

Access to Finance, Training, and Markets Moves Kenya's Subsistence Farmers to Sustainability

USDA's Donation of Wheat to World Council of Credit Unions Helped

Thanks to a World Council of Credit Unions (WOCCU) program in Kenya funded by USDA's Food for Progress Program (FFP), nearly 3,000 subsistence-level farmers—many of them women—are increasing agricultural production, feeding their families, and having money left over to pay bills.

In 2006, USDA donated 26,610 metric tons of wheat valued at \$6.1 million to WOCCU under a three-year FFP agreement. The wheat was sold in Kenya and the proceeds were used by WOCCU to work with local credit unions to provide small-scale farmers with access to:

- affordable agricultural financing with terms that meet their cash-flow needs;
- agricultural training in marketable and labor-saving crops appropriate for farmers weakened by HIV/AIDS; and
- direct market relationships to sell their crops to reputable buyers, as well as connections with other value chain stakeholders.

WOCCU's approach has been to bring together all local stakeholders in the value chain—farmers, input suppliers, processors, buyers, and credit unions—to identify marketable crops and establish beneficial pricing and payment arrangements. By so doing, WOCCU has laid the foundation for future collaboration among these groups that will extend beyond the initial program. The willingness of credit unions to provide financing to small farmers is fueling agricultural development and has sparked collaboration among local organizations.

Maria Adongo, a widow with five children and three AIDS orphans, is one of many small-scale farmers who has benefited from the joint efforts of USDA and WOCCU. Last year, she and 25 other farmers in her village joined the local credit union. Through their membership, they received the financing and technical assistance they needed to plant their first cash crop, "New Rice for Africa" (NERICA). NERICA is a revolutionary, rain-fed rice that does not require irrigation, matures in 90 days, and produces four to five times the yield of other varieties.

In January, Maria sold the rice to Kenya's largest mill for a previously agreed upon price. The mill did not pay Maria directly, but passed the proceeds from the sale to her local credit union, which then deducted what was needed to pay off her loan, depositing the balance into Maria's new savings account. Maria had enough leftover rice to feed her family, as well as money in her savings account to pay school fees and other household expenses. She took out another loan to produce NERICA again this growing season. "If the credit union wasn't here, I'd still be stuck producing low-profit yielding vegetables," Maria said.

In Kenya, 80 percent of the population relies on agriculture as their main source of income. Many of these farmers struggle to earn enough income and produce enough food to feed their families. In addition, HIV/AIDS has weakened the workforce and left an estimated one million children without a parent or both parents. To help these children, the WOCCU program has an educational grant component that has already given more than 430 students the opportunity to

complete secondary school by paying for school uniforms, books, school supplies, and other costs.

For more information about WOCCU's development work, visit www.woccu.org/microfinance. Beyond Kenya, WOCCU is implementing agricultural and value-chain finance programs in Sri Lanka (funded by USDA) and Peru (funded by the U.S. Agency for International Development).

Subsistence to Sustainability: Kenyan Farmers Make the Link [link to: http://www.woccu.org/press/multimedia/video_kenya]

Technical Guide: Integrated Financing for the Value Chain [link to: <http://www.woccu.org/publications/techguides>]

Muongano! Nguvu! Kenya's Small Farmers Find Solidarity and Power [link to: <http://www.nxtbook.com/nxtbooks/cuna/worldmag/#/8>]



Farmers' groups in western Kenya planted their first fields of NERICA rice last year with value-chain financing from their local credit union (identified as "Cent Bank" on the sign). The highland, rain-fed rice helped farmers diversify their crops and enter new markets.

Photo courtesy of Erin Ruffledt/WOCCU.



Small Kenyan farmers tend to their NERICA rice fields. Women farmers are diversifying their crops and gaining access to new markets by participating in the newly formed NERICA rice value chain financed by their local credit union.

Photo courtesy of Erin Ruffledt/WOCCU.