



SPEECH BY MR ARTHUR SEWE, CHAIRMAN OF EATTA DURING THE LAUNCH OF THE INTERGRATED TEA TRADING SYSTEM (iTTS) HELD AT THE TRAVELLERS BEACH HOTEL, MOMBASA ON THURSDAY, 31ST MARCH, 2022

H.E MORGENS STRUNGE LARSEN, COUNSELLOR, DANISH EMBASSY NAIROBI,
TMEA KENYA COUNTRY PROGRAMME NATIONAL OVERSIGHT COMMITTEE CHAIR AND
PERMANENT SECRETARY – STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY, DR. KEVIT
DESAI,
TMEA KENYA COUNTRY PROGRAMME DIRECTOR, MR. FARAH AHMED
THE KTDA HOLDINGS GROUP CHAIRMAN, MR. DAVID ICHOHO
REPRESENTATIVE OF THE ESS/CSM SOFTWARE DEVELOPER CONSORTIUM, MR. PANNAGA
PATNAYAK
TEA BOARD OF KENYA REPRESENTATIVE,
STRATEGIC TEA SECTOR STAKEHOLDERS
LADIES AND GENTLEMEN OF THE PRESS,
COLLEAGUES FROM THE TEA FRATERNITY.
ALL PROTOCOLS OBSERVED;

GOOD AFTERNOON AND A VERY WARM WELCOME. IT IS MY GREAT PLEASURE, ON BEHALF OF THE EAST AFRICAN TEA TRADE ASSOCIATION (EATTA), TO WELCOME YOUR EXCELLENCY AND ALL PARTICIPANTS TO THIS IMPORTANT OCCASION.

THANK YOU FOR ACCEPTING OUR INVITATION. I KNOW THAT ALL OF YOU HAVE SACRIFICED TIME FROM YOUR HEAVY SCHEDULES AND COMMITMENTS IN ORDER TO ATTEND THE LAUNCH OF THE MOMBASA TEA AUCTION AUTOMATION (iTTS); IT IS NOT TAKEN FOR GRANTED AND IS MUCH APPRECIATED.

I WOULD LIKE TO BEGIN BY RECOGNIZING THE MEMBERS OF THE EATTA BOARD WHO ARE PRESENT TODAY, THE ICT COMMITTEE, STEERING COMMITTEE, PROJECT IMPLEMENTATION TEAM AND PROJECT CO-ORDINATION COMMITTEE. I REQUEST THAT THEY STAND UP FOR RECOGNITION.

ROLE OF EATTA

LADIES AND GENTLEMEN, IN 1956, EATTA WAS ESTABLISHED BY A SMALL GROUP OF COMMITTED INDIVIDUALS, WORKING TOWARDS THE GOAL OF PROMOTING THE BEST INTERESTS OF THE TEA TRADE IN EAST AFRICA. THIS GROUP BROUGHT IN FOCUS, COMMITMENT AND STRUCTURE; QUALITIES THAT HAVE BEEN INVALUABLE IN THE DEVELOPMENT AND GROWTH OF THE ASSOCIATION.

EATTA CURRENTLY HAS A MEMBERSHIP OF 266 COMPANIES COMPRISING OF TEA PRODUCERS, TEA BUYERS AND EXPORTERS, TEA PACKERS, BROKERS, WAREHOUSEMEN AND ASSOCIATE MEMBERS. THESE COMPANIES HAVE LINKAGES WITH OTHER KEY SUB-SECTORS OF THE EAST AND CENTRAL AFRICAN ECONOMY SUCH AS SHIPPING, OVERLAND TRANSPORT, WAREHOUSING, PACKAGING AND BANKING, AMONG OTHERS.

EATTA MEMBERS ARE ALL ACTIVELY ENGAGED IN GROWING, BUYING, BROKING AND WAREHOUSING OF TEA AS WELL AS ASSOCIATED BUSINESSES. EATTA'S PRINCIPAL MANDATE IS THE PROMOTION OF ORDERLY SALE OF TEA AMONG ITS MEMBERS. IT IS ALSO INVOLVED IN REPRESENTATION, LOBBYING AND ADVOCACY ON BEHALF OF ITS MEMBERS.

EATTA IS FUNDED BY MEMBERS REPRESENTING TEN (10) COUNTRIES - KENYA, UGANDA, TANZANIA, RWANDA, BURUNDI, THE DEMOCRATIC REPUBLIC OF CONGO, MALAWI, MOZAMBIQUE, MADAGASCAR AND ETHIOPIA, INFUSING PAN AFRICANISM INTO THE ORGANIZATION. WHEREAS KENYA IS THE LARGEST EXPORTER OF TEA THE EATTA IS ALSO THE LARGEST BLACK CTC TEA AUCTION CENTRE IN THE WORLD.

WE ARE ASSEMBLED HERE THIS AFTERNOON IN RECOGNITION OF THE EFFORTS PUT BY THE EATTA BOARD AND MEMBERS, THE GOVERNMENTS OF MEMBER COUNTRIES, TRADE MARK EAST AFRICA AND THE DANISH GOVERNMENT AMONG OTHER DEVELOPMENT PARTNERS IN AUTOMATING THE MOMBASA TEA AUCTION.

LADIES AND GENTLEMEN, DURING THE FIRST AFRICAN TEA CONVENTION AT THE SAROVA WHITESANDS BEACH RESORT AND SPA IN MOMBASA ON 21ST JULY, 2011, H.E PRESIDENT HON MWAI KIBAKI ADVISED THE TEA SECTOR TO EMBRACE INFORMATION COMMUNICATION TECHNOLOGY. THIS WAS THEREAFTER FOLLOWED BY SIMILAR SENTIMENTS FROM H.E PRESIDENT HON UHURU KENYATTA DURING THE TEA STAKEHOLDERS' VISIT TO STATE HOUSE, NAIROBI IN JUNE, 2014. ONCE AGAIN, ON 19TH JANUARY, 2016, PRESIDENT UHURU KENYATTA VISITED THE AUCTION AND STRESSED ON THE NEED FOR AUTOMATING THE AUCTION.

EATTA TOOK UP THE CHALLENGE AND INITIATIVE IN RESPECT TO EMBRACING NEW TECHNOLOGIES, PRODUCT AND MARKET DIVERSIFICATION AND VALUE ADDITION.

THE EATTA EMBARKED IN THE E-AUCTION THROUGH THE ENGAGEMENT OF A CONSULTANT, CONOR CONSULTANTS TO UNDERTAKE CONSULTANCY SERVICES FOR THE DOCUMENTATION OF A BUSINESS CASE FOR AN ELECTRONIC AUCTION SYSTEM. THE REPORT WAS PRESENTED TO THE EATTA BOARD IN NOVEMBER, 2014. THIS FORMED THE BASIS TO INITIATE DISCUSSIONS WITH TRADE MARK EAST AFRICA (TMEA).

DISTINGUISHED GUESTS, DURING THE EATTA ANNUAL GENERAL MEETING HELD ON 27TH FEBRUARY, 2015, MEMBERS APPROVED A RESOLUTION THAT THE COMPANY ADOPTS ELECTRONIC AUCTION SYSTEM.

EATTA APPROACHED TMEA IN SEEKING POSSIBLE PARTNERSHIP IN FUNDING THE IMPLEMENTATION OF AN ELECTRONIC PLATFORM AT THE MOMBASA TEA AUCTION. TMEA CONTRACTED MR. ICHUNGWA GICHUKI OF ALLEN CONSULTING (AFRICA) AS THE LEAD CONSULTANT IN MAY 2015 TO DOCUMENT A REPORT TO ASSIST THE DEVELOPMENT PARTNERS' DECISION MAKING IN FUNDING THE IMPLEMENTATION OF THE E-AUCTION FOR EATTA. THE CONSULTANT USED STAKEHOLDER'S INTERVIEWS AND OTHER AVAILABLE DOCUMENTATIONS TO DELIVER THE OUTPUTS OF THE CONSULTANCY.

THE PROJECT PROPOSAL WAS DEVELOPED JOINTLY BY TMEA AND EATTA MANAGEMENT AND WAS PRESENTED TO TMEA'S BOARD AND FINAL APPROVAL WAS GRANTED. THE PROJECT CHARTER WAS SIGNED IN DECEMBER, 2016.

TMEA AND EATTA SET OUT TO DEVELOP AND IMPLEMENT AN INTEGRATED TEA TRADING SYSTEM (ITTS) THAT ENCOMPASSES THE ENTIRE TEA EXPORT PROCESS: PRE-AUCTION (FROM PRODUCERS' COMMITMENT TO SELL TEA, TEA DISPATCH, TEA WAREHOUSING AND TEA CATALOGUE MANAGEMENT), AUCTION (SELLING AND BUYING OF TEA ON THE AUCTION FLOOR), POST-AUCTION (TEA PAYMENT MANAGEMENT AND TEA POST PAYMENT EXPORT PROCESSES) AND A B2B MARKETING NETWORK (MARKETING WINDOWS AND E-COMMERCE WINDOWS).

BENEFITS OF AUTOMATION

ITTS WILL HAVE NUMEROUS BENEFITS WHEN FULLY IMPLEMENTED:

- IT WILL REDUCE THE PERIOD IN THE TEA TRADING CYCLE.
- IT WILL ENSURE AVAILABILITY AND ACCESS TO TEA TRADE DATA IN A TIMELY, RELIABLE, ACCURATE AND VERIFIABLE MANNER
- WHEN FULLY IMPLEMENTED, ITTS WILL SIGNIFICANTLY REDUCE THE NEED FOR PHYSICAL PRESENCE OR REPRESENTATION.
- ITTS WILL SIMPLIFY THE TEA TRADING PROCESS REDUCING, AMONG OTHER THINGS, THE LEARNING CURVE FOR NEW ENTRANTS INTO THE TEA SECTOR AND STREAMLINING OF PROCESSES.
- ITTS WILL CONTRIBUTE TO A SIGNIFICANT REDUCTION OF DIRECT COSTS ASSOCIATED WITH THE AUCTION PROCESS: THESE ARE MAINLY ADMINISTRATIVE COSTS.
- BY REDUCING COST AND SHORTENING THE TRADING CYCLE, ITTS WILL CONTRIBUTE TO AN INCREASE IN THE INCOME OF PRODUCERS/FARMERS EVEN IN THE EVENT THAT TEA PRICES REMAIN CONSTANT.
- THE ITTS WILL CREATE THE OPPORTUNITY OF MULTIPLE TRADING WINDOWS AND HENCE POSSIBILITY OF BREAKING BULK. THIS WILL ENABLE TEA PACKERS TO EFFECTIVELY PARTICIPATE IN THE AUCTION.
- THE ITTS WILL ENHANCE THE OPPORTUNITIES FOR MARKETING AND SELLING VALUE ADDED TEAS .
- ITTS WILL INCREASE THE VOLUMES OF TEA SOLD AT THE AUCTION.
- TRANSPARENCY IN THE TEA EXPORT PROCESS ESPECIALLY IN PRICE DETERMINATION AND FINALLY
- INCREASED PARTICIPATION IN THE TEA TRADING PROCESS BY THE VARIOUS ACTORS OF INTEREST.

THE AUCTION AUTOMATION PROCESS WAS SIGNED BETWEEN EATTA AND TMEA IN DECEMBER, 2016 WITH A START-UP COMMENCING IN JANUARY, 2017 AND COMPLETION DATE OF DECEMBER, 2019. OVERALL, TMEA HAS PROVIDED A GRANT OF US DOLLARS 2.17 MILLION (KSHS. 243 MILLION BASED ON CURRENT EXCHANGE RATES) TO SUPPORT THE PROJECT.

GIVEN THE NEED FOR THE DEVELOPMENT OF HOMEGROWN SOFTWARE, ACQUISITION OF HARDWARE, EFFECTS OF COVID-19, REGULAR TRAINING AND HAND-HOLDING, CHANGE MANAGEMENT, AND DELAYS IN SETTING UP THE DATA CENTER, THE PROJECT TOOK LONGER THAN ANTICIPATED.

LADIES AND GENTLEMEN, THE FIRST LIVE AUCTION WAS CONDUCTED ON 27TH MAY, 2020. SINCE THEN, MOST BUYERS NO LONGER PHYSICALLY MEET AT EATTA AS THEY OPERATE REMOTELY FROM THEIR OFFICES AND HOMES.

A FEW CHALLENGES HAVE OCCURRED IN THE COURSE OF IMPLEMENTATION BUT THESE ARE BEING ADDRESSED AS WE CONTINUE TO PROGRESS. I THEREFORE APPEAL TO ALL MEMBERS TO STAY ON COURSE. THE PROPOSED DEVELOPMENT OF A MULTI-HALL AUCTION SHALL AID IN IMPROVING THE AUTOMATION PROCESS AND REDUCE THE AUCTION DAYS FROM THREE DAYS TO POSSIBLY ONE OR TWO DAYS.

WE ALSO NEED TO APPRECIATE THAT VARIOUS FUNCTIONALITIES ARE AVAILABLE IN THE MEMBERSHIP, CATALOGUE AND AUCTION MODULE WHILE TRAINING AND CONTINUOUS PROCESS OF SYSTEMS AUDITS ARE ONGOING. CONCERNS ON THE IMPLEMENTATION OF THE BUSINESS MODULE ARE BEING ADDRESSED AND VARIOUS OPTIONS EXPLORED.

DISTINGUISHED GUESTS, IN ORDER TO ENSURE SUSTAINABILITY, THE COST OF MAINTENANCE OF THE SYSTEM HAS BEEN DISTRIBUTED AMONG THE USERS OF THE AUCTION SYSTEM BASED ON PER KILOGRAMME OF TEA TRANSACTED. THE APPORTIONMENT VARIES DEPENDING ON THE BUSINESS MODEL AND LEVEL OF UTILIZATION BY THE MEMBERSHIP. A SPECIAL PURPOSE FUND HAS BEEN CREATED FOR THAT PURPOSE.

CONCLUSION

LET ME CONCLUDE BY APPRECIATING THE BOARD MEMBERS AND MEMBERS FOR BEING PATIENT AND VERY SUPPORTIVE DURING THE IMPLEMENTATION PERIOD.

WE ARE GLAD TO REPORT TODAY THAT AFTER FIVE YEARS OF SUPPORT FROM TMEA WE ARE APPROACHING THE PROJECT CLOSE OUT. AT THIS STAGE I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK TMEA FOR THE FINANCIAL, TECHNICAL AND MATERIAL SUPPORT. THIS WILL INDEED GO A LONG WAY IN IMPROVING TRANSPARENCY, EFFICIENCIES AND COMPETITIVENESS WITHIN THE VALUE CHAIN. WE THANK ESS/ CSM FOR DEVELOPING THE SYSTEM AND SHALL CONTINUE TO WORK WITH THE CONSORTIUM UNDER THE ANNUAL MAINTENANCE CONTRACT TO STREAMLINE ANY OUTSTANDING ISSUES.

WE ALSO TAKE THIS OPPORTUNITY TO SINCERELY THANK THE GOVERNMENT OF DENMARK FOR THE KIND CONSIDERATION AND GESTURE IN SUPPORTING THE PROJECT.

THANK YOU ONCE AGAIN YOUR EXCELLENCY AND DISTINGUISHED GUESTS FOR SPARING YOUR VALUABLE TIME TO JOIN US THIS AFTERNOON FOR THIS GRAND OCCASION. I THANK YOU ALL!

ARTHUR D SEWE
CHAIRMAN
EAST AFRICAN TEA TRADE ASSOCIATION