

Long Rain Season Report 2016



"You cannot tackle rural poverty, if you don't put the smallholder farmer first"
- Nehru Essomba, Momentum farmer



Momentum Trust operates in Western Kenya and seeks to empower smallholder farmers through microfinance. Momentum provides farming inputs (seeds, fertilisers, trainings on modern agricultural techniques) on a soft loan basis, aiming to provide food security to farmers and help them overcome poverty. Momentum has been working with Western Kenyan farmers for 6 seasons now. This impact assessment report provides an overview of the long rain season 2016 (LR2016) and brief insight into the current season, the short rain season 2016. The report includes a performance overview, a snapshot of the farmers' living standards and an outlook of the future growth potential of the organization.

The long rain season typically starts with the distribution of farming inputs in February, followed by the onset of rains which should stretch from March to July, and then ends with harvesting in August. In the long rain season 2016 Momentum worked with 761 farmers divided into 56 groups and spread over 369.5 acres (about 369 football pitches).

TOUGH times in Kenya

For two consecutive seasons we have had serious challenges with the lack of rain.

This leads to poor harvest which leads to food insecurity, and families having to pay for food, which then leads to challenges with school fees. It also leads to poor repayments, and our team is stressed and spends too much time in the field collecting repayments.

The team in Kenya works so hard and well with the farmers and I am so impressed about how they keep their head high and keep pushing to make an impact for farming families.

Even though our farming output results have been poor the last two seasons our supporters have been amazing and still believe in us and the work we do. No words can describe that feeling and it is important for us to have that trust. We would not exist if we did not have that support. With our new initiatives ahead where we will focus on growing different types of crops and spreading the risk I am optimistic for the future on behalf of our farmers and on behalf of our team.

Founder, Christian Hoff

How the Long Rain Season Report 2016 was created

For the impact assessment conducted for this report, data on 402 farmers were gathered through surveys and interviews. This sample represents about 52% of the total number of farmers Momentum is working with. It is an extensive sample of the farmers Momentum works with, and should provide thorough information on the entire population of farmers.

Of the 402 respondents, 78% are women (313) and 22% men (89), which makes the sample representative, as it reflects the distribution of female and male farmer participants in the Momentum as a whole.

The status of the Long Rain Season 2016

The previous rain season, the Short Rain Season 2015, posed many challenges for the farmers and thus for Momentum. Unfortunately, the Long Rain Season 2016 transpired along the same lines. Climate change has affected the rain patterns with a late onset of rain - at almost the end of April - and a premature end of rains in early July. As the maize was flowering the cobs needed abundant rains to reach full potential at harvest, but the sudden drought highly impacted the final produce. Some farmers harvested nothing, while those who managed to harvest got around 50% (or below) of the expected output.



Momentum's presence in Kenya - Mapping of the farmer groups

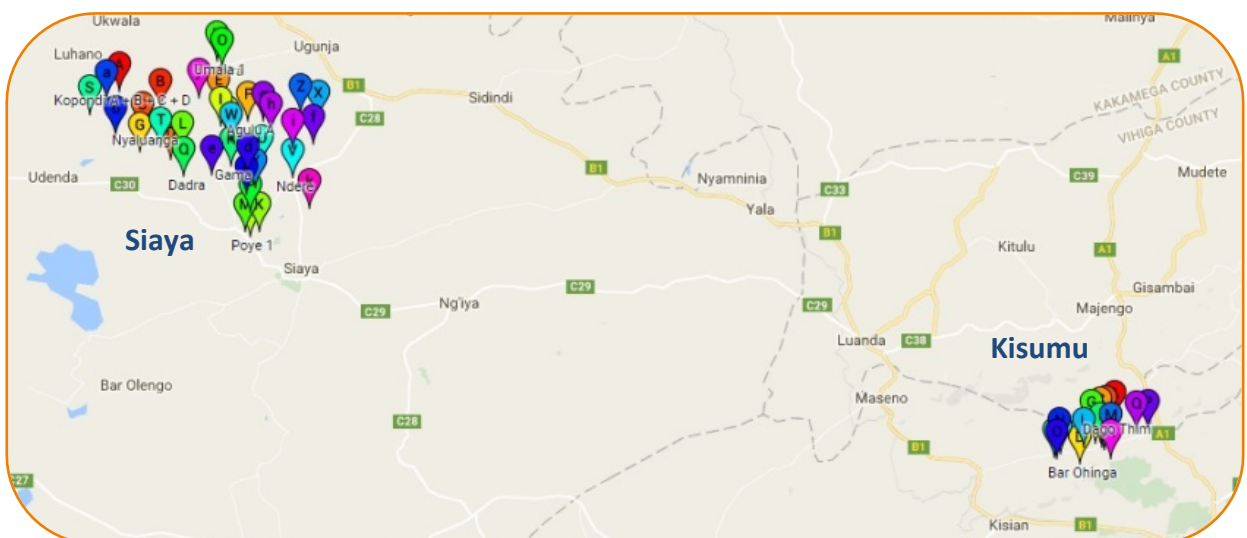


Momentum helps more than 750 farmers and their families in Western Kenya.

There are two Momentum offices in the Nyanza region in Western Kenya: in Siaya and in Kisumu. The region is mostly populated by Luos, though the two Momentum locations are quite different from one another, both concerning density of population and access to knowledge.

We have moved into the Short Rain Season 2016 in Kenya, and the following maps show the location of the farmer groups who are working with Momentum right now.

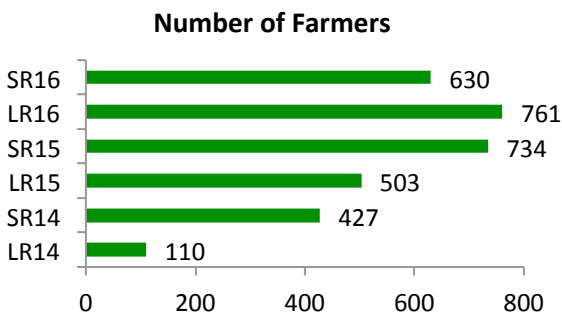
An overview of Momentum farmer groups in Siaya and Kisumu



Progress and development in numbers

A decrease in farmers

For the first time since Momentum started working with farmers in Kenya, the numbers of farmers in the project has decreased as we moved from the Long Rain Season 2016 to the Short Rain Season 2016. This is mainly due to the fact that many farmers were unable to clear their balance on the microloans taken for previous rain seasons. Momentum has to tread a careful balance of offering loans to farmers that can help improve their livelihood, and making sure the loans will not become too heavy a burden for the farmers. This is also to ensure that the project stays on a path that can lead to financial sustainability. The farmers who have outstanding loans will focus on extinguishing them, and many hope to join Momentum for the long rains in 2017.

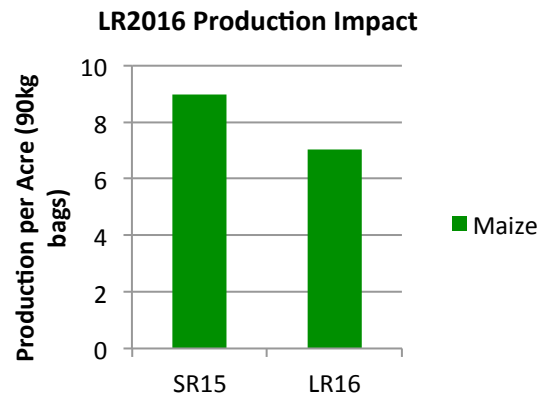


Rain patterns influence negatively

Unfortunately the rain patterns negatively influenced the farmers' output. The LR2016 was the second consecutive season of drought. The last time a similar onslaught of droughts hit Kenyan farmers was in the 1980s.

The maize production in LR2016

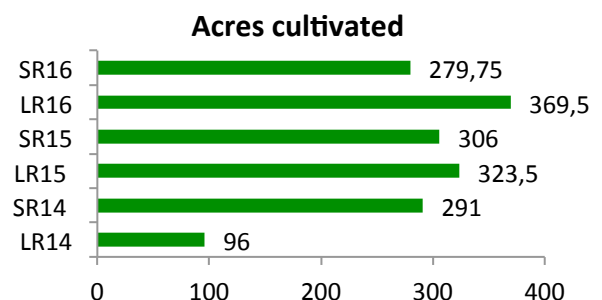
During LR2016 the average maize production per acre decreased from 9 to 6.2 bags – 1 bag contains 90 kg. This decrease in the average maize production was in



large part due to the drought. It caused a considerable number of Momentum farmers to harvest less than 1 bag of maize. 95 farmers (23%) out of the sample of 402 farmers interviewed for this report harvested 1 bag of 90 kg maize *or less*. This in turn has affected Momentum's impact. Still farmers on average are seeing an improvement in their harvest output compared to farmers who do not work with Momentum.

Acres cultivated

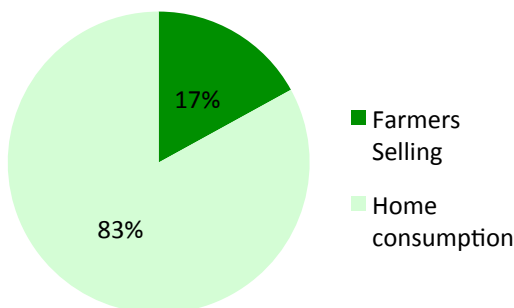
Fewer acres will be cultivated during the SR16. In addition to the consecutive droughts, another factor helps drive this decline. During short rain seasons, the cost of the loan tends to increase because of the absence of subsidized fertilizer which is supplied by the Kenyan Ministry of Agriculture for long rain seasons only. Being risk adverse, many farmers opt for smaller and cheaper bundles.



Income generation from produce LR2016

The decision whether to sell or not is a one-to-one relationship with the success of the harvest. If there is enough to feed the family then households look to the market to place the excess maize and generate income for their families.

Who is selling



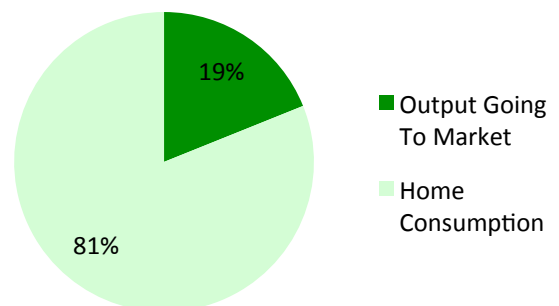
A trend of fewer farmers taking excess produce to market continues during the LR2016. 17% of the Momentum farmers sold part of their harvest to generate income. Whereas 83% kept all of their output for home consumption.

Farmers sell their maize for different reasons and at different times of the year. Some do so to pay for school fees, others to cover health care expenses, while others again happen to sell it because of sudden unforeseen expenses. Crops are our farmers' currency. Thus, farmers who do not have immediate need for cash tend to keep the maize for longer and aim to sell their surplus at a favorable time for higher prices.

19% of the total output of this harvest went to market, which is comparable to the amount during the SR2015 (21%). Momentum started observing a decrease in farmers who generate income from

excess produce when the drought set in two seasons ago. The contraction in the sale of maize observed in SR2015 (18% contraction) has accelerated its pace for LR2016, where the decline was of almost 50% compared to the previous season. Another aspect that has to be taken into

Home consumption vs. sales



account when looking at production and selling activities is the extent of the social ties in Kenyan households. Social capital is extremely valued, and therefore people turn to each other a lot in terms of food and finances. A big share of a Momentum farmer's harvest can end up being used to support extended family or friends, should need be.



The social impact

Improved agricultural techniques can lead to payment of school fees and healthcare

Working with the techniques that Momentum offers farmers lays the foundation for great improvement of livelihood for them.

All the farmers who have joined Momentum used to be net buyers on the local markets. This exposed them to the big fluctuations of maize prices, and made life harder. Planning for the future was almost impossible, and paying school fees was a big challenge.

Now, by producing maize more efficiently the amount of money that farmers save, on for example not having to rent huge plots or buy maize, can be funnelled towards other activities. The feedback from farmers is that among those activities they are now better able to pay for are school fees and healthcare.

What farmers can generate from a loan

From the LR2016 farmers have not generated as much as either they or Momentum

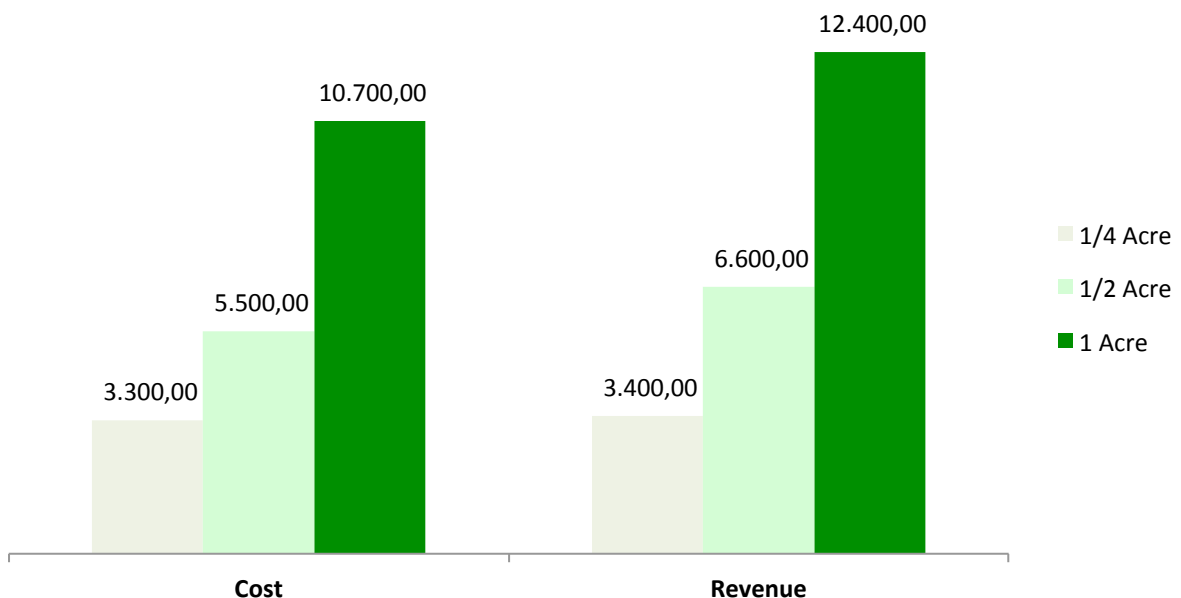
had hoped and expected. The following graphics show the cost of a loan in the LR2016 and the revenue farmers could generate from selling the output from their farms. The numbers are based entirely on the minimum price per bag of maize that farmers can obtain from selling their maize *right after harvest*.

Farmers who are not in immediate need of turning their crops into cash, can wait until the local markets are not flooded with maize from the new harvest and sell their produce at better prices later. Farmers who manage to keep their stock can expect to sell at double the price later in the season.

The potential revenue a farmer could generate from the LR2016 was in free fall compared to previous seasons. This is another confirmation of the harsh impact changing rain patterns and climate change can have on vulnerable smallholder farmers in a country like Kenya.

Momentum farmers' return on investment

LR2016 - Cost of a loan vs. potential generated revenue

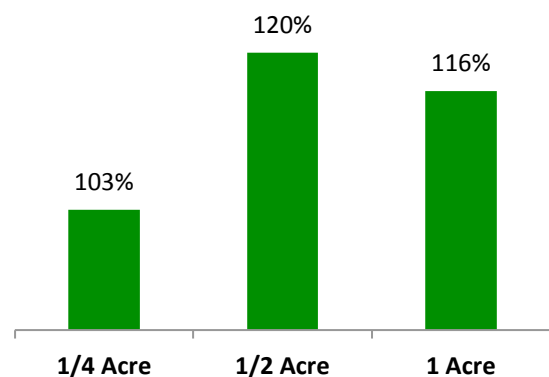




decreased from the 63%-72% profit range of SR2015 to a range of 3%-20%. This indicator also reflects the challenges faced by farmers during the LR2016.

Farmers and Momentum field officers alike are hoping for solid rains in the long rain season 2017 to boost production and bring the farm output up to expected levels. Two seasons of consecutive drought takes it toll both on farmers and on a small organisation like Momentum that works alongside them. A lot of hope is vested in the coming season.

LR2016 - Return on Investment (ROI) per loan bundle



"Thanks to Momentum I could build my new house"
- Millicent, Momentum farmer

Meet the Momentum farmers - A word from Siaya



Millicent Achieng Owino
Momentum Ywaya farmers group

Millicent joined Momentum in 2014, and so far she has worked hard and obtained very good outputs at the end of each season. Even lately despite the lack of solid rains.

She is a 48 year old mother of 6; the eldest of whom is 18 and about to go to Maseno University.

During the long rains season 2016 she harvested 7 bags of maize (90 kg each) out of her half acre plot of land. She has sold 2 of them and will use 5 for personal consumption.

"I am extremely grateful for the opportunity to work with Momentum. Ever since I joined my kids have never gone to bed hungry"



Elizabeth Atieno Ochieng
Momentum Nyangidi 2 farmers group

Elizabeth is a 33 year old mother of 4, the youngest of whom is still in nursery school.

She joined Momentum in 2015, and so far she has harvested in plenty.

Last season she harvested 5 bags of maize, and this season she inter-cropped maize with beans. And she has planted peanut seeds which are germinating very well.

"Thanks to Momentum I got enough maize to sell and complete my new house"

Meet the Momentum farmers - A word from Kisumu



"When birds flock together, they can cross oceans"

Margaret Ouko **Momentum Kominde farmers group**

Margaret is a 60 year old widow and mother of 6. She is a grandmother too, and loves to spend as much time as she can with her grandchildren. She was named after the Princess Margaret (Countess of Snowdon) when she visited Kisumu in 1956, the same year in which Margaret was born. She joined Momentum during the Long Rain season 2015, and she thinks Momentum's trainings are the crucial factor for helping her and her fellow farmers improve their living standards.

"Life is hard at times, but working together we grow strong and can overcome our challenges"

Ester Aoko Taras **Momentum Karombo 4 farmers group**

Ester is a 50 year old widow who has had 11 kids - 8 are still alive. Her youngest boy, 18 years old, is going through the high school final exams, and she is praying for him to get a good score so he can apply for a scholarship. She has been a chairman and now is the secretary of her group, Karombo 4, which is the pioneer group in Kisumu, and the first to join Momentum in the area in 2014.

She is very happy to be a Momentum farmer. During the Long rains 2016 she harvested 4 x 90 Kg bags out of her quarter of an acre plot of land. Right now she is hoping for the rains to come so she can get a decent harvest. Rains are lagging now, but germination in her plot has started.



Season 6 of loan repayments

Loans and repayments for LR2016

In this 6th season of providing loans to smallholder farmers Momentum Trust worked with 761 farmers and the average loan size was 5,999 Ksh.

LR16 - Loan portfolio	4,565,450
Number of farmers	761
Average loan size	5,999

The graph below of the repayment trend for LR2016 shows the accumulated target and accumulated actual repayments. Repayments often lag behind target a little, meaning that Momentum cannot close the loans immediately after the final instalment is due. However, lying this far from the target is unheard of. Momentum field officers are now directing their efforts towards recovering loans. The consecutive seasons of drought have made it physically impossible for many farmers to pay back the loan in time.

The difficulty in repaying the LR2016 loans explains the steep reduction in the number of farmers who are taking a loan for the on-going season, the short rains 2016. Farmers want and need to complete their loan repayments before taking on another.

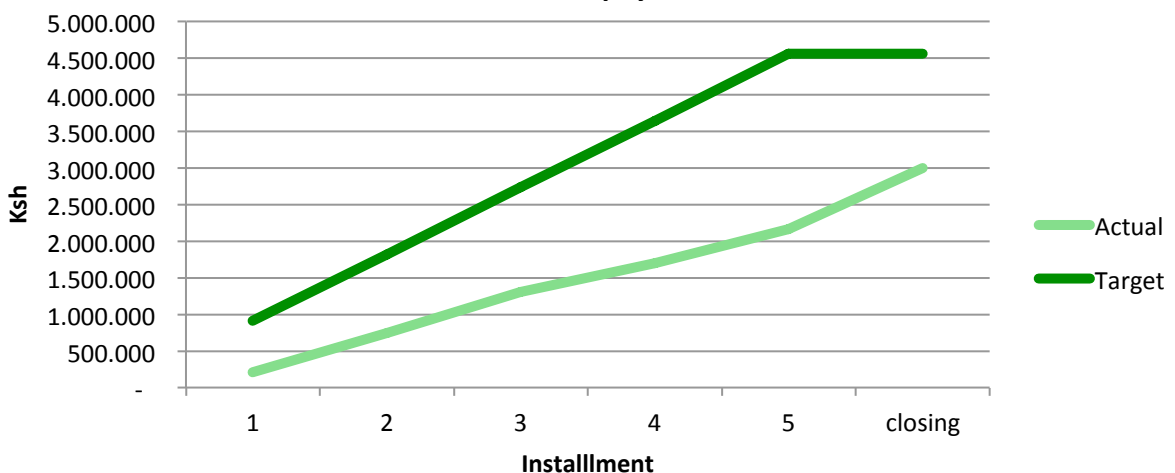
An update on the SR2015

The default rate for the previous season - SR2015 - currently lies at 9.54%. Farmers are still pledging their willingness to pay and Momentum field officers are following up to close the balance as fast as possible

Loans and their contexts

Loaning in a rural developing country context is not only about money. It is mostly about personal relationships. Down here, it is fundamental to know the person you are dealing with and pass on the idea that you are a human being who will understand, along with the idea of partnership between the farmers and Momentum. Farmers can fail to pay for many reasons going from health, to school fees or emergencies, which does not necessarily reflect willingness to default. The entire region is deeply suffering from the lack of solid rains. Momentum is addressing the issue by constantly following up on the critically defaulting farmers, and encouraging them to pay any amount they can. Most are willing to pay, but in times of drought, some simply cannot.

LR2016 - Repayment trends



What comes next for Momentum and the farmers

Once more, the past rain season had our farmers struggling to produce a fraction of what they were supposed to due to the rain patterns. What is more worrying than everything else for Momentum, is that the Momentum farmers' average production has decreased to a level at which the gap with the non-Momentum farmers is reducing. During LR2016 the drought was widespread and affected everyone, even the best farmers and top performers.

A considerable number of Momentum farmers have gained almost nothing from their efforts, because there is not even the slightest possibility of success in agriculture in rural Kenya if the rain does not fall at all. Many saw their dreams crushed from the very beginning, as after germination the majority of the plants dried up.

While we cannot control the rain patterns, we have begun working with our farmers to help them move away from growing maize alone. To make them less vulnerable towards drought and changing rain patterns, we urge them to cultivate cash crops and keep livestock. A livestock project is about to be started, thanks to the support received from Borupgaard High School.

A final word of appreciation

To those who keep believing in us through failing rains and poor harvesting results: we are so extremely grateful and we are 100 % sure we will pay back that trust with great results.

Borupgaard High School deserves a special thanks for their support through student and teacher efforts.

One Life Foundation, Stahl Agency, Oikos Foundation and Peter Francati – you are our heroes to keep trusting us. Thank you so very much.

We promise we will continue to do our best to ensure smallholder farmers can break the poverty cycle, take their kids to school and set a meal on the table each day. Our farmers are our main source of inspiration, and as they look up to us and put their future in our hands, we are more than ever committed to fighting side by side with them for a better life.



"Momentum has changed my living standards"
- Eunice, Momentum farmer

