotton farmers.
iv. Certify aggregation centers to leverage their use for warehouse receipting.

ISSUE 9: Inadequate Extension Services

189. In many regions, there is a shortage of extension officers who provide crucial technical support and training on modern cotton farming techniques. This limitation directly reduces farmers' productivity and their ability to adopt best practices. In areas where extension officers are present, they often lack the necessary resources to effectively reach and assist farmers, further hindering agricultural development.

Policy Objective:

To expand and enhance extension services that provide farmers with the training and support needed to increase production and improve yields in cotton farming.

Policy Statement:

The government is committed to strengthening agricultural extension services to ensure that cotton farmers receive timely and effective training and support.

Interventions:

i. Increase the number of extension officers in cotton-producing areas to align with the Food and Agricultural Organization (FAO) recommendations for extension officer to farmer household ratio of 1:400, to enable farmers to keep up with agricultural.
ii. Facilitate extension officers, enabling them to reach remote farming communities and deliver essential training and support.
iii. Implement mobile agricultural extension services using digital platforms to disseminate information and best practices to farmers in real-time, bridging the gap where physical presence is limited.
iv. Build capacity of extension officers to provide extension services to farmers.

ISSUE 10: Lack of Financing for Ginneries

190. Ginneries face significant financial challenges, primarily due to their inability to access financing from lending institutions. Many ginneries either have outstanding loans or struggle to provide the detailed financial documentation required to secure new financing. This lack of access to credit severely limits their ability to operate efficiently. Without adequate funding, ginneries cannot maintain or upgrade essential machinery, resulting in lower operational capacity and reduced quality in processing cotton. Furthermore, this liquidity crisis significantly disrupts the cotton value chain. Ginneries often struggle to secure sufficient working capital to purchase seed cotton directly from farmers, leaving them unable to make timely payments or offer competitive prices. As a result, farmers, who depend on quick cash to sustain their livelihoods, are forced to turn to middlemen who can pay them immediately, albeit at lower prices. Middlemen exploit this situation, purchasing seed cotton at prices below market value, which reduces

farmers' earnings and prevents them from fully benefiting from their production efforts. Additionally, middlemen often sell the cotton to ginneries at inflated prices, further squeezing ginnery profit margins.

191. In addition to these operational difficulties, the lack of financing prevents ginneries from investing in new technologies that would enable them to diversify their revenue streams. For example, they are unable to invest in processing equipment for by-products such as seed cake or seed oil, which could otherwise increase profitability. This financial constraint hampers their competitiveness and sustainability, creating a ripple effect throughout the cotton sector, where both farmers and ginneries lose out on economic opportunities due to the inability of ginneries to function at full capacity.

Policy Objective:

To enhance access to affordable financing for ginneries to support investments in equipment and operational efficiency, ensuring the sustainability of the cotton value chain.

Policy Statement:

The government shall facilitate targeted financial support mechanisms, including affordable credit facilities and loan restructuring options to enable ginneries to access affordable financing.

Interventions:

i. Introduce government-backed loan guarantee programs that reduce the risk for financial institutions, allowing ginneries with existing loans or limited collateral to access credit.
ii. Implement policies that allow ginneries to restructure existing loans, offering flexible repayment terms or extended repayment periods.
iii. Facilitate access to specialized, low-interest loan facilities tailored for ginneries. These loans should be designed to finance capital investments, working capital needs, and operational improvements, such as purchasing seed cotton from farmers or investing in modern processing technologies.
iv. Facilitate public-private partnershipsthat offer leasing options for essential machinery and technology upgrades. This would allow ginneries to access advanced

equipment without the heavy upfront costs, improving productivity and diversification into value-added by-products.

v. Implement training and capacity-building programs for ginnery and financial management.
vi. Offer tax breaks or subsidies for ginneries that invest in modern technologies.
vii. Establish digital payment systems linking ginneries and farmers for direct and timely compensation, improving transaction transparency.
viii. Implement a price stabilization mechanism for seed cotton to ensure farmers receive competitive prices comparable to those offered by middlemen.
ix. Facilitate the establishment of contract farming agreements between ginneries and farmers to secure a stable supply of cotton, allowing ginneries to plan and operate at higher capacities.
x. Encourage private investment in ginneries.

ISSUE 11: Outdated Ginning Technology

192. The ginning process, crucial for separating cotton fibers from seeds, poses significant challenges for ginners, primarily due to the capital-intensive nature of ginning operations and inefficiencies stemming from outdated technology. Many ginneries still rely on older machinery that not only consumes more energy but also compromises the quality of the cotton produced. These high energy expenses contribute to the overall cost of production. As a result, many ginneries are forced to operate on thin margins, risking their sustainability and ability to invest in improvements or expansions. In addition, inefficient ginning methods can damage cotton fibers, leading to lower quality output that fails to meet market standards, which ultimately affects ginners' profitability. As operational costs rise and ginning fees increase, ginners face mounting financial pressure, which can deter investments in their facilities and technology. This decline in ginning efficiency not only impacts the quality and competitiveness of cotton against alternative crops but also threatens the overall viability of the cotton industry. Without timely interventions to modernize ginning operations and enhance quality, the cotton sector risks further stagnation and reduced sustainability.

Policy Statement:

The Government is committed to improving the efficiency and quality of the cotton ginning process by promoting the adoption of modern technology and best practices in ginning operations. Addressing the financial burdens faced by ginners and ensuring the production of high-quality cotton will enhance the competitiveness of the cotton sector.

Policy Objective:

To enhance the efficiency and quality of cotton ginning operations by modernizing technology and practices, thereby improving the profitability of ginners and ensuring the production of high-quality cotton that meets market demands.

Interventions:

i. Provide financial incentives or subsidies for ginneries to invest in modern, efficient ginning machinery that enhances fiber quality.
ii. Offer targeted training for ginning operators on best practices and advanced techniques to improve operational efficiency and cotton quality.
iii. Facilitate collaborations between government, ginners, and private investors to develop innovative ginning technologies and improve infrastructure.
iv. Implement and enforce strict quality standards for ginning operations to ensure consistency and minimize fiber damage during processing.
v. Facilitate access to financing options specifically for ginning facilities to enable investments in technology upgrades and quality improvement.
vi. Encourage ginneries to adopt energy-efficient technologies and practices to lower operational costs and improve overall sustainability.
vii. Promote and support the adoption of renewable energy technologies, such as solar and biomass, to provide ginneries with sustainable and cost-effective energy sources.Collaborate with energy providers to negotiate reduced electricity tariffs for the agricultural processing sector, including ginneries, while creating incentives for ginneries to invest in energy-efficient machinery and practices to promote green manufacturing and reduce overall energy consumption.Encourage farmers to invest in innovative ginning.

ISSUE 12: Lack of Technical Training for Ginnery Staff

193. Ginnery staff often lack the necessary technical training in equipment operation and maintenance, which hinders overall productivity and efficiency within the ginneries. Most existing technical training programs in the CTA sector

tend to focus primarily on garment production, leaving a gap in innovation in ginning. This lack of technical expertise can lead to increased downtime, improper equipment use, and lower-quality outputs, ultimately affecting the competitiveness of the cotton sector.

Policy Objective:

To enhance the technical skills of ginnery staff through specialized training programs focused on equipment operation and maintenance for effective ginning.

Policy Statement:

The government is committed to improving the productivity of ginneries by equipping staff with the necessary technical training to effectively operate and maintain ginnery equipment.

Interventions:

i. Introduce specialized training programs on ginnery equipment operation and maintenance at training institutions and universities that offer courses in textile and apparel.
ii. Develop partnerships with industry experts and equipment manufacturers to provide hands-on training and workshops for ginnery staff, ensuring they are well-versed in modern machinery and best practices.
iii. Establish attachment programs for students enrolled in textile and apparel courses, allowing them to gain practical experience in operating ginnery machinery and understanding the technical requirements of the industry.
iv. Implement ongoing technical development opportunities for ginnery staff, ensuring they stay updated on the latest technologies and techniques in cotton ginning.

ISSUE 13: Capacity Gaps in Quality Control in Ginneries

194. There are capacity gaps in quality control in ginneries due to factors such as financial constraints and lack of awareness. Some of these quality gaps include reliance on visual inspections rather than technical analyses such as moisture meters to assess seed cotton and lint quality. This practice often results in subpar quality control, affecting the marketability and competitiveness of Kenyan cotton in

both domestic and international markets. A lack of investment in quality control technology compromises the overall standard of cotton.

Policy Objective:

To strengthen quality control mechanisms in ginneries by increasing awareness and investing in modern quality control technologies and systems to ensure high standards in seed cotton and cotton lint production.

Policy Statement:

The government will raise awareness and enhance the capacity of ginneries by promoting the adoption of quality control technologies to ensure adherence to cotton quality standards.

Interventions:

i. Facilitate the acquisition of advanced quality control equipment for ginneries through affordable financing schemes.
ii. Conduct training for ginnery staff on advanced quality control techniques, ensuring the proper use of modern technology for accurate seed cotton lint quality assessments.
iii. Encourage the procurement of moisture meters to ensure accurate monitoring of cotton moisture content.
iv. Establish clear regulatory standards for acceptable cotton moisture levels at harvest and processing to improve quality control and ensure higher product standards.
v. Conduct training programs for ginnery staff on the use of moisture meters and best practices for moisture management in cotton processing.

ISSUE 14: Lack of Traceability Systems

195. Many ginneries often source cotton from multiple farmers or cooperatives, making it difficult to track and maintain accurate records of the origin of each batch. Without a robust traceability system, it becomes challenging for ginneries to verify the source of their raw materials, which complicates compliance with sustainability and ethical sourcing standards. This lack of traceability limits the ability of Kenyan cotton to meet international market demands for transparent and sustainable sourcing practices.

Policy Objective:

To introduce and implement robust traceability systems to ensure that ginneries can track the origin of cotton, improving compliance with sustainability and ethical sourcing standards.

Policy Statement:

The government shall enhance the transparency of cotton supply chains by introducing traceability systems that allow ginneries to track the source of their cotton and comply with sustainability standards.

Interventions:

i. Develop a digital traceability platform that allows ginneries to track cotton batches from farm to ginnery, ensuring transparency in the supply chain.
ii. Provide training and resources for farmers, cooperatives, and ginneries on how to implement traceability systems effectively, ensuring accurate data collection at each stage of the supply chain.
iii. Collaborate with sustainability certification bodies to ensure that the traceability systems align with global ethical sourcing and sustainability standards, improving market access for Kenyan cotton.

ISSUE 15: **Lack of Interest by the Youth in Cotton Farming**

196. The cotton farming sector is facing a significant challenge due to a lack of interest among the youth, who are increasingly reluctant to engage in this labor-intensive industry. Factors such as low returns, perceived lack of profitability, and the demanding nature of cotton farming contribute to an aging farmer population and a decline in innovation within the sector. Additionally, the lack of mechanization in cotton farming further discourages youth involvement, as many young people prefer less labor-intensive and more technologically advanced agricultural practices. This trend poses a threat to the sustainability and growth of the cotton industry, as the lack of youth participation limits the adoption of new technologies and practices that could enhance productivity and profitability.

Policy Objective:

Increase youth participation in cotton farming by making the sector more attractive through training, financial support, mechanization, and innovative agribusiness models.

Policy Statement:

The government will encourage youth participation in cotton farming by actively engaging them through capacity building, providing incentives and incorporating mechanization and innovative agribusiness models in the sector.

Interventions:

i. Develop and implement training programs focused on modern agricultural technologies and practices, emphasizing the profitability and sustainability of cotton farming while highlighting the importance of mechanization.
ii. Facilitate access to finance, such as grants or low-interest loans, to youth willing to invest in cotton production and mechanization, making it easier for them to start and maintain operations.
iii. Provide incentives to attract youth to cotton farming and related activities.
iv. Promote agribusiness models that integrate technology and entrepreneurship, showcasing successful examples of youth-led cotton ventures to inspire and attract more young people to the sector.
v. Facilitate access to affordable machinery and equipment for smallholder farmers, potentially through rental programs or partnerships with agricultural mechanization services to reduce the labor burden associated with cotton farming.
vi. Incentivize cooperative societies to include the youth as members and in governance through inclusionary criteria that moves away from membership being pegged on land ownership.
vii. Encourage youth to develop blockchain technology for traceability of cotton from farm to apparel.

ISSUE 16: Limited Economic Benefits for Women in Cotton Production.

197. Although women are actively involved in cotton production, they often do not receive the economic benefits. Since land ownership is typically held by men,

who are the ones registered by cooperatives, women who harvest and deliver seed cotton to cooperatives do not receive payment directly. Instead, the payments are made to the men, leading to an imbalance where men benefit financially while women's contributions go unrewarded.

Policy Objective:

To ensure equitable economic benefits for women in cotton production by addressing barriers in cooperative registration, payment distribution, and access to resources, ensuring that women receive fair compensation for their labor.

Policy Statement:

The government will introduce policies that require cooperatives to allow the registration of both men and women actively involved in cotton production, regardless of land ownership status.

Interventions:

i. Reform cooperative registration policies to remove land ownership as a requirement for membership, allowing women to join cooperatives and benefit from shared resources.
ii. Promote alternative production models, such as contract farming, that allow women to participate in cotton production without owning land.
iii. Encourage and facilitate group land leasing for women, enabling them to lease land collectively, engage in cotton farming, and share profits equitably.
iv. Provide targeted financial support, training, and access to agricultural inputs specifically for women involved in cotton production, to enhance their productivity and economic empowerment.

ISSUE 17: Weak Farmer Institutions

198. Weak farmer institutions, particularly cooperatives and associations, face significant challenges such as poor governance, limited capacity, and lack of financial resources. Many cooperatives suffer from mismanagement and corruption, which erodes trust among members and reduces their effectiveness in providing essential services. Inadequate leadership and management skills further hinder these institutions' ability to organize farmers, negotiate better prices for inputs and

outputs, and access much-needed finance. The result is disorganized operations, fragmented production, and weak collective bargaining power, leaving farmers vulnerable to market exploitation.

199. In addition, poor coordination and limited engagement from members weaken the effectiveness of these institutions. Many farmers do not actively participate in decision-making processes, undermining collective ownership and accountability. The lack of support from government and external partners exacerbates these challenges, preventing cooperatives from accessing necessary technical assistance and financial support. Strengthening these institutions is essential for improving farmers' access to resources, enhancing market opportunities, and driving sustainable agricultural development.

Policy Objective:

To strengthen farmer institutions by promoting good governance, ensuring they provide efficient support to members, operate transparently, and enhance collective bargaining power for improved access to inputs, knowledge, and markets.

To strengthen farmer institutions, ensuring they provide efficient support to members and enhance collective bargaining power for better access to inputs, knowledge, and markets.

Policy Statement:

The government shall prioritize the strengthening of farmer institutions to enable them to effectively serve their members through improved access to resources, knowledge dissemination, and stronger collective bargaining, while ensuring good governance practices that promote transparency, accountability, and member participation.

Interventions:

i. Implement capacity-building programs for cooperative leaders in financial and institutional management, and governance.
ii. Provide financial and technical support for cooperatives to enhance service delivery, particularly in securing inputs and market access.

iii. Develop digital platforms that allow farmer institutions to coordinate collective sales, negotiate better prices, and access real-time market information.
iv. Encourage the formation of farmer institutions from the ward to regional level, to strengthen their voice in policy advocacy and collective bargaining.
v. Enforce existing cooperative laws including the submission of audited accounts, adherence to guidelines on operational expenses and observation of board term limits.
vi. Formalise farmer institutions into a cooperative association.

ISSUE 18: Weak Linkages between the National and County Governments and Cooperatives.

200. The lack of effective interaction between county governments and cooperatives is a significant barrier to the growth of the agricultural sector. This disconnect often manifests in key areas such as prioritization of cotton production, resource allocation, distribution of inputs, and the delivery of extension services. For instance, the distribution of essential inputs like seeds without proper coordination with cooperatives. These inputs often do not reach farmers in a timely or efficient manner which results in delayed or missed planting seasons, directly affecting yields and farmer profitability.

201. Moreover, county governments are often unaware of the activities, needs, and challenges faced by cotton cooperatives. This lack of awareness leads to a failure in responding to critical issues that could otherwise be addressed through collaborative efforts. For example, cooperatives may struggle with access to credit or infrastructure development, but due to poor engagement, these needs remain unmet by county-level programs. The absence of regular communication and structured partnerships between county governments and cooperatives limits the provision of targeted support, stifling the potential for sectoral growth and leaving farmers without the assistance they need to thrive.

Policy Objective:

To improve coordination and engagement between county governments and cooperatives, ensuring that farmers receive adequate support in resource allocation, extension services, and access to inputs.

Policy Statement:

The national and county governments shall establish frameworks for continuous collaboration and structured engagement with cooperatives, facilitating improved support for farmers in resource allocation, extension services, and access to agricultural inputs.

Interventions:

i. Create joint county-government and cooperative working groups to design and implement resource allocation strategies tailored to farmer needs.
ii. Develop extension services through centers or digital platforms managed in partnership with farmer institutions, providing targeted advisory services to farmers.
iii. Implement public-private partnerships to increase the availability of agricultural inputs through county-cooperative collaboration.
iv. Establish digital platforms for regular dialogue between county governments and cooperatives to ensure transparency and efficiency in the distribution of resources and services.

ISSUE 19: Limited Irrigation and Overdependence on Rain-fed Cotton Production

202. The cotton sector heavily relies on rain-fed agriculture, making it vulnerable to unpredictable weather patterns. Climate change has intensified the issue, with prolonged droughts and irregular rainfall causing inconsistent production and lower yields. This dependence on rain-fed farming undermines the resilience of the cotton sector and limits the ability of farmers to produce consistently high-quality crops year-round. However, building and maintaining irrigation infrastructure, including dams, canals, and pumps, is costly for smallholder farmers. These high costs limit the adoption of irrigation systems, further contributing to overdependence on rainfall. Without affordable irrigation options, farmers are less able to adapt to climate variability and produce consistent yields, particularly with the adoption of Bt cotton which requires more water than OPV varieties.

Policy Objective:

To enhance water resource management and affordable irrigation infrastructure to stabilize cotton production and reduce dependence on rain-fed agriculture.

Policy Statement:

The government is committed to expanding and utilizing existing irrigation infrastructure to ensure a consistent water supply for cotton farming, making it more resilient to climate change and stabilizing production.

Interventions:

i. Utilize existing irrigation infrastructure in cotton-producing areas.
ii. Expand irrigation infrastructure in cotton-producing areas through government investment and partnerships with the private sector.
iii. Facilitate access affordable irrigation systems by cotton farmers.
iv. Promote efficient harvesting technologies and water-use to optimize water usage and ensure sustainability in cotton farming.
v. Provide technical assistance and training to farmers on maintenance of irrigation systems, and water use and harvesting technologies, ensuring long-term sustainability.

ISSUE 20: Adverse Effects of Climate Change

203. Climate change is causing increasing variability in weather patterns, including prolonged droughts, unpredictable rainfall, and temperature extremes, all of which adversely affect cotton yields and production cycles. These climate risks make cotton farming increasingly challenging and threaten the livelihoods of farmers.

Policy Objective:

To promote climate adaptation and mitigation strategies in cotton farming to build resilience against the adverse impacts of climate change.

Policy Statement:

The government will implement climate-smart agricultural practices, including water harvesting, drought-resistant and pest and disease resistant cotton varieties, and improved irrigation methods, to build resilience to climate change in the cotton sector.

Interventions:

i. Promote the development and distribution of drought-resistant and pest and disease-resistant cotton varieties that can thrive in changing climatic conditions.
ii. Encourage the adoption of water harvesting techniques and efficient irrigation systems to conserve water and reduce vulnerability to droughts and floods.
iii. Establish climate monitoring systems to provide farmers with timely and accurate weather updates, enabling them to plan planting and harvesting cycles more effectively.
iv. Leverage climate finance for building resilience among cotton farmers.
v. Establish international collaborations on best practices in climate adaptation in mitigation in cotton farming.
vi. Promote climate-smart agriculture e.g., agro-forestry.

ISSUE 21: Invasion of Cotton Farms by Wild Animals

204. Cotton farms, especially those located near wildlife reserves, often face crop destruction due to invasions by wild animals, particularly elephants. These invasions not only result in significant financial losses for farmers but also exacerbate tensions between wildlife conservation and agricultural activities.

Policy Objective:

To protect cotton farms from wildlife invasions by implementing effective mitigation measures and promoting harmonious coexistence between farming and wildlife conservation.

Policy Statement:

The government will collaborate with wildlife authorities and communities to implement protective measures that prevent crop destruction by wildlife while maintaining wildlife conservation efforts.

Interventions:

i. Collaborate with wildlife conservation authorities to adopt deterrent measures such as fencing and apiculture to prevent wild animals from invading cotton farms.
ii. Facilitate prompt compensation for farmers affected by wildlife invasions to reduce financial losses and encourage coexistence with wildlife.
iii. Inclusion of wildlife crop damage in crop insurance schemes.
iv. Implement community education to raise awareness about wildlife behavior, effective non-harmful ways to protect crops from wildlife damage and co-existence practices.
v. Encourage farmers to adopt indigenous methods of deterrent such as planting of tobacco or chilies at the edge of the farm to keep wildlife away.

ISSUE 22: FragmentedPolicy and Legal Framework

205. The cotton sector in Kenya suffers from an inconsistent and fragmented policy and legal framework. Different segments of the value chain, including cotton production, ginning, textiles and apparel, are not aligned or integrated into a cohesive strategy. This lack of coordination leads to inefficiencies and weak support systems in cotton production, value addition and market access. These gaps ultimately slow the sector's growth and hinder its potential to contribute meaningfully to the economy.

Policy Objective:

To establish a cohesive and harmonized policy and legal framework that integrates all aspects of the cotton value chain to ensure coordinated growth, improved market access, and stronger support mechanisms.

Policy Statement:

The government will streamline the policy and legal framework to create an integrated cotton value chain, ensuring that production, ginning, textile and apparel manufacturing sectors operate in harmony with comprehensive support mechanisms.

Interventions:

i. Align existing laws and regulations to ensure consistency across sectors such as agriculture, manufacturing, and trade, facilitating a seamless transition of cotton from farm to fashion.
ii. Establish a multi-sectoral committee to monitor and coordinate activities across the cotton value chain, ensuring that production, ginning, and textile-apparel industries collaborate effectively.
iii. Strengthen government support mechanisms, including subsidies, extension services, and market facilitation, to enhance production and competitiveness across the entire cotton value chain.

3.2. PILLAR 2: VALUE ADDITION- POLICY STATEMENTS

ISSUE 1: High Cost of Value Addition Processes

206. Value addition activities including the processing of cotton seed cake and cotton seed oil, milling, spinning, weaving and knitting, require numerous inputs. These high costs of production include the cost of energy, machinery, labour, water, credit, and inputs such as lint, fibres, filament and dyes, some of which are imported. The costs of these inputs reduce profit margins and make Kenya's finished products uncompetitive on the local and global markets. This deters investment in textile-apparel manufacturing and leads to local apparel producers importing textiles.

Policy Objective:

To decrease the cost of production to ensure that value addition processes in the CTA sector are profitable and competitive. This can be done through incentives such as tax rebates, holidays and surcharges; green-energy solutions including incentivizing alternative energy production and use; and increasing local capacity to supply inputs that are currently imported.

Policy Statement:

The government will implement strategies to reduce the cost of value addition in the CTA sector, to ensure that enterprises are profitable and competitive.

Interventions:

i. Reduce the cost of electricity through operationalizing of net metering regulations and wheeling tariff framework for small power generators to transmit power via national grid, opening captive power market, reviewing time of use policy and promoting the use of renewable energy.
ii. Inclusion of textile-apparel manufacturers in the priority list for power connectivity.
iii. Increase local capacity to produce inputs for textile-apparel manufacturing.
iv. Institute a tax regime that incentivizes entry into CTA value addition, particularly for MSME's. through tax holidays and tax reduction for capital goods for businesses operating in the CAIPs.
v. Ensure a predictable wage structure to facilitate business planning.
vi. Review overlapping regulatory mandates among national institution and between national institutions and the county government.
vii. Harmonize business permit and documentation between national and county governments, and county to county governments, to reduce cost of doing business.
viii. Harmonize county licensing and revenue collection mechanisms to reduce overlaps.
ix. Institute incentives for machinery and complementary fabrics and accessories, for textile-apparel enterprises not located in incentivized zones, including cottage industries.
x. Facilitate entry of local manufacturers in turn-key projects.

ISSUE 2: High Cost of Doing Business

207. The cost of acquiring business permits is also high due to multiplicity of documentation required at the national and county governments, and a high tax burden. These costs of doing business include multiplicity of taxes, business and work permits and delays in processing documentation. This has the negative consequence of lack of competitiveness for both local and foreign manufacturers and results in capital flight from Kenya, due to competitive costs of doing business in the region and internationally.

Policy objective:

To reduce the cost of business in the value addition processes of the CTA sector, including by-products processing, textile-apparel manufacturing and waste management.

Policy statement:

The government will take fiscal, administrative and institutional measures to facilitate a competitive business and investment climate in the CTA sector in Kenya.

Interventions:

i. Harmonization and reduction of multiple taxes in the entry and continuation of business within the CTA value chain.
ii. Centralized digital platform that streamlines the application and renewal process of various permits and documentation.
iii. Coordination between departments, agencies and regulatory bodies whose mandate touches on businesses, including industries, in the CTA value chain.

ISSUE 3: Inefficient Water Use

208. Large volumes of water are consumed in value addition processes including textile manufacturing and the effluent from manufacting processes often contains chemicals that require treatment. These processes are costly both financially and environmentally.

Policy Objective:

To ensure water governance in value addition processes in the CTA sector through incentivizing water harvesting installation in manufacturing plants, adopting water efficient technologies, water recycling and proper waste management.

Policy Statement:

The government shall institute measures to incentive sustainable water use in value addition activities in the CTA sector.

Interventions:

i. Offer fiscal incentives for industries for the purchase and installation of water harvesting and storage facilities.
ii. Prioritize infrastructure development that enables access to water for industries in the CTA sector and ensure the integrity of new and existing water infrastructure.
iii. Incentivize the use of environmentally friendly value addition chemicals.
iv. Have one dedicated water line and dedicated water supply with volumes to be reviewed twice annually in the EPZs.
v. Prioritize water recycling.
vi. Requirement for water harvesting capacity for new industrial buildings.

ISSUE 4: Negative Economic and Environmental Impact of Used Clothes Imports

209. The importation of used clothes is a political, economic, and environmental challenge as pertains to value addition in the CTA sector. Political-economic considerations include the significant number of people supported by the used clothes sector, which would render a total ban unviable. Additionally, the country does not have the capacity to meet all the clothing needs of the county in terms of both quality and quantity. The environmental issues relate to textile waste dumping, which occurs when clothes imports are not usable. There are currently no mechanism to distinguish textile waste from useable clothes before offloading at ports of entry.

Policy Objective:

To enforce quality control in the used clothes sector to avoid textile waste dumping. The domestic production of textile and apparel can also incorporate used clothes for environmental sustainability and as a means for job creation. Fiscal measures shall be undertaken to protect and incentivize domestic production.

Policy Statement:

The government will enforce zero-tolerance for textile dumping and institute fiscal measures to incentivize domestic textile-apparel industries.

Interventions:

- **i.** The institution of quality control measures in exporting countries to avoid textile waste being dumped in Kenya.
- **ii.** Utilize trade remedies to deter textile waste dumping.
- **iii.** Facilitate the shift to eco-design practices such as integrating textile waste into other products, promote use of organic cotton, and embrace a circular economy through reducing, recycling and reusing.

ISSUE 5: Reduced Competitiveness due to Skills Gaps in Textile-Apparel Manufacturing

210. There is a skills gap between work force and industry requirements in textile-apparel manufacturing. This is caused by the misalignment of training with industry needs, outdated technology used in training institutions, and insufficient collaborations between training insitutions and industry. This results in the country being uncompetitive in attracting investments that target a consumer-base that requires specialized skills, and is a barrier to local workers who want to integrate into the global value chains in the fashion industry. Bridging the skills gap will require capacity building in learning institutions, curriculum revision and development, and adoption of modern techology to equip the workforce with updated industry skills.

Policy Objective:

To align training curriculum to meet industry skills demands through collaborative engagements between research, training institutions and industry.

Policy Statement:

The government will facilitate skills acquisition in training institutions, that align with domestic and global industry demands. This will be done through collaborations between training institutions and industry, curriculum revision and the acquisition of modern technologies.

Interventions:

i. Facilitate the re-skilling and up-skilling of the existing workforce to equip them with multi-skills that can respond to dynamic consmer demands. This will entail structured engagements with industry, including those that are located in the incentivized zones and are using modern technologies.
ii. Facilitate capacity building for institutions engaged in training the existing workforce in the CTA sector.
iii. Facilitate the training on the repair and fabrication of equipment, machinery and technology used in value addition processes.
iv. Facilitate public-private partnerships to promote in industrial research.
v. Engage in public-private partnerships for the acquisition of modern equipment and machineries for training institutions.
vi. Upgrading of skills for supervisory and mid-level management to facilitate upward shift in the textile-apparel chain.

ISSUE 6: Weak Integration into the Global CTA Value Chain

211. Kenya has not meaningfully integrated into the global CTA value addition. Nearly all sector gains since the inception of AGOA in 2000 have been realized in the apparel segment, which majorly imports fabric. Engagement with the CTA value chain is centered around CTM activities done under contract for large apparel enterprises. This means that there are no backward linkages to textile milling and cotton production. Additionally, MSMEs do not easily integrate into global value chains, in products whose competitive advantage is based on leveraging economies of scale for reduced costs of production.

Policy Objective:

To facilitate effective integration into the global textile-apparel value chain through high-value activities, supplying niche markets that require high quality and customised apparel items, commodity labelling, certifications and sub-contracts by global brands through turnkey projects.

Policy Statement:

The government will facilitate upskilling of the existing workforce and the revision of training curriculums, to build capacity that will efficiently meet domestic and global consumer quality and quantity demand in textile and apparel and incentivize the acquisition of related equipment and technologies.

Interventions:

i. Review curriculum to reflect the dynamic textile and apparel industry and upskill existing workforce.
ii. Acquisition of modern equipment and technology including Artificial Intelligence (AI) to enable the manufacturing and creation of high-quality textile and apparel products.
iii. Branding of Kenya as a green textile-apparel producer through environmentally sustainable cotton production and processing, and equitable labour practices.
iv. Raise awareness and facilitate the acquisition of sustainability certifications.
v. Facilitate capacity building of MSME's to enable their profitable integration into the global value chain.
vi. Facilitate capacity building of the workforce to enable production of custom-made products and sub-contracting.

3.3. PILLAR 3: TRADE IN COTTON, TEXTILE AND APPAREL- POLICY STATEMENTS

ISSUE 1: Limited Backward Linkages

212. EPZs help to promote export-oriented investment that enable a country to capitalize on the benefits of preferential access for exports to key markets. In addition, they are important in absorbing surplus labor, on-the-job training of local middle-level managers and other workers and growing domestic firms as the EPZ firms are gradually expected to increase their purchase of local materials, other inputs, and capital goods from the host country.

213. Kenya has taken advantage of EPZ to tap on the benefits presented by the AGOA and is currently the largest exporter under AGOA. Despite the increase of export of apparel due to AGOA, there is limited use of local raw materials and other inputs by the EPZ firms. There is need to actively promote backward linkages into yarn, fabric and other intermediate inputs for the country to fully benefit from EPZs.

Policy Objective:

To promote backward linkages into lint, yarn, fabric and other intermediate input to enhance the integration of EPZ firms with the local economy.

Policy Statement:

The government shall prioritize the integration of EPZ firms with the local economy to enhance the purchase of local raw materials, other inputs, and capital goods.

Interventions:

i. Provide incentives to local industries to increase competitiveness of their raw materials and intermediate goods including quality, production quantity and compliance with international standards.
ii. Facilitate Business to Business engagements between the EPZ firms and textile mills for exchange of information and partnerships to support backward linkages.
iii. Encourage formation of digital platforms that allow access to real-time market information between EPZ firms, textile mills and other relevant chain actors.
iv. Provide special incentives linked to local content requirements to foster development of supply chain linkages.

ISSUE 2: Governance Challenges in Addressing Unfair Competition Arising from Illicit Trade and Misdeclaration of Goods

214. Textile and apparel firms face significant concerns regarding illicit trade activities that are negatively impacting the sub-sector. These are: (1) the widespread smuggling of fast fashion garments, which undercuts local manufacturers by flooding the market with low-cost imports and deny the government revenue; (2) the counterfeiting of fabrics produced by domestic textile mills, which diminishes brand integrity and undermines consumer trust in locally made products; and (3) misdeclaration of goods at ports of entry.

215. These illicit trade activities not only distort competition but also deny government revenue, reduce profitability of local industries, threaten local jobs, and compromise the growth and sustainability of the sub-sector. Immediate, targeted action is required to curb these illegal practices and safeguard the competitiveness of the local textile and apparel sector.

Policy Objective:

To combat unfair competition arising from illicit trade activities in the CTA sector including smuggling, counterfeiting, and tax evasion which undermine legitimate business, distort market dynamics and reduce government revenues.

Policy Statement:

The government commits to fostering a fair, transparent and competitive CTA market environment by safeguarding fair competition.

Interventions:

i. Strengthen enforcement mechanisms through capacity building of customs officers, enforcement agencies, regulators other relevant officers and agencies to enhance their capacity to detect, prevent and prosecute illicit trade activities.
ii. Strengthen enforcement mechanisms through sub-sector specialization of custom officers, enforcement agencies, regulators other relevant officers and agencies to enhance their capacity to detect, prevent and prosecute illicit trade activities.
iii. Implement stricter oversight on product safety and intellectual property protection to safeguard consumers from the risks associated with counterfeit and substandard CTA products.
iv. Enhance international cooperation with governments, international organizations, research institutions and private sector stakeholders to combat cross-border illicit trade, share intelligence and best practices to disrupt global networks involved in illegal commercial activities.
v. Increase inter-agency cooperation to share information and experiences, coordinate activities, implement stringent measures to enforce compliance and close loopholes exploited by illicit traders.
vi. Foster collaboration between customs authorities, local industry stakeholders, law enforcement agencies and other public and private sector stakeholders to monitor, report, and take other relevant action against illicit trade.
vii. Deploy advanced technology for monitoring, compliance and enforcement.
viii. Improve awareness of Intellectual Property Rights issues by the public.

ISSUE 3: Decline in Consumption of Locally Produced Goods

216. Several factors contribute to the decline in the use of locally produced textile and apparel for example, lack of prompt payment of textile firms. This creates

liquidity constraints for the firms, making it difficult for them to meet their operational costs, invest in growth, or take on new orders. Small-scale apparel firms also lack information on locally produced textiles therefore limiting their uptake of local fabrics. This disconnect between textile mills and the apparel firms impedes collaboration and innovation, further slowing the sector's development. In addition, the minimum order quantity (MOQ) requirements set by most textile mills restrict the purchasing power of small-scale apparel firms. Many MSMEs are unable to meet these large MOQs, which results in them resorting to imports. Finally, the government has faced challenges implementing the Buy Kenya Build Kenya presidential directive because it is not embedded in policy, without which the directive's potential to increase local production and reduce reliance on imports might not be realized.

Policy Objective:

To stimulate and increase the consumption of locally produced goods by promoting domestic industries, improving product visibility and accessibility and fostering a culture of "Buy Kenya Build Kenya" among Kenyans.

Policy Statement:

The government is committed to increase the use of locally produced cotton, textile and apparel by fostering a vibrant domestic market that supports local industries and leverages on technology.

Interventions:

i. Develop the 'Buy Kenya Build Kenya' Local Content Policy.
ii. Undertake awareness campaigns on the benefits of Buy Kenya Build Kenya to the socio-economic development of Kenya.
iii. Encourage apparel firms and textile mills to establish a coordinated digital platform for bulking for purposes of meeting the minimum order quantity.
iv. Encourage textile mills to embrace digital marketing to support the marketing of their product varieties.
v. Support local trade shows for networking, sharing skills, experiences, innovations and opportunities to enlarge customer base.

vi. Support MSMEs to grow their brands through fostering partnerships with international fashion and apparel stores in Kenya to encourage their purchase of local brands for their local and international stores.
vii. Introduce an Export and Investment Promotion Levy under the Miscellaneous Fees and Levies Act on textile and apparel inputs available in Kenya to promote use of local products.
viii. Promote the development of green and technology-driven integrated textile parks by the private sector or through public private partnerships to boost local capacity.
ix. Promote tailors' linkages with large entrepreneurs, schools, colleges, public institutions and uniformed forces to expand their local market.
x. Encourage formation of textile clusters with provision of Common Manufacturing Facilities.
xi. Encourage the establishment of Centres of Excellence in Textile to bolster research, technical expertise and training in textile matters.

ISSUE 4: Limited Export Market and Product Diversification

217. African countries remain poorly diversified, as their exports are concentrated in a few products exported to a few destinations. This makes them more exposed to economic shocks, thus the need to diversify into new products and destinations.

218. A significant amount of Kenya apparel exports is to the U.S. under AGOA. Apparel is also the highest exported product under AGOA. Thus, Kenya is dependent on the AGOA market and there is need to diversify into other high value markets and CTA products to make the textile and apparel sub-sector globally competitive.

Policy Objective:

To promote an export-oriented textile and apparel production model, focusing on market and product diversification.

Policy Statement:

The government commits to promote the exploration of diversified products, and new and emerging high value markets while strengthening existing trade relationships, to reduce dependency on traditional products and markets and create more opportunities for exporters.

Interventions:

i. Increase global market knowledge by engaging in international market research and identifying target markets through an evidence-based approach.
ii. Collate and disseminate export market information to firms in a timely manner.
iii. Support textile and apparel firms to comply with market requirements of targeted international markets.
iv. Strengthen sector coordination to enhance information sharing, consolidation to meet buyer volume requirements and negotiations for favourable terms such as competitive ocean and air freight costs and delivery to target markets.
v. Regularly participate in trade exhibitions and encourage textile and apparel firms to engage in trade shows to identify new markets and generate business to business (B2B) connections.
vi. Develop Kenya's brand image as a hub for green textile, apparel production, and eco-designs.
vii. Maintain close liaison with relevant international bodies.
viii. Further promote Kenya as the main Foreign Direct Investment destination for textile and apparel with a focus on foreign investments that will produce higher-value apparel, and open new markets.
ix. Increase the capacity of trade and investment support institutions, including trade missions abroad, to target and attract the appropriate investments in textile and apparel.
x. Support access to affordable finance by MSMEs to encourage investment and expansion.
xi. Support textile and apparel firms to engage in higher value-added portions of the value chain, including research, design, marketing and financial services.
xii. Support textile and apparel firms to engage in handmade and customized products to access high-value markets.
xiii. Encourage the development of a diverse range of textile and apparel products, from basic garments to high-end fashion, technical textiles and sustainable products, to cater to a broad spectrum of global demand.
xiv. Facilitate investment in modern technologies and techniques and capacity building for workers and business to enhance productivity, efficiency and innovation.
xv. Collect and collate data on suppliers and develop a database to facilitate ease of information sharing with overseas buyers and vice versa.

ISSUE 5: Limited Awareness and Utilization of Trade Arrangements

219. Kenya has entered into multiple strategic trade agreements and regional integration arrangements aimed at enhancing export opportunities both regionally and globally, including the AGOA, the EU EPA, the UK EPA, the AfCFTA, the EAC, and the COMESA. These agreements and regional integration arrangements are designed to provide preferential market access, reduce tariff barriers, and create a conducive environment for increased exports.

220. However, despite the considerable benefits they offer, there is a significant gap in the awareness and understanding of these trade arrangements among key stakeholders in the CTA sector, particularly within the public and private sectors. This lack of technical knowledge and strategic insight into the provisions, market opportunities, and compliance requirements of these trade arrangements has limited their utilization and constrained the sector's ability to fully capitalize on export potential.

Policy Objective:

To create awareness of the trade arrangements that Kenya is party to and support the private sector to take advantage of the opportunities presented by them.

Policy Statement:

The government is committed to supporting the private sector to take advantage of the opportunities presented by the trade arrangements it is party to.

Interventions:

i. Increase awareness and knowledge of existing trade arrangements in the private and public sectors by dissemination of information on trade arrangements, focusing on the specific benefits, eligibility criteria, and market opportunities.
ii. Enhance capacity building programs for the public officials and private sector entities to enable them to effectively navigate, comply with and leverage these trade arrangements to maximize export potential.
iii. Improve coordination and support by establishing a dedicated focal point to provide ongoing support and guidance to firms seeking to benefit from the trade arrangements.

iv. Develop a digital platform for information dissemination and sharing and facilitating collaborations.

CHAPTER FOUR
FRAMEWORK FOR IMPLEMENTING THE PUBLIC POLICY

221. The effective implementation of the CTA policy hinges on a well-defined coordination framework, a robust legal and regulatory structure, and sustainable funding arrangements. By establishing clear roles for institutions and stakeholders, aligning with existing laws, and ensuring adequate resources, the government can create a supportive environment for the growth and sustainability of the Cotton, Textile, and Apparel Sector in Kenya.

4.1. Coordination Framework and Administrative Mechanisms

222. The CTA sector involves both the National and County governments and cuts across different Ministries, Departments and Agencies (MDA), within the National Government. Therefore, the successful implementation of this policy requires a whole of government approach with a well-structured coordination framework that delineates the role of the relevant MDAs under the National Government, the county government and the coordinating institution among them.

4.1.1. Implementing Institutions

223. The MTP IV provides for a value chain approach to development. To avoid silo implementation of the prioritized value chains, the Ministry of Investments, Trade, and Industry was mandated to coordinate the CTA sector to avoid fragmented interventions not aligned with the spirit of a value chain approach. This section outlines the roles of the various MDAs involved in the implementation of this policy, ensuring a cohesive approach that minimizes duplication and conflict.

TABLE 15: Implementing Institutions

INSTITUTION	AGENCIES	ROLES
Ministry of Investments, Trade, and Industry (Coordinating Ministry)	• **State Department of Industry (**Will be the coordinating department on behalf of the ministry) • State Department of Investment Promotion- • State Department of Trade	• Promotion of value addition and agro-processing. • Promotion of the development and oversight of aggregation and industrial parks. • Industrial training and capacity development.

INSTITUTION	AGENCIES	ROLES
	• Department of Business Reforms and Transformation under the State department of Investment promotion • Kenya Bureau of Standards • Rivatex • Kenya Industrial Research and Development Institute • Kenya Industrial property Institute • Kenya Industrial Training Insitute • Anti-Counterfiet Authority • Kenya National Trading Cooperation • National Trade Negotiation Council • Trade Remedies Agency • Kenya Export Promotion and Branding Agency • Kenya Investment Authority • Export processing Zones Authority • Special Economic Zones Authority • Kenya Development Coorporation • Warehouse Receipt Systems Council	• Oversight admnistration and enforcement of the local content policy. • Improve the investment climate and business environment. • Export development and promotion. • Trade negotiations. • Protection of Kenyan goods against dumping and subsidised imports. • Coordinating the multi-agency task force on the elimination of illicit trade and counterfeits • Promotion and oversight of the development of the EPZs and SEZs • Promotion of E-Commerce • Enforcement of Trade Arrangements • Promotion of fair trade practices • Investment promotion and facilitation. • Promote standardization and quality control • Promote protection of intellectual property.
Ministry of Agriculture	• State Department of Agriculture • Agriculture and food Authority • Agricultural Finance Cooporation • Agricultural Development Cooporation • Kenya Seed Company • Kenya Plant Health Inspectorate Services • Agricultural Information Resource Centre • Kenya School of Agriculture	• Seed Multiplication • Extension services • Agricultural mechanisation • Capacity Building of extension officers • Support in administration of irrigation schemes • Biosafety • Research and Development on seed variety and pest control • Seed testing • Pest Control • Agricultural Financing • Agro-Input distribution • Data collection

INSTITUTION	AGENCIES	ROLES
	• Pest Control Product Board • Kenya Agricultural and Research organisation • National Biosafety Authority	
Council of Governors	• Council of Governors	• To prioritise cotton production in the 24 earmarked counties. • Provide a mechanism of consultation, information sharing and capacity building in the CTA sector within the counties. • Fast track the development of the CAIPs
Ministry of Cooperatives and Micro, Small, and Medium Enterprises Development	• State Department for Cooperatives • State Department for Micro, Small and Medium Enterprises Development • Micro and Small Enterprise Authority • Kenya Industrial Estates	• Promotion of Cooperatives • Supervision and oversight of cooperatives • Cooperative education and training • Capacity development of MSMEs • Support for technology upgradation and modernisation for MSMEs • Promote subcontrating arragments between MSMEs and large enterprises. • Market development for MSME prodcuts. • Support product development and design.
Ministry of Water, Sanitation and Irrigation	• State Department for Water and Sanitation • State Department for irrigation • National Water Harvesting and Storage Authority • National Irrigation Authority	• Promote water resources management • Promote waste water treatment and disposal • Promote water harvesting and storage for industrial use • Management of irrigation schemes • Water storage and flood control management • Development of irrigation infrastructure
Ministry of Energy and Petroleum	• State Department for Energy • Energy and Petroleum Regulatory Authority • Kenya Power and Lighting Company Limited	• Promotion and facilitation of use of renewable energy • Providing favorable energy prices including approving preferential time of use tariffs for businesses in the CTA sector • Connecting businesses to the grid • Providing net metering and wheeling tariffs per approved regulations

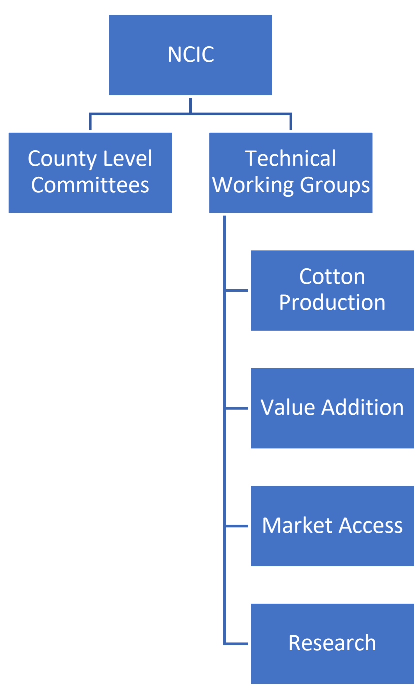
INSTITUTION	AGENCIES	ROLES
		• Promote establishment of Captive power units which use renewable energy.
Ministry of Youth Affairs, Creative Economy, and Sports	• State Department for Youth affairs and Creative Economy	• Mainstreaming Youth in the CTA sector • Facilitate the mobilization of resources to support the youth to engage in the CTA sector.
Ministry of Environment, Climate change and Forestry	• State Department for Environment and Climate Change • National Environmental Management Authority • National Climate Change Council • Kenya Metrological Department	• Environmental Impact Assessment • Periodic monitoring of business on matters of pollution (noise, water pollution, air pollution) • Promote climate change adaptation and mitigation actions. • Accurate and Timely weather forecasting
Ministry of Tourism and Wildlife	• Kenya Wildlife Service	• Human wildlife conflict mitigation and compensation
Ministry of Gender, Culture, The Arts, and Heritage	• State Department for Gender and Affirmative Action	• Gender Mainstreaming in the CTA Sector
Ministry of Labour and Social Protection	• State Department for Labour and Skills development • National Industrial Training Authority • National Productivity and Competitiveness centre	• Industrial training • Overseeing skills development • Harmonisation of skills training
Ministry of East Africa Community, the ASALs, and Regional Development	• State Department for East Africa Community • State Department for the ASALs and Regional Development • The National Drought Management Authority	• Implementation of the Treaty for the Establishment of the East African Community • Coordinate implementation of EAC policies and strategies including the EAC CTA strategy. • Create awareness of the opportunities created by the Treaty for the Establishment of the East African Community • Coordinating responses against drought
Office of the Prime Cabinet Secretary and Ministry for Foreign and Diaspora Affairs	• Kenya Missions	• Facilitate capacity building of Trade Attaché on the CTA sector and trade opportunities under the sector. • Facilitate coordination with the Ministry of Investment, Trade and Industry on the CTA sector. • Liaising and coordinating with world trade bodies and UN agencies

INSTITUTION	AGENCIES	ROLES
		• Liaising with international and regional organizations • Management of bilateral and Multilateral relations
Executive Office of the President	• Presidential Economic Transformation Secretariat	• Give overall guidance, expert advice and support in implementation of policy
Ministry of Interior and National Administration	• State Department for Immigration and Citizen Services • Directorate of Immigration	• Issuance of work permits
National Treasury and Economic Planning	• Kenya Revenue Authority • Public Private Partnership Unit • Kenya Trade Network Agency • State Department for Economic Planning • Kenya Institute for Public Policy Research and Analysis • Kenya Vision 2023 board • Kenya National Bureau of Statistics	• Revenue collection • Public investment oversight • Administration of the National Electronic Single Window System • Develop manage and promote interchange of electronic data for facilitation of trade in the CTA sector • Undertake and coordinate research and surveys in electronic commerce aimed at simplifying and harmonizing trade documentation under the CTA sector. • Maintain an electronic database of all imported and exported Cotton, Textile and Aparrel and the levies, fees, duties, and taxes charged on imported or exported cotton, textile and apparel. • Collect and provide trade statistics in the CTA sector • National statistics management • Monitoring and Evaluation of Economic Trends • Coordination of implementation, monitoring and evaluation of sustainable development goals
Ministry of Public Service Performance and Delivery Management	• State Department for Performance and Delivery Management • Government Delivery Services	• Monitoring the implementation of government priority programs and projects such as the CAIPs
Ministry of Education	• State Department for Higher Education and Research	• To offer education and skills needed for a profitable and competitive CTA sector. • Curriculum Development to meet consumer needs.

INSTITUTION	AGENCIES	ROLES
	• State Department for Technical Vocation Education and Training	
Ministry of Information, Communication and the Digital Economy	• State Department for Information, Communication, Technology and Digital Economy	• Promotion of ICT innovation and digital economy in the CTA sector

224. To effectively coordinate the above institutions, the cabinet secretary ministry of Trade Investment and Industry shall establish the **National CTA Implementation Committee (NCIC).** It will consist of representatives of the above identified institutions.The chair of the NCIC shall be the Principal Secretary State Department for Industry and the Secretariat shall be the State Department for Industry. Specialised **Technical Working Groups** will be formed to be responsible for overseeing implementation of the three pillars: Cotton Production, Value Addition, and Market Access and Research which is cross cutting. Each TWG will be tasked with formulating actionable plans and reporting to the NCIC. To ensure county-level engagement, **County-Level Committees** will be established to adopt and implement the policy within their counties. These committees will liaise with the NCIC and TWGs to align county actions with national objectives.

FIGURE 15: Implementation Coordination Structure



4.1.2. Coordination Mechanisms

- Regular NCIC and TWG meetings will be held to discuss progress, challenges, and adjustments needed in policy implementation.
- An online platform will be established for information sharing, documentation, and monitoring progress to facilitate real-time communication among stakeholders.
- Mechanisms will be put in place to integrate feedback from all levels of stakeholders, ensuring that the policy remains responsive to emerging needs and challenges.

4.1.3. Integration of Other Stakeholders

225. The policy implementation framework will actively engage additional stakeholders, including the private sector actors, cooperatives, associations in the CTA sector, and non-governmental organization.

226. Public-private partnerships will be encouraged to leverage resources and expertise for effective policy execution.

4.2. Legal Framework

227. Several laws touch on different aspects of the CTA Value Chain. These laws have been discussed under the three pillars: Cotton Production, Value Addition and Market Access in Chapter 2. Some of these laws include the Constitution, Crops Act (Cap. 318), the Agriculture and Food Authority Act (Cap. 317), the Anti-counterfeit Act (Cap.510), the Cooperative Societies Act (Cap. 490), the County Governments Act (Cap.265), the Energy Act (Cap.314), Export Processing Zones Act (Cap.517), Special Economic Zones Act (Cap.517A), the Sustainable Waste Management Act (Cap.387C), the Industrial Property Act (Cap.509), and the Industrial Training Act (Cap.237). The policy has taken into consideration the applicable laws to ensure comprehensive legal compliance. The policy has also taken into account relevant international conventions and treaties applicable to Kenya.

228. Also, the policy acknowledges that there is lack of coordination among institutions that are involved in the CTA sector. The lack of a coordinated approach to reviving the CTA sector creates legal, administrative and operational inefficiencies. Thus, an effective legal and institutional framework is required to effectively implement this policy.

229. The national government in consultation with the county governments will develop a comprehensive CTA law. The legal framework will provide for CTA sector coordination mechanism in the national government and between the national and county government in line with the provisions of the Constitution and other relevant statutes.

230. Further, a review of the relevant laws in the CTA Sector will be conducted by the NCIC to identify necessary amendments or reforms to support the policy's objectives.

4.3. Funding Arrangements

231. The implementation of the CTA policy will be financed through a combination of government budget allocations, donor funding, and private sector investments. It will also leverage green finance through sustainable production and processes.

232. The NCIC will collaborate with the National Treasury and Economic Planning to identify additional funding sources, including international grants and public-private partnerships.

CHAPTER FIVE
MONITORING AND EVALUATION FRAMEWORK

233. Monitoring and Evaluation (M&E) are critical components of the CTA policy implementation framework. This section outlines the policy interventions that will be monitored and evaluated to ensure the policy's objectives are met. It details the data sources, implementation timeframes, responsible parties for tracking progress, reporting channels, dissemination of M&E results, and feedback mechanisms from the public.

5.1. Data Sources

5.1.1. Primary Data Collection

234. Surveys and questionnaires will be administered among stakeholders, including cotton farmers, ginners, manufacturers, and consumers, to gather firsthand information on the policy's impact.

235. Focus group discussions and interviews will be held to gain qualitative insights into the experiences and challenges faced by stakeholders in implementing the policy.

5.1.2. Secondary Data Sources

236. Government reports, agricultural statistics, trade data, and financial records will be utilized to track key indicators related to production, exports, and employment within the CTA sector.

237. Data from the Kenya National Bureau of Statistics (KNBS) and other relevant agencies will be analyzed to provide context and support for the M&E process.

5.2. Policy Implementation

238. To facilitate the implementation of this policy, the CTA strategy will be developed. The CTA strategy will provide a clear, actionable roadmap that outlines how the policy objectives will be achieved. In particular, the strategy will provide activities for every policy objective, outline responsibilities for each activity, provide a timeline for implementation with specific milestones and deadlines, include mechanisms for monitoring and evaluating progress, identify potential risks that

would affect policy implementation, and suggest mitigation strategies to overcome these risks. It will also identify the resources required to implement the policy effectively. This will help in budgeting and resource mobilization to ensure adequate support for policy actions. Finally, it will outline how the policy will be communicated to the public and other stakeholders.

5.3. Overall Responsibility for Tracking Implementation

- **National CTA Implementation Committee (NCIC):** The NCIC will oversee the M&E process, ensuring that all activities align with the policy's objectives and timelines.
- **Technical Working Groups (TWGs):** Each TWG will be responsible for tracking the implementation of specific strategies related to their area of focus. They will collect data, monitor progress, and report findings to the NCIC.
- **County-Level Committees:** These committees will play a crucial role in monitoring county implementation efforts, ensuring alignment with national objectives, and reporting outcomes to the NCIC.

5.4. Reporting Channels

- **Internal Reporting:** TWGs will prepare quarterly progress reports outlining achievements, challenges, and recommendations. These reports will be submitted to the NCIC for review and action.
- **Annual Reports:** The NCIC will compile an annual report summarizing the overall progress of the policy implementation, including insights from TWGs and County-Level Committees.
- **Public Reports:** A simplified version of the annual report will be published and disseminated to stakeholders and the public to maintain transparency and accountability.

5.5. Dissemination of M&E Results

- **Workshops and Forums:** Results from the M&E process will be shared in stakeholder workshops and forums, facilitating discussion and engagement among all parties involved in the CTA sector.
- **Online Platforms:** Key findings and updates will be published on dedicated online platforms and the Ministry of Investments, Trade, and Industry's website, ensuring broad access to information.
- **Media Engagement:** Press releases and media briefings will be conducted to communicate significant milestones and outcomes to the wider public.

5.6. Feedback Mechanism

- **Public Feedback Channels:** Mechanisms will be established for stakeholders and the general public to provide feedback on policy implementation. This may include online surveys, stakeholder meetings, and dedicated email addresses for comments.
- **Periodic Reviews:** Feedback received will be analyzed during periodic reviews, and relevant insights will be integrated into the ongoing M&E process to enhance policy effectiveness and responsiveness.
- **Engagement with Stakeholders:** Regular engagement with stakeholders will ensure that their voices are heard and that their feedback informs adjustments to implementation strategies.

CHAPTER SIX
POLICY REVIEW INTERVAL

239. The effectiveness and relevance of public policies, including the CTA policy, are critical to achieving their intended objectives. As such, a systematic review process is essential to ensure that the policy remains responsive to changing circumstances and continues to meet the needs of stakeholders. This chapter outlines the framework for reviewing the CTA policy, including the standard review timeline, conditions for early review, and the process for conducting these evaluations.

6.1. Standard Review Timeline

6.1.1. Ten-Year Review Cycle

240. The CTA policy will undergo a comprehensive review every ten years from the date of its implementation. This review will assess the policy's performance, relevance, and effectiveness in achieving its goals.

241. The review will include a thorough evaluation of the outcomes achieved, the challenges faced, and the lessons learned during the implementation period. Stakeholder engagement will be integral to this process, ensuring diverse perspectives are considered.

6.1.2. Purpose of the Review

242. The primary objectives of the ten-year review will include:

i. Evaluating the impact of the policy on the CTA sector.
ii. Identifying areas for improvement or adjustment based on stakeholder feedback and emerging trends.
iii. Ensuring alignment with national development priorities and goals.
iv. Assessing the adequacy of resources allocated for policy implementation.

6.1.3. Conditions for Early Review

243. While the standard review timeline is set for every ten years, the policy includes provisions for early reviews under specific circumstances:

6.1.3.1. Change in the Constitution

244. Significant amendments to the Constitution that affect the governance, rights, or responsibilities related to the CTA sector may necessitate an early review

of the policy. This ensures that the policy aligns with new constitutional provisions and upholds the principles of good governance and human rights.

6.1.3.2. Occurrence of Calamities

245. Natural disasters and other unforeseen calamities that disrupt the CTA sector may trigger an early review. The review will assess the policy's effectiveness in responding to the challenges posed by such events and may propose necessary adjustments to enhance resilience and recovery.

6.1.3.3. Alignment with Regional and International Frameworks

246. Changes in regional or international trade agreements, environmental protocols, or labor standards may require an early policy review to ensure alignment. This is crucial for maintaining competitiveness and compliance within the global market and for fostering regional cooperation.

6.1.3.4. Emerging Trends and Technologies

247. Rapid advancements in technology, market dynamics, and consumer preferences may also prompt an early review. Adapting the policy to incorporate innovative practices and sustainable approaches will be essential for the sector's growth and competitiveness.

6.2. Review Process

6.2.1. Initiating the Review

248. The review process may be initiated by NCIC or upon the recommendation of stakeholders.

6.2.2. Data Collection and Analysis

249. The review will involve comprehensive data collection and analysis, drawing from monitoring and evaluation findings, stakeholder feedback, and relevant research. This data will inform the assessment of the policy's effectiveness and relevance.

6.2.3. Stakeholder Engagement

250. Inclusive stakeholder engagement will be a cornerstone of the review process. Workshops, focus group discussions, and surveys will be conducted to gather insights from a diverse range of stakeholders, ensuring that the review is evidenced based.

6.2.4. Reporting and Recommendations

251. A report summarizing the findings of the review will be prepared and disseminated to all stakeholders. This report will include recommendations for necessary adjustments or reforms to the policy based on the review outcomes.

252. The NCIC will be responsible for ensuring that the recommendations are actionable and that appropriate follow-up actions are taken to implement any changes.