

Short rain season report – 2014



"Farming is food security"

- Inea, Momentum farmer



Momentum has now been working in Western Kenya long enough for two rain seasons to come to an end. This performance report provides a window into the short rains season 2014 and into how the Momentum farmers have fared. The short rains typically fall from October to November, but for Momentum the season starts with distribution of inputs in August and ends when the last farmers have completed their harvesting in January.

The second season of Momentum loans to smallholder farmers in Western Kenya takes us beyond the pilot project's 110 farmers, into a new county, and up to a total number of 427 farmers. The model remains the same: Momentum pursues business partnerships with smallholder farmers as the basis for driving sustainable development.

For the short rains 2014 farmers were once again offered loan packages consisting of certified farm input and quality training, and this season the rains were on our side.

I have to be brutally honest. This season we were struggling to get inputs to our farmers in time because we were lacking funding. My good friend, Paolo Iezza, came to ours and 427 farmers' rescue so we could buy farm inputs for our farmers. The farmers have had an amazing season due to the rainfall which means food on the table for the families and a healthy farm. For this I am forever grateful to Paolo.

The season proved to us that our pilot season was a success with so many new farmers coming to us to be part of our project. It is such a great feeling to hear our pilot farmers say that people in the area are talking about their farms and now they want to be Momentum farmers too. This of course means that we are on to something good that has great value for the many small scale farmers living in the area.

Again we have learned a lot about how to work with our farmers and how to improve our model. Most important at this stage is to continue working together and to make sure the output from the farms becomes much higher. Therefore we will continue to focus on maize and sorghum as the primary crops for our farmers and make sure we continue to work well together and understand each other. This was only our second season and we have to make sure we grow in the right pace with our farmers.

Founder, Christian Hoff

A 350% average improvement on maize output

Momentum worked with 35 farmer groups, comprising a total of 427 farmers during the short rain season 2014. This constitutes a significant scale-up of Momentum's operations when compared to the first season where 110 farmers in 11 groups were offered loans.

After the finalization of the harvest, all Momentum farmers were asked to divulge their yield, which the graph below compares to a typical historical yield - based on the farmers' own statements. On average Momentum farmers have increased their yield from 232 kg maize per acre to 820 kg. Or in other words, the average Momentum farmer's maize production is up by 350%. The smallholder farmers who join Momentum have varied starting points, which is why the group with the

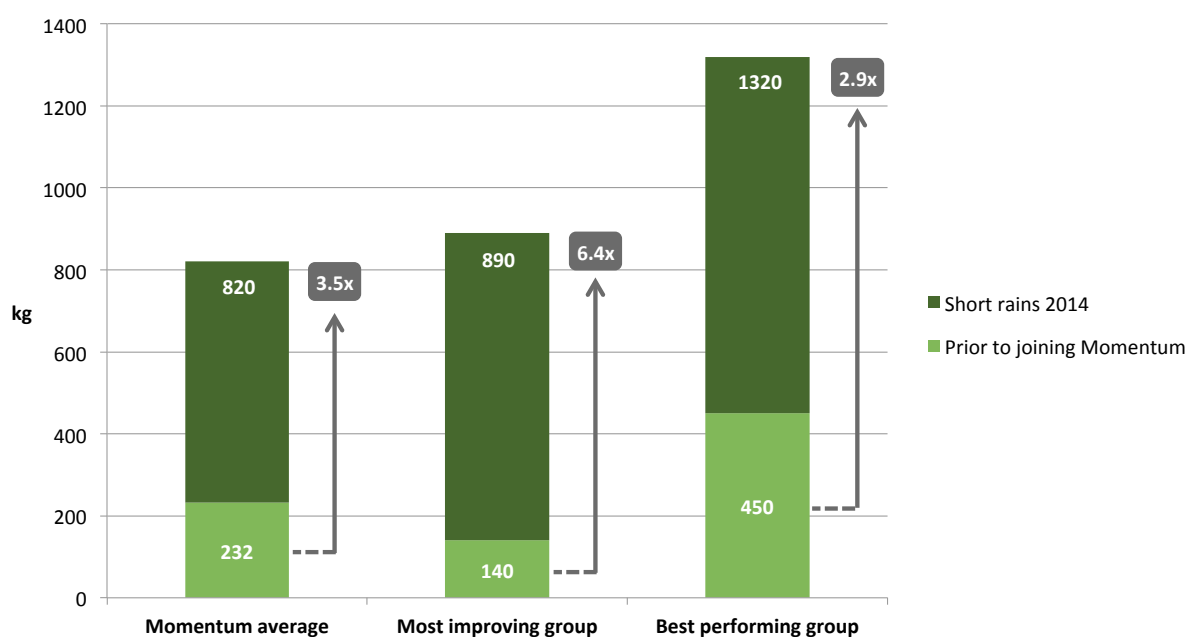
biggest improvement is seen to move from 140 kg to 890 kg per acre, a 640% improvement, whereas the best performing group in terms of kilos of output produced an impressive 1320 kg per acre, which for this particular group constituted a mere 290% improvement.

What this substantial variance indicates is that production potential for smallholder farmers is high, and that realizing this potential is going to take a lot of work. For Momentum to help bring those who start at the lowest output levels up to maximum output we will have to stay the course in Kenya and keep training, training, training.

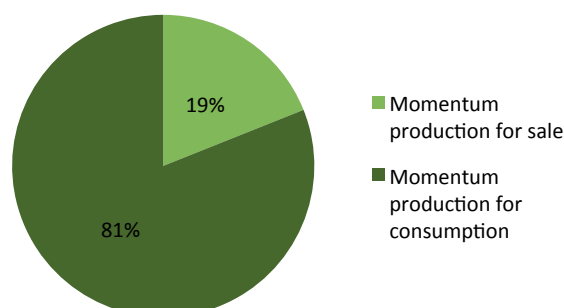
For Momentum improving smallholder farmers production is a means to an end, namely to ensure food security for those who are truly at the bottom of the pyramid. And to go beyond and help them achieve excess production that can be sold

"Knowledge is power and even if I decide to quit Momentum my production will never go down because they taught me farming skills." – Lillian, Momentum farmer

Maize output per acre



Momentum maize production - sale and consumption



to generate income. Income that can be used to raise living standards. This season the Momentum farmers produced 166.7 tons of maize, 81% of which was kept for consumption by the farmers, leaving 19% to be sold and used to generate income.

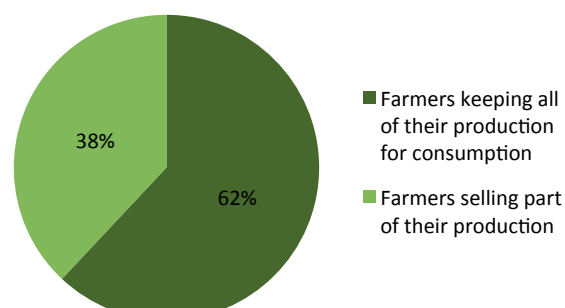
Total maize production (kg)	166,665
For consumption (kg)	134,998
For sale (kg)	31,666

The harvest output sold was unevenly distributed across farmers, with 62% keeping all of their production for consumption and 38% selling parts of theirs.

Number of Momentum farmers	427
Number of farmers selling part of their output	162
Number of farmers keeping all output for consumption	265

For 265 Momentum farmers, their land did not help them generate income that they could use to take on their next Momentum loan, or to pay their families' additional expenses, like school fees or medicine. For a social business like Momentum, this is not satisfactory, but it does support the findings of our previous assessment that development takes time.

Who is selling? - sale and consumption



Still, Momentum farmers speak highly of getting quality farm inputs delivered on time, and of being able to keep their families fed until the next harvest without having to scramble for money to buy food. Food remains the number one priority for the people we work with in Kenya.

This season Momentum attempted to spur development by including 5 gravaia trees and 1-2 banana trees in the loan packages in addition to certified seeds and fertilizers. The inexpensive gravaia trees can help prevent soil erosion and were part of the land management strategy trainings. Whereas the banana trees can turn into a profitable venture for the farmers, or provide valuable nutrition for families.



A word directly from the Momentum farmers

William

"I think about farming differently because even those who do white collar jobs at the end of the day have to buy food. Therefore I'm in a better position if I can produce enough for my family and surplus to sell in order to get sufficient income."

"It is my dream to become a large scale farmer that produces in bulk and sells to bigger markets. And it is my prayer that Momentum work with us for longer periods in the future to empower more farmers so that they can all increase their output and enjoy the hard work of being a farmer."



Jackline

"My farm looked so attractive throughout this season and people could not pass by without asking me questions how I made it. Even my neighbors who are always reluctant to change joined our group this season because of what they saw on my plot."

"Being a momentum farmer has helped me to be food sufficient. Before I used to look for casual work on other farms to sustain my living but since I joined Momentum I have been in a position to hire people to help me once in a while when have too much work on my own plot."

...growing together

Expansions and expectations

Momentum's short rain season work began a while before the short rain season started with further mobilizations of farmers in Siaya county, and an expansion to Kisumu rural. The expansion put part of Momentum's operations close to Kenya's third largest city, Kisumu, where food is in high demand. Scaling up is a prerequisite for Momentum to reach break-even and to become financially sustainable, which is why the increase in Momentum farmers for the short rain season 2014 was an important step in the right direction.

Many of the farmers who joined Momentum benefitted from having seen with their own eyes what had been achieved on Momentum farms the previous season, and they were met with a Momentum team who had learned a great deal about setting the right expectations from the beginning. During the initial farmer mobilizations and the subsequent group training sessions, the importance of group work and joint liability for the loans were emphasized. Setting the right expectations for the partnership between Momentum



...growing together

and the farmers from the beginning establishes the baseline for farmers attending training and using the techniques they are taught, as well as for group work and loan repayments. The Momentum staff sees a significant difference when this is done right.

A few challenges left their mark on the short rain season 2014 as well. The first, was group work. Some farmers are embracing the idea, but many remain reluctant to help each other prepare land and plant. This leads to less than optimal production and in the end adversely affects the farmers. For Momentum it will continue to be a challenge for seasons to come to try to demonstrate the output-benefits of relying on more than your own two hands. The second challenge, was wasted sorghum seeds. Many farmers chose not to plant the sorghum seeds that were part of the loan package. From a food security perspective it may make sense to plant sorghum, as it can survive in situations where maize perishes, but in Western Kenya it is not traditionally done during the short rains. The process of adjusting expectations between Momentum and farmers means that in the future Momentum will not insist that farmers plant sorghum during the short rains, even though maize and sorghum remain our focus.



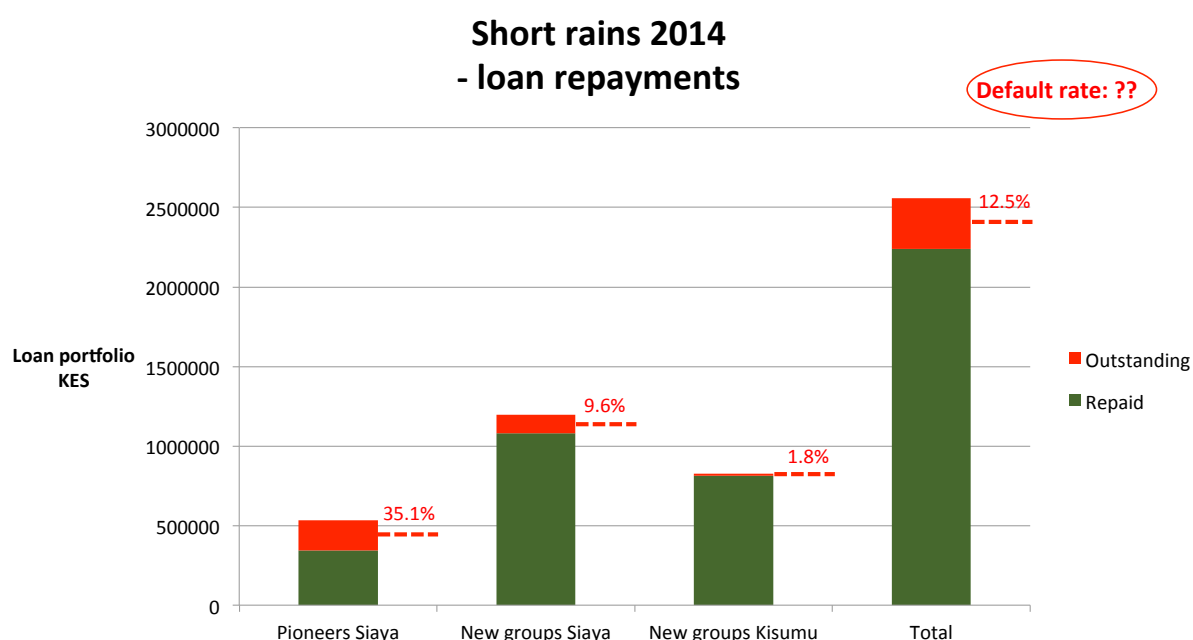
Paying back loans in rural Kenya – a second time around

The short rains 2014 mark the second time around Momentum and farmers in Western Kenya worked together. The main characteristics of the micro-loan offered were as follows:

Total loan portfolio (KES)	2,239,252
Average loan size (KES)	5,244
Total number of farmers	427
Total acres of land utilized	271

The graph below shows what the repayment rate looks like so far, for the groups that were also part of the pilot project, new groups in Siaya and new groups in Kisumu. Even though the deadline for the final installment has passed, repayments are still trickling in and it is too early to say what the final default rate will be. What can be derived from the repayment data so far is that the groups who were part of the first season, who perhaps in theory by now should have a better understanding of what it means to take and repay a loan are struggling much

more with repayments than new groups. Two things are worth mentioning here. First, as seen earlier in this report farmers in general are not harvesting sufficient excess produce to help them cover their repayments, which they do instead through money earned working as day laborers, running small businesses or relying on a spouse who earns some income. For farmers who take on two loans in a row the implications could well be that raising the money through these other channels might become too big a burden. Second, farmers who joined Momentum for the short rain season 2014 sought out Momentum actively after hearing about or seeing their neighbors' farms, demonstrating a willingness to partner with us from the onset, and the Momentum staff had already learned a great deal from the pilot project about setting expectations and thoroughly explaining what being a Momentum farmer entails, emphasizing the importance of loan repayments for the partnership between farmers and Momentum to work.



The concept of shared responsibility for the future of the farmers and Momentum alike, is something the farmers both seem to understand and appreciate, but it does not change that most of the farmers have spent their lives living on a day-to-day basis and that saving and repaying loans are still quite foreign concepts.

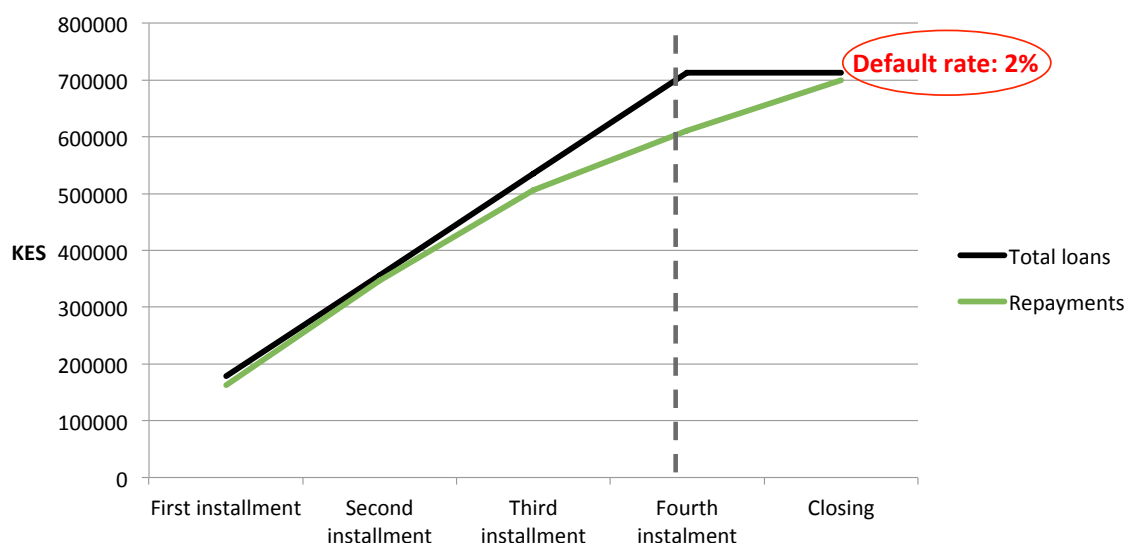
Paying back loans in rural Kenya – a look back

Last season's rain season report, the long rains 2014, presented a preliminary overview of loan repayments, much like this one does, with 10% of the total portfolio still outstanding. It took Momentum and the farmers 2-3 months extra to finalize repayments, with farmers coming in to the office regularly to express their intentions and willingness to pay and submitting small amounts as soon as they could. The final verdict on the first Momentum loan offered to farmers in Kenya is a default rate of 2%. While that in itself is not bad at all for a micro-loans



based business, it is an area with room for improvement. In the future Momentum hopes to be able to present default rates of 2% but without a delay in repayments that risks to negatively affect our planning and capacity to purchase farm inputs from suppliers in due time and at the right price.

Long rains 2014 - loan repayments



Conditions of farming during the short rains 2014

In Western Kenya the weather is supposed to lead to good harvests during the long rains with plenty and well distributed rainfalls, and the short rains are supposed to be more of a gamble, and certainly not to lead to better harvests than the long rains. The two rain seasons in 2014 turned that upside down entirely. The short rains 2014 were marked by evenly distributed sufficient rains with the promise of a bumper harvest. The rains were followed by relatively dry weather during harvesting, in essence preventing weather caused postharvest losses. The bumper harvest was achieved, and farmers were grateful for the weather conditions.

For maize all was well, but the story of sorghum during the short rains 2014 was marred by shoot fly, a pest that destroyed a good part of the produce for the farmers who had decided to plant it. 3.4 tons of sorghum was the total output of Momentum sorghum, or a sole 10 kg per Momentum farmer. Farmers in Western Kenya treat maize as their staple food and reluctantly view sorghum as a supplement for when maize supplies are growing short, which is why the bumper maize harvest easily outweighed the poor sorghum output according to our farmers, and did not cause too many grievances.

The road ahead

While this report treats the second completed rain season Momentum was a part of with farmers in Western Kenya, the third rain season is well on its way and preparations are already being made for the fourth. Momentum has been, and will continue, working on scaling up to reach a sustainable number of farmers, and on

becoming the best possible partner to smallholder farmers in Kenya while operating a sustainable business.

To be the best partner we can be, we have to constantly examine our business model, and look into ways to improve how we work with our farmers. As our farmers become more effective and produce in excess, the route to market becomes more important. This is why we are already talking to potential partners regarding market linkages.

Upgrading our farmers' knowledge will continue to be a priority for Momentum, which is why we are working on introducing compost manure techniques to our farmers. Both as part of longer term soil management strategy for smallholder farms and as a natural inexpensive fertilizer. Likewise training material for those who wish to venture into new areas such as vegetables is being developed.



A final word of appreciation

There are a great deal of people who have helped the farmers and Momentum show the world that a little ingenuity goes a long way in proposing solutions for some of the world's most vulnerable people. In addition to our respect that they have chosen to invest time, money or expertise in us, we would also like to offer our thanks.

The staff in Kenya who are there when the farmers need them, and who are equal part relentless when it comes to solving problems, and knowledgeable when it comes to proposing solutions.

The volunteers and interns who have dedicated their time and sweat to work for us, and with us, in rural Kenya.

The donors. Where to begin? Without the faith and trust our donors have placed in

Momentum we would not have made it this far. It humbles us and warms our hearts that people and organizations with the means to financially support Momentum have chosen to do so. The money they have invested in Momentum has helped us offer farm input and training to hundreds of farmers benefitting hundred and hundreds of families.

The financial support of Momentum for the short rain season 2014 came from:

Paolo Iezza, E-Biler and Oikos Foundation.

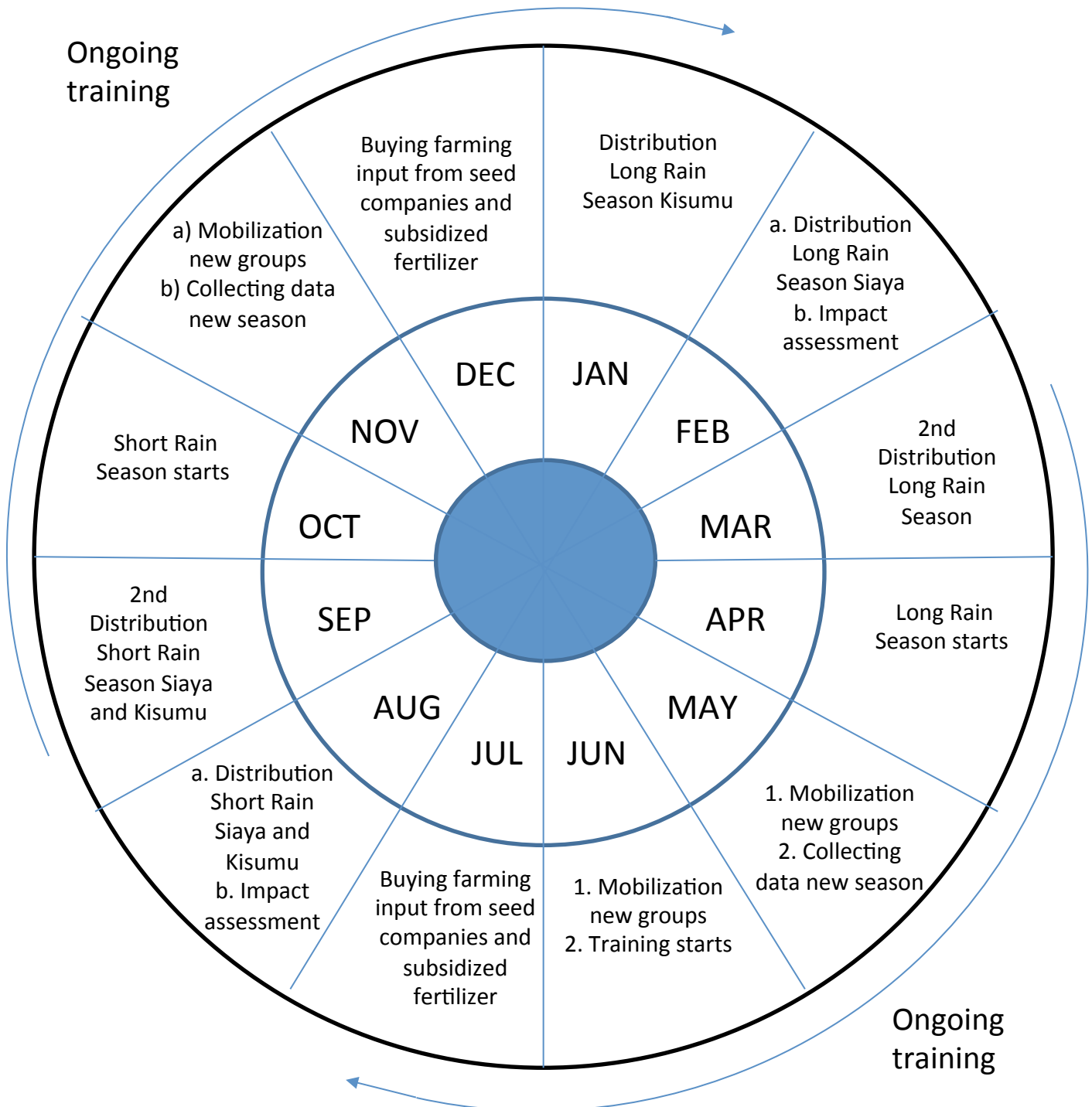
We are deeply touched that others believe in our vision and are willing to follow us to the remotest of areas in the pursuit of a sustainable business model that empowers smallholder farmers.

Thank you.



"My produce increased miraculously which I attribute to the quality inputs delivered on time and the trainings" – Julius, Momentum farmer

What happens during the year



Follow us here...



[Instagram.com/momentum_trust](https://www.instagram.com/momentum_trust)



facebook.com/momentum.trust



Momentumtrust.com



Blog.momentumtrust.com



christian@momentumtrust.com