

Factsheet midterm findings Global Challenges Programme Call 4



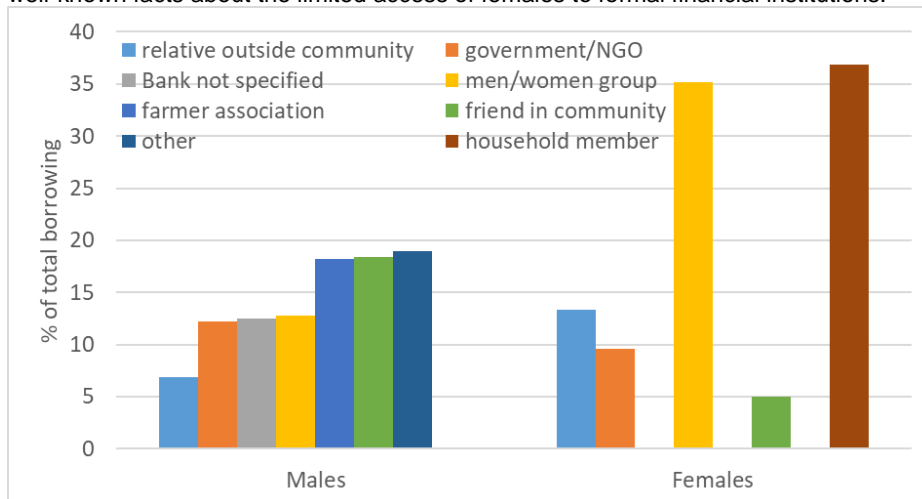
Climate-Smart Financial Diaries for Scaling in Nyando Basin

Summary

Climate change requires a change in the way people produce food, since changing rain seasons and more frequent droughts and floods destroy harvests. Possible solutions include new seeds and improved crop management, new animal breeds that can thrive in the changing climatic conditions and water management. In the Nyando Basin in West Kenya farmers suffer from climate change and hence adapting one or more of these measures is needed. However, an important question is whether it is possible for all farmers to take this step. Do they have enough resources to finance these investments? Where could they borrow the required money? This GCP-4 project aims to find out if farmers in Nyando Basin – male and female – have access to credit in ways that can be upscaled to other farmers in the region and elsewhere, and how this takes shape. For this purpose the project consortium has been interviewing all financially active persons in 123 households in the area for 29 weeks now, with 21 weeks to go, focusing on their financial activities. Also the project will assess the impact of large-scale adoption of new technologies for the environment and the local economy. Finally, the project group has started to engage buyers of produce and providers of inputs as potential sources of credit to support Climate Smart Agricultural practices.

Interim research findings

The interim research findings show that there are substantial differences in the way males and females are engaged in the economy. This holds for what they sell and purchase, but also where, for what and how much they save and borrow. Figure 1 shows the differences between males and females in terms of where they borrow. It is clear that females predominantly borrow from household members and women's groups, while males are engaged in more formal channels such as farmers associations and banks. This confirms well-known facts about the limited access of females to formal financial institutions.



Another, less obvious outcome refers to the potential impact of Climate Smart Agriculture (CSA) interventions. Since the CSA measures have been introduced by CCAFS, first in special Climate Smart Villages (CSV), the project tracked if there are differences between those villages and control villages in

the region. It was found that farmers in CSV start planting major crops (maize, millet, beans) earlier than those in non-CSV, suggesting that CSV farmers are able to cope with a “false” onset of the season better than their non-CSV counterparts. This may point at successful water management techniques, and use of crop varieties better apt to deal with such conditions. This is a topic of further research that is taken up as more data come in on which to base the conclusions.

Intermediate outcomes achieved

Halfway the process a large group of farmers participating in the financial diaries were offered a financial literacy training, in consideration of their time and availability to participate in the survey. This made them aware of the importance of managing their farm as a business, if they aspired to do more business with commercial parties. At the same time the farmers explained that working with commercial parties can be challenging for them, and that their highest loyalty lies with the informal village groups. The farmers also discussed interim results of the financial diaries and appreciated that the research project was serious in trying to understand their financial realities.

The farmers were very eager to discuss opportunities to do more business with commercial parties, as a pathway to scale CSA practices. They appreciated receiving feedback from the researchers’ interviews with input suppliers and banks. It made them aware of the business models of commercial parties, but also of certain perceptions that commercial parties have about smallholder farmers. The workshops enabled them to identify some business opportunities as well as challenges to be resolved. In the co-creation stream of the project, a selection of opportunities will be boiled down into business models that show promising potential for both parties involved.

Messages to

A) Actors from private sector:

- Play a major role in upscaling CSA, particularly aggregators and input suppliers.
- Be the bridge between farmers & formal financial institutions, facilitating farmers to adopt CSA methods.

B) Civil society and practitioners organizations:

- Empower farmers and in particular females in financial literacy next to practical trainings related to agricultural practices.
- Enforce rights of females to land and other resources.
- Contribute to maintaining safety and security so that females can engage in trade and processing activities to their full potential.

C) Policy makers:

- Contribute to training, veterinary services and extension and to safety and security in the region to establish a good climate for farmer households to escape poverty.

Knowledge products

- CCAFS Info note “[Financial landscape mapping for climate-smart agriculture in the Nyando Basin, Western Kenya](#)” (November 2018).

Knowledge co-creation

Both the kick-off and mid-term meetings were held in Kisumu. During the kick-off meeting, extensive discussions were held with multiple stakeholders, including farmers, aggregators, credit providers and representatives of CBOs, gathering their views, insights, expectations and perceived opportunities and threats for sustainable agriculture in the area. A field visit allowed the team to experience first-hand the situation on the ground, meeting with farmers, livestock producers and the community-based groups (CBO) at large. During this visit, many climate smart interventions were shown, and the impact they had was explained. The discussion with CBO members highlighted the important role played by these organizations in providing information, training and access to finance, but also pointed at difficulties in organizing and maintaining these groups. The mid-term workshop built on this, but also allowed the 6 Master students and the PhD student to present their work for feedback. In addition, the fieldwork was extensively discussed with the students, to get a better idea of the realities on the ground not captured in the diaries. A major point in the Financial Diaries is that it records only transactions that have taken place; this implies that unfulfilled ambitions or shock that could not be cushioned are not recorded. Since the students know the households, they filled the rest of the team in on these items. From this, we distilled the need for a (few) intermediate surveys to enhance our insights in shock the households experience and the extent to which credit and loans have been refused to them. The three community meetings in September/October were also organized to enhance joint knowledge creation. The farmers helped validate and interpret the early findings of the financial diaries, the students gave feedback on the financial diaries survey tool, and the interviews with commercial parties gave the farmers new insights about opportunities to grow their business with input suppliers, and maybe with banks.

Consortium partners

- [International Livestock Research Institute – ILRI](#) (Kenya)
- [Wageningen Economic Research](#) (NL)
- [School of Economics, University of Nairobi](#) (Kenya)
- [Vi Agroforestry Eastern Africa](#) (Kenya)
- [Amsterdam Centre for World Food Studies, Vrije Universiteit Amsterdam](#) (NL)

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Project websites

- [F&BKP Research Project page](#)
- [CCAFS project page](#) - related to CCAFS project: “Incentives and innovative finance for scaling CSA up and out” and “Engagement, synthesis and strategic research in East Africa”.