



PRESS RELEASE

KTDA-MANAGED FACTORIES' KSHS 51.85 BILLION TOTAL PAYMENT TO FARMERS

Nairobi, Thursday, October 22, 2020: The 54 Tea Factory Companies managed by the Kenya Tea Development Agency Management Services Limited (KTDA-MS) have this week released KShs27.62 billion being the final payment, popularly known as “bonus”, to tea farmers for the Financial Year ended June 30, 2020. This money will be available from their respective banks starting tomorrow.

This takes the total payment for the year to KShs 51.85 billion; up from KShs 46.48 billion last year. This year’s total payment represents a 11.6% increase from last year, and means that, on average, farmers will take home more earnings than they did last year.

The growth is attributed to an increased green leaf production by the factories, which grew by 29 per cent for the year to stand at 1.45 billion kgs compared to 1.13 billion kgs over a similar period last year, as well as a more favourable exchange rate. This is despite the average price for a kilo of sold tea falling by 8.1 percent to an average twelve-year low of USD 2.38 per kilo compared to USD 2.59 per kilo in 2019.

As a result of the growth in green tea production due to favourable weather conditions in the tea growing areas, the volume of made tea produced by the factories increased to 326 million kilograms (kgs) for the year, up from 267 million kgs last year. On average, 4.5kgs of green leaf make one kilogramme of made tea. Consequently, turnover for the 54 Tea Factory Companies grew by 14% to stand KShs 79 billion compared to KShs 69 billion in 2019.

Payment to farmers is done both monthly and at the end of a financial year after respective factory boards have reviewed and approved the year's audited financial accounts. In determining the final payment, individual factory companies consider the revenue generated from tea sales, dividends from KTDA Holdings, interest earned from deposits and any other income, less the cost of operations, dividends payable to their shareholders/farmers and taxes to Government if any, for the year. This year's total payment to farmers amounts to 66% of total revenue by the factories.

Commenting on this, KTDA-MS Managing Director, Alfred Njagi said:

"The 54 Tea Factory Companies, which own the 69 tea factories that are managed by KTDA-MS, have this week released the final payment for the year ended June 30, 2020 to the over 600,000 smallholder tea farmers under KTDA. These results were achieved amidst disruptions in the global tea market occasioned by the COVID-19 pandemic."

He added:

"Other than for a few factories whose crop did not increase materially for various reasons, on average, tea farmers will take home higher earnings this year on the back of increased tea production due to good weather, which was further supported by a favourable currency exchange environment. The business environment was characterised by lower purchasing power and COVID-19 disruptions in our key markets."

Despite the ongoing COVID-19 pandemic that has disrupted global supply chains, KTDA-managed factories have put in place adequate measures to ensure business continuity and continued to collect and process farmers' leaf even at the height of Government restrictions to contain the spread of the pandemic.

Cumulatively, tea factories in Bomet County paid KShs 6.42 billion while those in Embu, Kericho and Kiambu Counties, KShs 3 billion, KShs 4.94 billion and KShs 4.92 billion respectively. Factories in Kirinyaga County KShs 5.39 billion while those in Kisii, Meru and Murang'a Counties paid KShs 1.98 billion, KShs 5.79 billion and KShs 9.8 billion respectively.

Factories in Nandi, Nyamira, Nyeri and Tharaka Nithi Counties cumulatively paid KShs 1.11 billion, KShs 3.40 billion, KShs 3.54 billion and KShs 881 million respectively; while

the factory in Trans Nzoia and the one in Vihiga County paid KShs 241 million and KShs 430 million respectively.

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Note to Editors:

- **Total payment refers to the combined disbursement made to farmers, which includes both the monthly and the final payment.**
- **The final payment also called second payment or “bonus” is paid at the end of the financial year.**