



# Asset-Based Financing for Smallholder Farmers Project



One Acre Fund

*A farmer group in Webuye plants using techniques taught by project field officers. Smallholders make up the majority of farmers in Kenya, and improving their productivity is critical to increasing food security for the country*

**U.S. Presidential Initiative:**  
Feed the Future

**Funding Level:**  
\$2 million

**Duration:**  
April 2012 – April 2015

**Activity Goals:**

- Increase smallholder farmers' access to finance through the provision of credit and high-quality seed and fertilizer
- Develop linkages for smallholder farmers to larger seed and fertilizer firms
- Provide technical assistance through a network of trained field officers
- Assist smallholder farmers with group formation for aggregating surplus production

**Activity Accomplishments:**

- 13,602 new and continuing hectares of maize under improved technology
- 60,000 smallholder farmers in the Western region receiving input loans in the form of improved seeds and fertilizers, along with crop insurance, and chlorine solution for treatment of drinking water
- Ninety percent of farmers in the project applied new technology on their farm
- A gross margin of \$692 per hectare of maize was earned by participating smallholder farmers

**Activity Locations:**

**ACTIVITY OVERVIEW**

The Asset-Based Financing for Smallholder Farmers Project will help 110,000 smallholder farmers in 13 counties of Kenya double their farm income per planted acre. More than 70 percent of Kenyans depend on agriculture for some portion of their livelihood. The majority of these farmers are women smallholders, who for a variety of reasons, are not as productive as they could be. Kenya is one of twenty partners in the U.S. government's support for Global Hunger and food security known as 'Feed the Future', which seeks to address the root causes of hunger, malnutrition and poverty and create conditions where food assistance is no longer necessary.

**ACTIVITY AREAS**

The project takes a holistic view of the challenges faced by smallholder farmers in Kenya and offers practical, scalable and sustainable solutions to increase food security in the long term. The project is working to integrate smallholder farmers into various value chains in the following four ways:

**Farm inputs:** Farmers receive quality seeds and fertilizer on loan. These locally-sourced seed and fertilizer are delivered within two kilometers of where the farmers live. The farmers grow primarily staple food crops, such as maize, millet, sorghum, and kale.

**Finance:** Farmers receive their inputs as an in-kind loan with a flexible repayment structure tailored to their income levels.

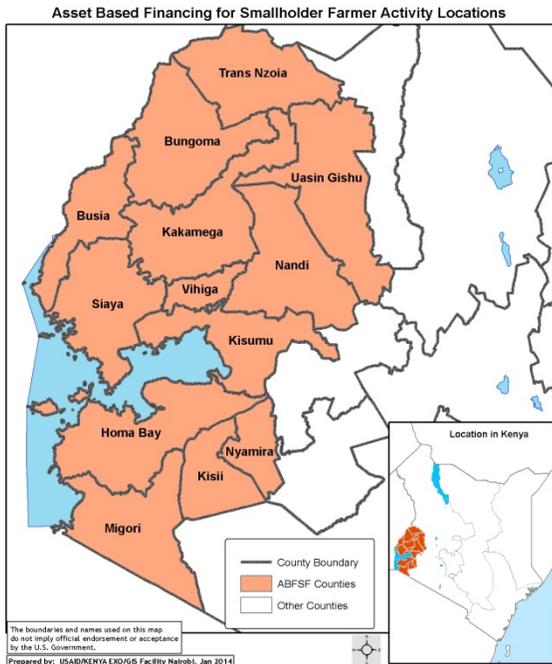
**Training:** Local field officers provide extensive training to farmers in the fields where they live and work.

**Market Facilitation:** Field officers train farmers on household storage practices to minimize post-harvest crop loss. This allows farmers to access the market several months after harvest, when prices are high.

Asset-Based Financing for Smallholder Farmers project builds on the progress that previous USAID investments have made in upgrading the maize value chain in Kenya, while expanding into the sorghum, millet, orange-flesh sweet potato, cassava, and kale value chains.

**ACTIVITY IMPACT**

The project is headquartered in Bungoma and works in 13 counties in the Western region: Bungoma, Kakamega, Busia, Vihiga, Nandi, Trans Nzoia, Uasin Gishu, Homa Bay, Kisii, Migori, Kisumu, Nyamira, and Siaya



#### Key Partners:

Ministry of Agriculture, Livestock and Fisheries, Agriculture Sector Coordination Unit, Pest Control Products Board, Horticultural Crops Development Authority, Kenya Agricultural Research Institute

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Three short years ago, Robai Nyongesa couldn't grow enough to feed her three children. Despite her best efforts, she could only harvest a paltry four bags of maize on her acre of land in Muyayi, Western Kenya.



USAID/Kenya

Robai's story is far too common among smallholder farmers in Kenya. For many, their barriers to growing more food are numerous: lack of access to quality farm inputs, lack of capital to purchase inputs, lack of training, and lack of market access.

The Asset-Based Financing for Smallholder Farmers Project seeks to address these challenges – sustainably – by offering farmers an innovative loan package designed to help them overcome each barrier. The Project calls this its "market bundle" of services, which includes placing farmers in producer groups, providing seeds and fertilizer on credit, training in new farm techniques, and market access.

The Project brings its bundle of services within 2-3 kilometers of farmers' homes. Hundreds of field officers conduct training, distribute inputs, and collect loan repayment at the micro level, with each field officer bringing services to around 200 farm families' doorsteps.

Robai is a testament to the dramatic increase in crop production that can occur with a loan from the Asset-Based Financing for Smallholder Project. After signing on to the Project's loan package, Robai began attending training sessions. "I have now been trained on how to plant and apply fertilizer. I have been trained on how to store my maize after harvesting" she says.

In her first year on the program, Robai harvested 20 bags of maize from her same acre of land. She plans to sell 12 of the bags to build an improved house for her three children.