

LEGAL NOTICE NO.....

THE SUGAR ACT, 2024

(No.11 of 2024)

DRAFT 1 - THE SUGAR (QUALITY BASED SUGARCANE PAYMENT SYSTEM) REGULATIONS, 2025

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LEGAL NOTICE NO.....

THE SUGAR ACT, 2024
(No.11 of 2024)

In exercise of the powers conferred under section 61 of the Sugar Act, 2024 the Cabinet Secretary for the Ministry of Agriculture and Livestock Development in consultation with the County Governments and the Kenya Sugar Board makes the following Regulations-

PART I — PRELIMINARY

Citation.	1. These Regulations may be cited as the Sugar (Quality-Based Sugarcane Payment System) Regulations, 2025.			
Interpretation.	2. In these Regulations, unless the context otherwise requires—			
No. 11 of 2024	“ Act ” means Sugar Act, 2024			
	“ brix ” means total dissolved solids in sugarcane			
	“ consignment ” means growers’ harvested sugarcane loaded for delivery to a sugarcane reception facility;			
	“ extraneous matter ” means any matter other than sugarcane delivered with and weighed as sugarcane;			
	“ fibre ” means insoluble matter in the sugarcane			
	“ independent grower ” means a grower who:			
	<table border="1" style="width: 100%;"> <tr> <td>a) is not a member of any out-grower institution</td> </tr> <tr> <td>b) does not depend on the miller for any assistance</td> </tr> <tr> <td>c) depends solely on his own resources to develop and supply sugarcane directly to a contracted miller of choice, but strictly within the sugarcane catchment area.</td> </tr> </table>	a) is not a member of any out-grower institution	b) does not depend on the miller for any assistance	c) depends solely on his own resources to develop and supply sugarcane directly to a contracted miller of choice, but strictly within the sugarcane catchment area.
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b) does not depend on the miller for any assistance				
c) depends solely on his own resources to develop and supply sugarcane directly to a contracted miller of choice, but strictly within the sugarcane catchment area.				
	“ moisture ” means percentage of water in the sugarcane;			

	<p>“out-growers’ institution” means a legal entity composed of small-holder growers;</p>
	<p>“pol % cane” means sucrose content in sugarcane;</p>
	<p>“sugarcane pricing committee” means a committee as established under section 60 of the Act;</p>
	<p>“sugarcane pricing formula” means the formula in the Second Schedule or as may be reviewed by the Sugarcane Pricing Committee in accordance to Regulation 12;</p>
	<p>“sugarcane reception facility” means a facility designated by the mill where growers’ sugarcane is received, weighed and tested for quality by the expert;</p>
	<p>“sugarcane testing services” means the specialised testing services to determine quality of sugarcane offered at the Sugarcane Testing Units including at the weighbridge or in the field;</p>
	<p>“sugarcane testing services fee” means a fee collected by the Board to support the operations and oversight of Sugarcane Testing Units.</p>
	<p>“sugarcane testing unit” means a unit where sugarcane is tested for quality parameters which include pol, brix, fibre and moisture;</p>
	<p>“weighbridge” means a site established by a miller within a Sugar Catchment Area by approval of the Board in consultation with respective County Government for cane collection, aggregation and weighing.</p>

Purpose	<p>3. The purpose of these Regulations is to provide for:</p> <p>(a) procedures to ensure payment of sugarcane is based on quality</p> <p>(b) the conditions with respect to the delivery, measurement, examination and testing of sugarcane</p>
Scope	<p>4. These Regulations shall be applicable to the sugarcane delivered by growers to millers in Kenya</p>
<p>PART II – SUGARCANE PRODUCTION, TESTING AND PROCESSING</p>	
Sugarcane Production	<p>5. All growers shall ensure that seed cane and variety selection, crop establishment and maintenance, cane harvesting, and transportation shall be done in accordance with:</p> <p>a. The Sugar (General) Regulations, 2025</p> <p>b. Any other global best practices as may be advised by the Board, Kenya Sugar Research and Training Institute and the County Governments from time to time</p>

Establishment of Sugarcane Testing Units	<p>6. (1) A miller shall not operate without a sugarcane testing unit</p> <p>(2) Sugarcane collection centre shall ensure they have access to Sugarcane Testing Services.</p> <p>(3) Any miller who contravenes paragraph (1) commits an offence</p> <p>(4) Each Sugarcane Testing Unit established under paragraph (1) shall have the capacity to accurately analyse and determine the following quality parameters:</p> <table border="1" data-bbox="548 510 1442 699"> <tr> <td>a. Pol % cane</td> </tr> <tr> <td>b. Brix % cane</td> </tr> <tr> <td>c. Fibre % cane</td> </tr> <tr> <td>d. Moisture % cane</td> </tr> </table>	a. Pol % cane	b. Brix % cane	c. Fibre % cane	d. Moisture % cane
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Sugarcane Weighment	<p>7. (1) All millers shall have weighbridges at the mill premises and at all sugarcane reception facilities</p> <p>(2) All weighbridges under sub-regulation (1) shall conform to the provisions of Weights and Measures Act, Cap. 513</p>				
Sugarcane Sampling and Analysis	<p>8. (1) All sugarcane shall be sampled in accordance with the sampling protocol in the First Schedule</p> <p>(2) All samples shall be analysed in the laboratory in accordance with International Commission for Uniform Methods of Sugar Analysis (ICUMSA) method</p> <p>(3) All sugarcane testing units laboratories shall be accredited to ISO/IEC 17025: General Requirements for the Competence of Testing and Calibration Laboratories</p>				
Analysis Report	<p>9. (1) The Sugarcane Testing Unit shall generate sugarcane test results for the consignment tested in real time</p> <p>(2) The test results report shall be submitted and made available to:</p> <table border="1" data-bbox="548 1465 1442 1654"> <tr> <td>a. the miller for purpose of sugarcane payment</td> </tr> <tr> <td>b. the out-grower institution for sugarcane payment and information</td> </tr> <tr> <td>c. to the farmer for information</td> </tr> <tr> <td>d. the Board</td> </tr> </table>	a. the miller for purpose of sugarcane payment	b. the out-grower institution for sugarcane payment and information	c. to the farmer for information	d. the Board
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Sugarcane Pricing Formula	<p>10. (1) The Sugarcane Pricing Committee shall specify the numerical variables of parameters and methods of determination.</p> <p>(2) The parameters in the formula shall be provided by the miller and Sugarcane Testing Units and may include but not limited to:</p>				

	<table border="1"> <tr><td>a. Expected mill extraction</td></tr> <tr><td>b. Expected boiling house recovery</td></tr> <tr><td>c. Value of by products</td></tr> <tr><td>d. Farmer: Miller sharing ratio</td></tr> <tr><td>e. Pol % cane</td></tr> <tr><td>f. Monthly average net price of sugar</td></tr> <tr><td>g. Extraneous matter</td></tr> </table>	a. Expected mill extraction	b. Expected boiling house recovery	c. Value of by products	d. Farmer: Miller sharing ratio	e. Pol % cane	f. Monthly average net price of sugar	g. Extraneous matter
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Sugarcane Testing Services Fees	<p>11. (1) There shall be a sugarcane testing fee of 1% of the declared price per metric tonne of sugarcane delivered, shared equally between the grower and the miller.</p> <p>(2) The sugarcane testing fee shall be remitted to the Board</p> <p>(3) The Sugarcane Testing Services Fee shall:</p> <table border="1"> <tr><td>(a) Support the operations and maintenance of Sugarcane Testing Units;</td></tr> <tr><td>(b) Facilitate investments in sugarcane testing infrastructure and technologies; and</td></tr> <tr><td>(c) Cover administrative costs associated with sugarcane testing services.</td></tr> </table> <p>(4) The Board, in consultation with the Sugarcane Pricing Committee, may review the sugarcane testing fee periodically.</p>	(a) Support the operations and maintenance of Sugarcane Testing Units;	(b) Facilitate investments in sugarcane testing infrastructure and technologies; and	(c) Cover administrative costs associated with sugarcane testing services.				
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Growers' Payment	<p>12. (1) The miller shall determine the growers' gross proceeds on the basis of the weight of the sugarcane delivered and the quality parameters generated from Sugarcane Testing Units and the Sugarcane pricing formula</p> <p>(2) In determining the grower's net proceeds the miller shall take into account:</p> <table border="1"> <tr><td>a) The Sugarcane testing fee</td></tr> <tr><td>b) the cost of any inputs and services provided by the miller as contained in the sugarcane farming and supply agreement including any applicable statutory deductions</td></tr> </table> <p>(3) Any miller who contravenes paragraph (2) commits an offence</p>	a) The Sugarcane testing fee	b) the cost of any inputs and services provided by the miller as contained in the sugarcane farming and supply agreement including any applicable statutory deductions					
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Grower Information Management	<p>13. (1) Each mill shall maintain a Management Information System which shall contain information on individual farmers including identification and name of the grower, account number, catchment area, crop variety, soil type, cane age and any other information relevant for quality based payment system</p>							

	(2) All weighbridges shall be fully automated and integrated to the sugarcane testing unit Laboratory Information Management System (LIMS)
PART III – GENERAL PROVISIONS	
General Penalties	14. A person who commits an offence under these Regulations for which no specific penalty is provided shall, upon conviction, be liable to the penalty as prescribed under section 59 of the Sugar Act.
Dispute Resolution	15. (1) Parties shall endeavour to resolve any disputes arising from the implementation of these Regulations amicably. (2) Should they fail to resolve the disputes; the parties shall refer the disputes to the Sugar Arbitration Tribunal for determination.
Coming into Effect	16. These Regulations shall take effect six months from the date of publication.

SCHEDULES

FIRST SCHEDULE

(r.9 (1))

SAMPLING PROTOCOL

1. Introduction

The purpose of this protocol is to describe how a representative sample will be obtained from a grower's sugarcane consignment.

2. Sampling Consideration

- i. Each delivery to a cane reception facility shall contain cane from a single grower
- ii. Sampling protocols based on small, medium and large farmers shall be categorised as follows:

Category	Surface Area	Percentage to be Sampled
Small Scale	Up to 2 hectares	100%
Medium Scale	2 – 8 hectares	50%
Large Scale	Above 8 hectares	30%

Assumptions:

- a) One consignment weighs ten tonnes
- b) One acre will yield 3 consignments
- c) The sampling capacity of a STU is 300 consignments per day

3. Non-Test Rules

Category	Non test Rule
Existing farmers	Use the previous weekly average Pol % cane or where no weekly average exists use the latest monthly average
New Farmers	Use average Pol% for the month for respective catchment areas
Consignment too low to be sampled	Use grower's average pol% from the previous deliveries

4. Inter-mill Transfer

There may be two categories of cane where inter mill transfer may be used:

- a) Where one Mill is not operational and cane had already been delivered to the cane yard, the information that had been generated during testing will be used to pay the farmer. The receiving Mill will send the payment to the donating mill who will send the proceeds to the farmer;
- b) Where cane is still in the field, the recipient Mill will pay based on analysis results at their Sugarcane Testing Unit. Likewise, the payment to the farmer will be through the donating Mill.

5. Sampling Equipment

Sugarcane shall be sampled using an overhead-type core sampler at an angle of 55°

6. Required Sample Size

Core sampler shall sample between 10 to 15 kgs. This shall be considered a representative sample.

THIRD SCHEDULE (r.12 (1))

SUGAR CANE PRICING FORMULA
Price of sugarcane = Pol% sugarcane x KR x Farmers' share x monthly average net price of sugar

1+ E%
Plus% of value of by products
Where:
KR = Expected Mill Extraction x Expected Boiling House Recovery; and
E% = Extraneous matter % cane
Note:
(1) The variables, K, R and E% and the sharing ratios shall be set by the Sugarcane Pricing Committee
(2) The Growers cane revenue shall be determined by the price in Clause (1) above and the weight of the sugarcane delivered as measured at the Weighbridge