

1937

38071

CO 533/479

38071

KENYA

LAND & AGRICULTURAL BANK.

Previous

R. 297
342

1936

Subsequent

1938

R. 297 15/5/37

R. 309 28/5

Mr. Packin 31

M. Elod 4.6

Sir C. Rottaway 1.6.

Sir F. Stoddart 3/6

Willeman 6

Sir J. Campbell 11.11.37

Sir A. Stoddart 5/6.

Sir J. Massey 7/6

Mr. Boyd 7/6

Lord S. Ruffin 18/6

Secretary of State 18/6

R. 297 2/0

Library 2/6

FILE A

BANKS.

It is interesting to note that the Board have in several instances declined to approve applications unless stipulations regarding anti-erosion work to be done were accepted by applicants.

para 12.

During the year 88 mortgage loans were registered and issued aggregating £77,665, bringing the total of long term loans issued up to £631,260. 39 short term loans were issued aggregating £6,655, bringing the total of short term loans issued to £12,310. Repayments of long term and short term loans during the year amounted to £45,100 and £2,166 respectively.

para 28

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para 29

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Permanent improvements	21.6
Purchase of land	19.0
Purchase of stock	6.1
Farming operations	7.1
Purchase of machinery and implements	1.1
	<u>100.0</u>

O.F.
BANKS.

1. COL. SEC.
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Agricultural Bank of Kenya, 1936.
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It is interesting to note that the Board have in several instances declined to approve applications unless stipulations regarding anti-erosion work to be done were accepted by applicants.

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Purchase of stock	6.4
Farming operations	7.1
Purchase of machinery and implements	1.1

100.0

continuance of a period of reasonable prosperity - it should be possible to collect the monies owing without too great a loss. At the end of 1936, there were two cases which were considered to be bad debts and fourteen doubtful out of a total of 62.

The settlers in Kenya were definitely more optimistic at the time of my recent visit. They realize that the period of depression has taught them a lot. They are all keen to try new crops when there is the slightest hope of success. All sorts of crops were being tried out on an experimental basis and there is definitely a greater interest in mixed farming, the encouragement of animal husbandry and a desire to do all that is possible to check soil erosion.

Soil erosion in Native Reserves is a different matter. Up to the present it is merely being played with but it is unnecessary to expand on this on this file.

F. H. Stokdale
5.6.37.

G. L. A. Cannon
3/6

It is early days as yet; but so far, it looks as if the Bank were going pretty well. Discrimination of a very active kind is clearly being exercised as regards the granting of long-term loans, and special attention is being paid to valuations. The recent material rise in prices should be of the greatest assistance to the Bank, and to the farmers. Colony generally.
The 4th June, 1937.

Sir J. Mackay

The Secretary of State will I think be interested. I agree with Sir J. Mackay that the outlook is decidedly hopeful.

As regards the last part of Sir J. Stokdale's minute, it is I consider wiser to apply more "ginger" than can safely be pinned on to the tribes, but we shall have to be wise that we do not apply less. After all, the native soil is the most important in the long run.

At the expense of the report available?
John

Mr. Boyd

John
7/6

*and Dufferin House Ken
Protector of*

W. G. 18.6.37

*Letter from Sir J. Mackay
writing note about*

R 297
Spence/copy
M. W.

sent to Sir J. Mackay
John

2/6

SENT TO KENYA Set of 3 4 37

(Recd. No. 38054/37)

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COLONY AND PROTECTORATE OF KENYA

REPORT OF THE BOARD OF THE
LAND AND AGRICULTURAL BANK
OF KENYA, 1936

PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER
Nairobi

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The Crown Agents for the Colonies, Millbank, London, S.W.

The Land and Agricultural Bank of Kenya

THE BOARD

THE HON. G. WALSH, C.B.E. (*Chairman*).

E. B. GILL, ESQ., A.C.A.

W. C. HUNTER, ESQ.

MAJOR CHARLES M. TAYLOR.

J. E. A. WOLRYCHE WHITMORE, ESQ.

S. THORNTON, *Secretary*.

Report of the Board of the Land and Agricultural Bank of Kenya to His Excellency the Governor

For the Year ended December 31st, 1936

YOUR EXCELLENCY,

The following Report by the Board for the year 1936 is submitted for Your Excellency's information. The financial statements required by section 47 of the Ordinance have been prepared and are submitted herewith duly audited.

THE BOARD

1. No alteration has been made in the personnel of the Board. Mr. J. E. A. Wolryche Whitmore retired automatically from the Board on 31st December, 1936, and was re-appointed by Your Excellency, *vide* Government Notice No. 10 dated 30th December, 1936.

2. During the year the deaths occurred of Mr. H. Douglas Cooper and Mr. P. H. Johnson. Both these gentlemen have acted as substitutes for members on leave, and their names have recorded in the minutes resolutions of condolence and appreciation of services rendered.

Twenty-two meetings of the Board were held during the year (compared with fifteen meetings in 1935) and on each of these occasions the Board also sat in their capacity as Agricultural Advances Board.

4. The attendance of members of the Board at meetings during the year were as under:—

Hon. G. Walsh, C.B.E. (<i>Chairman</i>)	20
E. B. Gill, Esq.	21
W. C. Hunter, Esq.	22
Major C. M. Taylor	22
J. E. A. Wolryche Whitmore, Esq.	20

5. With the expansion of the Bank's activities, due to the increase of loan maxima and the assumption of an additional Government agency under the Farmers Assistance Ordinance, 1936, the calls upon the time of Board members have increased. In addition to attendance at meetings, papers on various agricultural subjects, as well as all applications, have been circulated for their individual study and attention, to be discussed later at Board Meetings.

6. Thanks are due to Major C. M. Taylor who on various occasions has visited and reported upon coffee estates without cost to the Board.

STAFF

7. The office staff has been increased by the employment of one temporary typist, and now consists of the Secretary, Assistant Secretary, Accountant and six clerks and typists.

8. As a member of the Crown Lands Valuation Board the Secretary has attended eleven meetings of that body during the year.

9. Long leave was granted to Mr. A. B. Caldecott from 1st March to 31st August, 1936, and to Mr. T. L. Hatley from 1st September, 1936, to 28th February, 1937.

INSPECTIONS

10. The scheme of systematic visitations to mortgaged properties by the Bank's inspectors has been continued. The following figures show the extent of this work as compared with the two previous years:—

	No. of Inspections	Total Cost		Cost per Inspection
		£	s. d.	Sh. cts.
1934	232	711	16 05	64 13
1935	264	746	1 76	58 75
1936	233	664	4 00	57 01

11. On March 16th the Board approved the appointment, as Land Bank inspector, of Mr. P. H. Colclough of Kiambu to fill the vacancy created by the resignation of Mr. Douglas Cooper owing to ill-health. The subsequent decease of the latter is referred to in paragraph 2.

SOIL EROSION

12. During the year the subject of soil erosion has been regarded as one of paramount importance by the Board. Valuers and Inspectors have been instructed to pay special attention to conditions existing on all properties visited by them and to report fully on the subject, and in several instances the Board have declined to approve applications unless stipulations regarding anti-erosion work to be done were accepted by applicants.

13. The propaganda work of the Agricultural Department and the Press has performed useful service in bringing to the notice of European land owners the fact that soil

erosion is the greatest menace to agriculture which the Colony has to combat. The problem is now in process of being narrowed down to one of practical policies—what to do, and where to find the wherewithal with which to do it.

14. The activities of the Agricultural Department have been supplemented by private enterprise and there are now one or two firms, equipped with the necessary plant, able to undertake broad-base terracing contracts for those unable, for various reasons, to tackle the work with home-made implements themselves; while an attempt has been made to meet to some degree the financing of such work in an amendment to the Land Bank Ordinance referred to in paragraph 5 of this Report.

15. Although the subject of soil erosion is mainly the concern of the Land Bank in connection with its own mortgagors, these constitute only a small factor in the problem as it relates to the Colony. Sufficient data and information from all parts have come before the Board to make clear the urgent necessity of the pursuance by Government of a clear and vigorous policy in regard to all aspects of the subject, e.g. instruction and control in Native Reserves, restriction of goats, control of deforestation and afforestation, etc.

AGENCIES

16. The Bank has continued to act as agent for the Government in the administration of the Agricultural Advances Scheme and a précis of the Annual Report is given in Appendix No. 4 to this report.

17. On September 24th, 1935, a body known as the Agricultural Indebtedness Committee was appointed by Your Excellency, whose terms of reference were "To explore the possibilities of lightening the burden of agricultural indebtedness". As a result of that Committee's recommendations, "An Ordinance to provide for the constitution of a Board to be known as the Farmers Conciliation Board, to invest the Board with certain powers for the assistance and relief of farmers and for purposes incidental thereto", was passed, receiving Royal Assent on June 29th, 1936.

18. The Land Bank Board had already, in January, expressed willingness to act as agents for the Government in the administration of the scheme laid down in the Ordinance and the appointment of the Land Bank in this capacity is provided for in the Ordinance.

19. The Farmers Conciliation Board was appointed by Government Notice No. 458 dated July 21st, 1936, and the consideration of applications is now in progress.

FINANCIAL

20. As a result of representations dealt with in the last Annual Report calling for further capital to be made available for the Land Bank, Your Excellency notified on March 2nd, 1936, that the Secretary of State had agreed to the Kenya Government taking powers to raise a loan of £625,000 to provide, *inter alia*, £500,000 for the Land Bank.

21. Immediate issue of a loan of £375,000 was authorized, the balance of £250,000 to be raised at some future date. From the loan of £375,000, an amount of £250,000 was earmarked as additional Land Bank Capital, of which sum £100,000 was to be set aside to finance the operation of the Farmers Conciliation Board appointed in terms of the Farmers Assistance Ordinance, 1936.

22. Arrangements were made by which the Treasury was able to furnish funds in anticipation of the loan, and the consideration of applications, which had been restricted to meet the earlier position, was resumed by the Board in February.

23. In August, 1936, an issue of £375,000 Kenya Government 3 per cent Inscribed Stock 1956/61 was successfully negotiated, the price of issue being 100 per cent. These terms are highly favourable to the Board.

24. Under the provisions of the Land and Agricultural Bank (Amendment) Ordinance, 1936, a reduction in interest rates chargeable to clients of the Land Bank can be applied, not only to new loans, but also to the balance outstanding on existing loans due and payable after the reduction in interest rates has been approved.

25. Capital funds for Land Bank purposes are obtained through Government, the Board being responsible for the actual interest and management charges paid by Government on the respective loans. Details are as follows:—

	Interest and Management Charges
1930 Loan, £240,000	4.7 per cent
1933 Loan, £200,000	3.7 per cent
1936 Loan, £150,000	3.07 per cent

26. By obtaining the additional capital of £150,000 at the favourable rate of 13.07 per cent the overall percentage payment due from the Land Bank in respect of loan charges will be reduced from 4.18 per cent to 3.92 per cent when the full amount has been drawn by the Land Bank from the Treasury and certain charges met. The difference between the cost of the money to the Land Bank and the rate charged to mortgagors is utilized in payment of running expenses of the Bank and in the building up of a Reserve Fund.

27. The benefits accruing from extended operations of the Board consequent upon an increase in capital funds and the unusually favourable rate at which additional capital has been made available will naturally be passed on to mortgagors immediately such a course is in conformity with the dictates of prudent finance. This highly desirable object cannot, however, be attained so long as outstanding interest charges and frozen assets in the shape of farm properties are considerably in excess of the Reserve Account figure of £21,145 shown in the Balance Sheet of the year under review. It is therefore a matter of importance that mortgagors should make every endeavour to discharge their obligations to the Land Bank with promptitude, as their failure to do so must operate to the detriment of Land Bank mortgagors as a whole.

28. At 31st December, 1935, the total number of mortgages which had been registered was 428, securing advances of £513,595 and 32 short term loans aggregating £7,170. During the year 1936, 88 mortgage loans were registered and issued, aggregating £117,665 and 32 short term loans aggregating £6,655. During the year 1936 fifteen mortgage loans were repaid completely aggregating £13,150, and eight short term loans aggregating £2,065. To summarise:—

	No.	Amount
		£
Long Term Loans, Issued	610	£31,500
Long Term Loans, Repaid	44	45,100
Short Term Loans, Issued	64	13,825
Short Term Loans, Repaid	8	2,165

29. Payment of instalments by mortgagors has not fully come up to expectations, but it would be difficult to show that this is due to anything other than circumstances outside the control of the individual defaulter. Speaking generally, it may be accepted that the great majority of borrowers regard

their mortgage obligations seriously, recognizing that it is in their own interests that instalments should be kept up. It is only by so doing that the mortgagor uses to the full the chief advantage of a Land Bank loan, i.e. provision for the liquidation of the debt on the "easy payment" system, with resultant freedom from foreclosure so long as payments are maintained.

30. Graphs illustrating price movements of the more important commodities exported have again been prepared by the Bank's accountant, Mr. Sergeant, and appear as Appendix No. 1 of this Report. Taking into account the inevitable time lag which must occur between a rise in price levels and the consequent effect on the cash position of the individual farmer, there is reason to hope that the more favourable position indicated in the graphs, though not fully reflected in the accounts of the Bank during 1936, will result in a substantial improvement during 1937.

31. Comparative percentage figures of payments received for the past three years are given below. These figures are based upon the amount due for payment at September 30th and collected before the end of the year.

	Principal		Interest	
	Per cent	Per cent	Per cent	Per cent
1934	86.00	92.00		
1935	79.29	87.47		
1936	74.83	85.47		

32. In considering the Balance Sheet item "Interest on Current Account" £18,545/19/37, it must be borne in mind that an instalment falls due on December 31st and is included in the year's accounts.

33. Farming in Kenya is still in its infancy and returns must be expected to be more erratic than with old established communities. The statement one hears of the settler who has farmed in the Colony for the past twenty years and not yet struck an average year is not wholly nonsense. The causes of individual failure are often curiously localised and varied. For example the depredations of game have been directly responsible for the failure of one or two mortgagors in the Usain Gishu District to meet instalments due. In the opinion of the Bank's inspector, unless steps are taken soon to eradicate this game menace (chiefly zebra) in a settled area, the result is certain to be serious and costly to the whole

district. The Acting Game Warden has replied sympathetically to representations made to him but lack of staff renders him unable to do anything to assist.

PURPOSE OF LOANS

54. The purposes to which loans issued in 1936 have been allocated are shown approximately in Table No. 5, with comparative figures dealing with the total of loans approved. Expressed in percentages the latter table may be summarised as follows:—

Discharge of Existing Mortgages	44.8
Permanent Improvements	21.6
Purchase of Land	10.0
Purchase of Stock	6.4
Farming Operations	7.1
Purchase of Machinery and Implements	1.1
	<hr/>
	100.0

LEGISLATION

35. An important amending ordinance entitled the Land and Agricultural Bank (Amendment) Ordinance, 1936, received Royal Assent on June 10th, 1936, its major provisions being:—

- (a) To increase the maximum amount which may be advanced to discharge an existing onerous mortgage from £2,000 to £3,500.
- (b) To increase the maximum amount which may be advanced for all purposes, from £3,000 to £5,000.
- (c) To authorize advances for anti-erosion work not exceeding £200 upon security, if need be, other than a first mortgage over land.
- (d) To ensure the consent of Government before advances are made on the security of land upon which part of the purchase price is at the time owing to Government.

36. Other legislation affecting the Land Bank directly or indirectly included:—

- Farmers Assistance Ordinance, 1936.
- Agricultural Mortgagors Relief (Amendment) Ordinance, 1936.

FARM PROPERTIES

37. The Annual Report for 1935 records four properties on the hands of the Bank (L.R. 1/59, 1/156, 1/169 and 2/96). None of these has been sold. During 1936 six more

farms have been acquired by foreclosure or otherwise (L.R. 1/2, 1/13, 1/58, 1/80, 1/112 and 2/137). Arrangements have been concluded for the disposal of five of these latter on terms involving no loss to the Bank, leaving one of them (L.R. 1/80) still to be disposed of. The Bank thus has a total of five farms for sale on terms which should be attractive to prospective purchasers. These properties stand in the Bank's books at £16,218/19/73, a portion of which sum is earning interest.

DISTRICT REPORTS

38. Local representatives of the Bank have again been invited to submit a short résumé of farming conditions and operations in their various districts and their reports are embodied in Appendix No. 2.

GENERAL

39. The successful operation of the Land Bank depends to a very considerable extent on the quality of the work undertaken by valuers and inspectors appointed by the Board to investigate and report upon a wide range of matters appertaining to the various activities in which the Board is concerned. In this respect the Board is fortunate in possessing an enthusiastic staff whose sympathetic and intelligent handling of the many problems with which they have to deal is worthy of the highest commendation.

40. The Board continue to receive willing and valuable assistance from various officials and Government Departments and desire specially to mention the benefit they have derived from the attendance of Mr. Wolfe and Mr. Daubney of the Agricultural Department at their meetings, when invited to discuss the problems of various districts. Provincial and District Commissioners have had exceptional calls made upon them regarding applications during the year and their services are gratefully acknowledged.

41. In conclusion, a word of appreciation is due to the staff who have loyally responded to the calls made upon them to meet rushes of work which have occurred during the year, entailing frequent working after official business hours without extra remuneration.

G. WALSH,
Treasurer,
Chairman of the Board.

Nairobi,

January 22nd, 1937.

APPENDIX No. 1

The following graphs have been prepared to afford a comparison of market prices for the years 1930, 1935 and 1936. Figures 1 to 4 are based on London Reports issued by Messrs. Dalgety & Co., Ltd.; Fig. 5 is based on information received from the Kenya Wheat Pool.

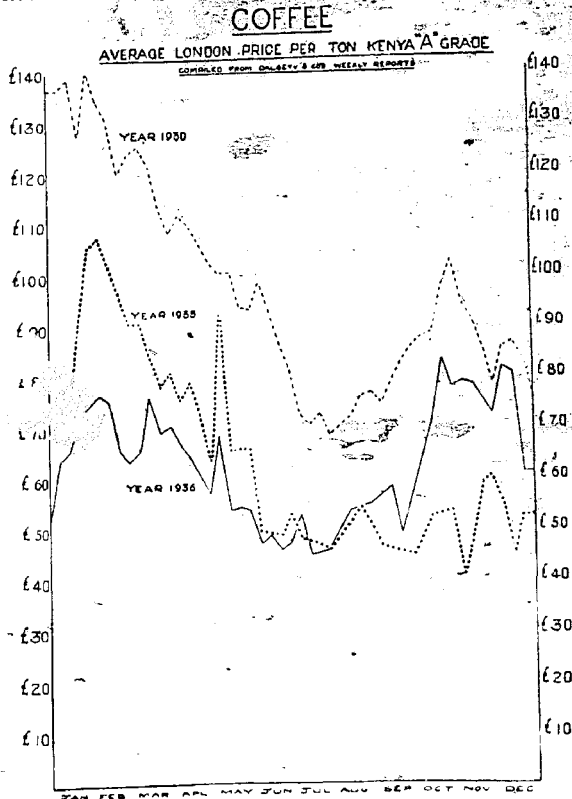


FIG. 1

MAIZE

LONDON PRICE PER QUARTER (480 lbs) No 2 GRADE

COMPILED FROM DALGETY & CO'S WEEKLY REPORTS

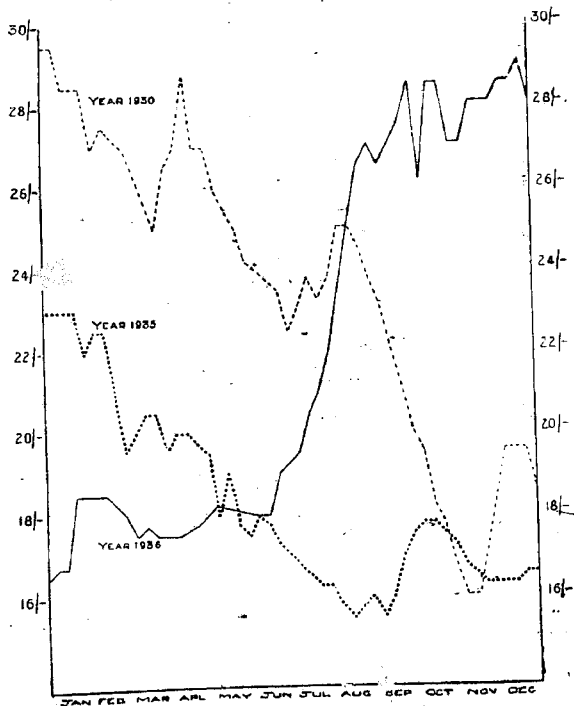


FIG. 2

BUTTER

LONDON PRICE PER CWT. NEW ZEALAND No 1 GRADE

COMPILED FROM DALGETY & CO'S WEEKLY REPORTS

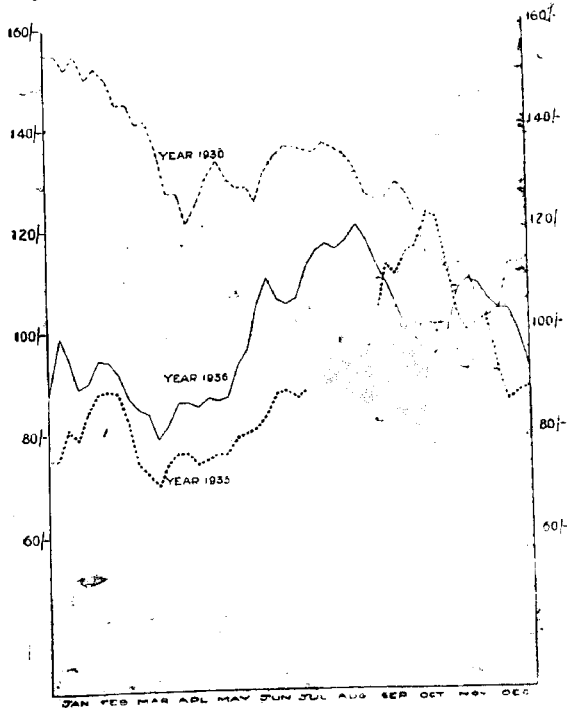


FIG. 3

SISAL

LONDON PRICE PER TON N°1 GRADE
COMPILED FROM QUANTITY & COST MONTHLY RETURNS

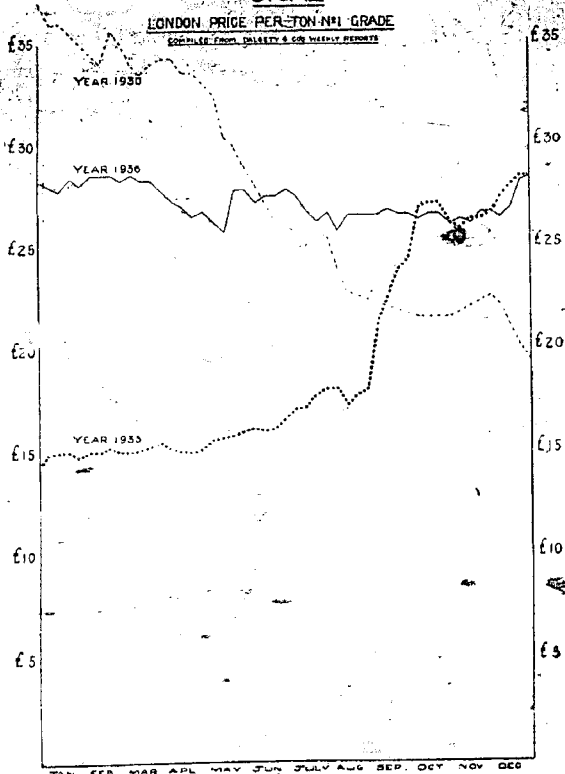
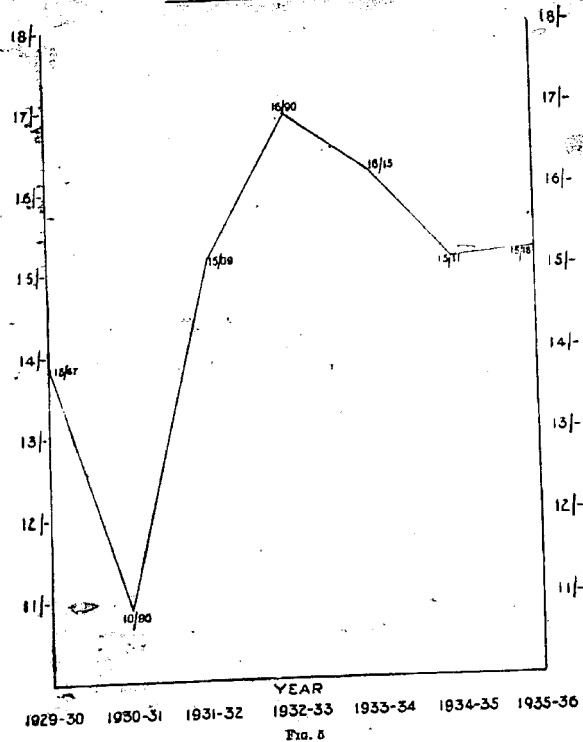


FIG. 4

WHEAT

KENYA FARMERS' ASSOCIATION POOL DISTRIBUTION
PER BAG (200 lbs) N°1 GRADE



YEAR

1929-30 1930-31 1931-32 1932-33 1933-34 1934-35 1935-36

FIG. 5

NOTE.—The Sale of Wheat Ordinance came into effect on September 12th, 1930.

APPENDIX No. 2

Reports by local representatives of the Land Bank in the following districts:—

1. Gilgil and Naivasha.
2. Kiambu and Machakos.
3. Kisumu and Londiani.
4. Nakuru.
5. North Nyeri.
6. Rumuruti and Thomson's Falls
7. Sotik.
8. Thika.
9. Trans Nzoia.
10. Uasin Gishu

1. GILGIL AND NAIVASHA

By ROBERT HALL, B.A.

Climate—On the whole climatic conditions have been much more favourable, the southern part of the district especially getting very good rains and the lower farms have benefited considerably there being abundant grazing throughout the year, and to a considerable extent the grass has regenerated itself on the patches bared by drought and locusts.

On the Kinangop conditions changed from a state of acute drought to one of extreme wetness and on one farm at least drains had to be hurriedly dug to save the crop being waterlogged.

The northern part of the district where higher than 7,500 ft. has again been rather short of rain, but what there has been was well distributed over the year and from the live stock point of view it was a big help that the drought normally expected in January–March was a very mild one.

There is some evidence that the quality of the grazing has been poorer than is usual. It is a question of interest as to whether this is due to the absence of a preceding drought.

Crops.—On the farms in which the Bank is interested there was little change in the total area under cultivation or in the range of crops grown; some land previously cultivated was allowed to revert to grass and some new land broken up; the area under pyrethrum showed the largest increase.

Wheat.—Most growers had sown B.230 and as it broke down to K.4 stem rust all through the district the crop was

poor, only those who had stuck to E. quator and others fortunate enough to have secured seed of the new 112 succeeded in getting first grade quality.

Pyrethrum, at altitude of 7,000 ft. and over, has done well throughout the district, and with the better prices ruling during the latter half of the year was remunerative; it needs a lot of hand labour, especially on the rich soils on which it flourishes best and the area to be planted must be strictly determined by the amount of cheap labour likely to be available. Although it is occasionally slightly damaged by frost on the Kinangop no serious disease or pest has as yet given trouble.

Fruit.—The greater part of the district is suited to the production of deciduous fruit, the amount of success achieved shows great variation from farm to farm, probably more due to the amount of care given the trees especially during the first five years than to anything else.

Fodder Crops.—Oats for cutting green is the commonest, though the kales and cabbages are popular over 8,000 ft., with Napier grass at lower altitudes; most farms have a small patch of lucerne and there is considerable experimenting with a wide variety of fodder plants and grasses.

Cattle.—The improvement both in the quality of dairy herds and in the method of management has been continued; the herd average yield is distinctly higher and the number of farms recording yields and hand rearing calves has about doubled during the year.

The sterility trouble has been much less severe on the farms originally affected; but unfortunately the trouble has spread to other parts of the district and it now seems probable that it will spread throughout the district.

As the usual drought did not occur at the beginning of the year, many farmers are already forgetting the urgent necessity of having on hand an abundant reserve of bulky fodder. The general improvement in the quality of dairy cows makes this provision more important.

Sheep have had a good year, though the continuance of the long rains at one time threatened danger; the number kept at the higher altitudes is increasing considerably.

Pigs have on the whole decreased in numbers. Owing to the higher cost of grains several farmers now consider it more profitable to feed their skim milk to calves and poultry,

That an increased revenue from farms has been achieved lately is, I think, certain, but it must be some time before that can be reflected in the farmers' cash position; during the slump, buildings, fencing, etc., had perforce to be neglected; much needed improvements had to wait and the better farmer applied his first increase in revenue towards making good these deficiencies. Many are just beginning to feel the real burden of the high interest charges, the weight of which they had not properly anticipated.

Erosion.—I regret to have to report that little progress has been made in the construction of protective works to prevent soil erosion, though there is certainly a more acute consciousness of the danger; with a little more prosperity more may be done; doubt as to their capacity to set out the levels has deterred a few people from making a start.

The position in the lower areas, which, as I pointed out last year are the most subject to serious losses, has been much improved by the good rains enabling the grass to again form a protecting cover.

2. KIAMBU AND MACHAKOS

By P. J. H. COLDHAM

In spite of the scanty rainfall, particularly during the last six months of the year, the past season has been an improvement on the previous one and it is evident that considerable progress is being made in the general standard of coffee cultivation in all its branches.

It is still difficult in dry years to make some planters realize the necessity of really efficient anti-erosion measures, but each year sees more plantations protected by contour ridges and wash pits, which seem to me to be far the best method of wash control in this district. The district must be due for a year of really heavy rainfall before long and it is only those plantations where contour ridges and other methods have had time to consolidate that complete control of erosion can be obtained.

Taken as a whole the prospects of good crops during the coming year are favourable provided that the climatic conditions are not abnormally dry. If, as seems likely, the average price of coffee remains as at present, £10-£15 per ton above that of the preceding year, there is every reason to expect a steady improvement in coffee planting prospects as compared with the worst years of the slump.

3. KISUMU AND LONDIANI

By THE HON. CONWAY HARVEY, M.L.C.

Maize.—Less maize than usual was planted during 1936 owing to exceptionally heavy rains during the early part of the year, but the substantial improvement in market prices has encouraged farmers to prepare land in readiness for extended planting during the coming season.

Mixed Farming.—Several farmers have made a start in the direction of more diversified farming, by the acquisition of small herds of native cattle, which thrive in this district, and considerable use is being made of boma manure in the manufacture of compost, which is now regarded by many planters as an essential part of coffee production.

Coffee.—There is an increasing tendency on the part of coffee planters to abandon small un-economic areas of coffee planted in unsuitable soil, and to improve cultural methods on the areas retained. The majority of planters favour the multiple stem system which was recommended by the Chief Coffee Officer, while shade trees, chiefly suitable indigenous varieties, are being planted fairly extensively, with beneficial results.

Soil Erosion.—All landowners are fully alive to the importance of preventing erosion, and this may almost be regarded as a thing of the past in the district, so far as coffee is concerned. The construction of suitable head drains, terraces, pits and box ridges are the chief methods of retaining the surface soil, which, combined with better cultivation, careful pruning, and the introduction of compost and boma manure as rapidly as circumstances permit, will inevitably lead to an improvement in both the yield and quality of coffee produced in the near future.

Coffee Berry Disease continues to cause considerable anxiety in a few areas, but the action of the Agricultural Department in establishing sub-stations at Sotik and Nandi for research and experimental work in connection with this pest may reasonably be expected to produce beneficial results in due course. Several planters have already made a start with replacement of existing susceptible trees by resistant varieties.

Wheat.—There has been a slight reduction in the area under wheat, which has for many years been grown very successfully on a few Lumbwa farms and several Londiani farms, the reduced area being due to a change of ownership.

of one or two large properties, the new owners having adopted a different system of farming in which cattle play a prominent part. Indications point to increased areas under this crop during 1937. Good crops have been harvested, dry weather towards the end of the ripening season having reduced the incidence of rust. Sales are being effected at remunerative prices, while ploughing is well advanced for next season.

Pyrethrum.—Excellent results are being obtained by growers at Londiani and Nandi where extended planting is in progress, while a number of individuals have planted small experimental areas.

Native Labour.—This has been less plentiful during the last twelve months and the tendency is for wages to increase, chiefly due to the following factors:—

- (a) Increased agricultural development in Native Reserves with special reference to cotton growing.
- (b) Employment on mines.
- (c) Increased employment on a comprehensive road programme in mining areas.

4. NAKURU

By JAMES MACKAY

This district, embracing as it does all that area between Elmenteita and Timboroa, including Solai, Subukia, Rongai, Elburgon, Molo and Mau Summit, represents many and varied types of soil, rainfall and farming practice.

The total rainfall this year, though very spasmodic, has been well up to the average. During the planting and growing season there were several very dry periods when crops received a check in growth. Nevertheless crops generally were good.

Unusual rains fell very early this year. These were very welcome for grazing, but rather interfered with harvesting of grain crops, and brought on heavy weed growth. This made ploughing and preparation of seed beds difficult and more expensive than usual. The growth of weed was not altogether disadvantageous, because it provided a very good cover for the soil, and consequently erosion during the heavy rains was much less than usual.

Measures for the preservation of soil are gradually becoming more a matter of routine farm management than formerly, and considerable progress in this direction has been made by the district generally.

There is much more to be done, however, and there would appear to be a need, and opening for, Government or private enterprise to provide a terracing outfit to do the work by contract. Farmers who are carrying any load of debt are loath to add to it by purchasing extra tackle, but I believe they would willingly spend money on actual work done by contract seasonally. The difficulty is, that terracing, etc., should be done during the period of ploughing and carting, and it is then that all the available farm tackle is fully employed.

Maize is still the main crop throughout the district except in high altitudes, where wheat takes its place but mixed farming is almost universal and cattle now play a large part in the scheme of things. Considerable progress has been made in mixed farming, and already good results are apparent. In the next few years one can anticipate further profitable development in this direction. Particularly in Rongai area, there are now many herds of grade cows producing considerable quantities of dairy produce. Grade sheep are also thriving there.

In high areas like Molo and Mau Summit, where there are some very good crops of wheat, "Take All" is giving trouble when there is not a system of regular rotation, but would appear to be controllable by not growing wheat more than twice consecutively on the same lands. Rust has been so troublesome this year owing to more resistant varieties having been grown.

Pyrethrum is doing very well at these altitudes and should be a very remunerative crop where labour is plentiful.

Oats are scarce at present and have been a profitable crop where grown this season.

Coffee plantations are generally in much better condition, having recovered from the drought years, and are carrying fair crops. The crop is earlier too, and coming on to the market at a more favourable time of year than usual. It is now generally recognized that, if quality coffee is to be produced, more attention than previously must be given to the upkeep of the fertility of the soil, and to proper pruning and regulated shade.

Sisal estates have been very active during the year and are making up leeway in their planting and replanting programmes. The price of fibre remains steady.

Cattle have thriven well during the year and there has not been any serious outbreak of disease. Almost in every case supplementary feed has been grown and supplied during the drier months to dairy stock, and this has kept the milk supply up and the stock in good condition.

Sheep are reported to put on very heavy weights on wheat stubble, and wool clips have been very satisfactory.

Marketing.—The Kenya Farmers Association pool prices for maize delivered during its financial year ending 31st August worked out at Sh.4/42 per bag, and although this is a poor price, was very much better than anticipated. This result, and the fact that the overseas value has since risen very considerably, has given new heart to the growers, and a fillip to the industry. At present values, maize growing is a profitable undertaking.

The Sale of Wheat Ordinance continues to work satisfactorily, and growers have received a fair price for wheat produced.

The price of pyrethrum dropped during the year, and growers seemed rather afraid of competition from other countries, particularly Japan, but values have again hardened, and there is a good margin at present prices.

Good quality coffee still fetches high prices, and there has recently been a firm local market and good demand for average quality, particularly the lower grades.

The demand for cattle during the year has been well sustained and prices have had a sharp rise. Pure bred bulls are more and more in request, and there are several pedigree breeders in the district catering for this trade. The class of this stock being offered is in some cases very high.

The need for a properly organized scheme of marketing pigs is apparent, and it is hoped that satisfactory cold storage facilities, enabling feeders to cater for the overseas market, will be available next year.

The increased cold storage arrangement would also provide a means of marketing overseas beef, lamb, chickens, eggs, etc., etc. The present facilities are inadequate.

The moneys advanced by the Land Bank to mortgagors in this district have, with one or two exceptions, been well spent, and despite very low prices for primary products not only have the properties been maintained but improved, and are now on a much sounder basis of farming.

The conservation and application of farmyard manure, and making of compost is receiving attention, and phosphatic manures are regularly applied to wheat lands with good results.

During the year a number of land transactions have taken place and the prices in some cases have been very satisfactory to the sellers. A pleasing feature is that considerable acreages which had been allowed to lapse have been again taken up, either by purchase or lease, and the lands are again beneficially occupied.

5. NORTH NYERI

R. A. PAICE

The majority of farmers in this district depend to a large extent on dairying as a means of livelihood and are suppliers of cream to the Nanyuki Branch of the Kenya Co-operative Creamery, Ltd. This company is now building a new and up-to-date factory at railhead (at present the factory is some seven miles from this point) which building should be completed about March.

The figures as under may throw some light on the progress of the Creamery in this district:—

Total butter fat supplied to Nanyuki factory—			
1935 ...	587,826 lb.	1936 ...	717,485 lb.
Average pay-out for all grades of cream—			
1935 ...	56.31 cts.	1936 ...	70.84 cts.

Taking the above figures into consideration there is every reason to hope for continued prosperity for the dairy farmers provided, of course, that the price of butter on the London market remains at a good level.

There are a number of really good bulls in the district (Shorthorn, Ayrshire, Friesian, Jersey, Red Poll) so that the dairy herds have improved considerably in quality in the last few years.

The area of most farms being considerable, there is ample room for the raising of steers, but unfortunately the price realized by them on the local (and only) market, is poor, though it is hoped that with the starting of Messrs. Liebig's factory at Athi River (which should relieve the market of a lot of native slaughter stock) the price will materially improve on the Nairobi market.

The number of sheep farmers in this district is comparatively small but these few are doing really well and have good flocks of high grade Merinos. Good prices for wool have been obtained and should these prices be maintained the prospects for the sheep farmers are distinctly rosy.

There is a fairly large area under wheat at Naro Moru but the growing of this crop in these parts appears to be such a gamble that it is not easy to give an idea of the prospects. Brds, game, rust, too much rain or too little, and *Mexican Marigold*, all have to be taken into consideration. On the whole, though a very hard working lot, one fears that the wheat farmers in this district are not very lucky.

There is a certain amount of wheat and maize grown on the farms to the north, below the Ngare Ndare Escarpment. Here irrigation is possible and the soil being extraordinarily fertile the return per acre is very good. Owing to the availability of irrigation maize crops in this area never fail and with the rising price maize growers should do moderately well.

Erosion.—On the cultivated land in this area there is practically no erosion as the crops are grown for the most part on undulating or nearly level ground. What one might call the "natural erosion" (i.e. the big wash-outs of very many years standing) persists and the great cost which would be involved in coping with this makes it quite outside the bounds of possibility for the farmer.

6. RUMURUTI AND THOMSON'S FALLS

By A. ARMSTRONG

Speaking generally, there is a considerable improvement in conditions here, not the least cause being the better distribution of rainfall. A few unfortunates who report a shortage of rain have made the least progress as they find there are few substitutes for green grass when dairying.

Prices were better all round, especially in beef, which was caused by the Italian demand, to supply their troops in Abyssinia. The same cause contributed to the rise in the price of ghee which was of great benefit to those in the back-blocks, who do extensive dairying.

Wool also responded, towards the end of the year, and some unlooked for prices were received on the London November sales.

The erection of a meat extract factory by Liebig's Co. at Athi-River is regarded with great interest though it is felt that something more comprehensive, such as a freezing and chilling works, will be required to establish the confidence necessary for any expansion in the supply of first class beef. At present local markets are easily glutted and there is no inducement to produce a high quality beef in large quantities.

This Colony was visited by men in the trade, and who are experts, who recently stated that Kenya was the best part of Africa they had seen for cattle raising. This should be a timely moment to let the fact be known to the Home Government in London, because a Meat Conference will be held in London in March, at which supplies from the Dominions and Colonies will be discussed, and it would be a serious mistake on our part not to let Kenya's potentialities be known.

The Co-operative Creamery at Thomson's Falls still retains its name for producing high class butter and though the pay-out cannot be considered more than a border line price, it does stabilise the industry and gives the farmer to produce more, with the hope always that their better to come. Although prices are firmer here is room for further improvement in this respect.

On the whole there is an optimistic feeling in the district, with the suspicion that the improvement is due more to extraneous circumstances than to legitimate trade, but we can accept an improvement even on those terms and still go on hoping.

We have had some land settlement, with more enquiries. Some farms have changed hands and there is a definite movement towards the land again, a state of affairs we have not had for many years.

7. SOTIK

By COLONEL J. K. MATHESON

During August this year we had a visit from representatives of the Plant Industry and Veterinary Sections of the Department of Agriculture. Meetings were held at representative farms when discussions took place with a view to formulating a more suitable agricultural policy for the district as a whole.

X This is a very delicious crop.

It has been found

Based upon the evidence given by the farmers and the opinions expressed by the agricultural representatives, the following conclusions were come to:—

- (a) That by reason of the well-distributed rainfall and the excellent natural pastures, stock production and dairying should be regarded as the basic industry in a scheme of mixed farming.
- (b) That other crops which might be successfully grown were grenadillas, geraniums and ramie.
- (c) That the district, as a whole, was not suited to the production of Arabica coffee as a single crop and that suitable coffees should be grown only in selected areas and preferably accompanied by stock or other crops.

The immediate effect of the new policy was that a great stimulus was given to farming operations generally, and the gloom which, on account of the serious fall in coffee prices, had been accumulating during the past few years, was replaced by a more optimistic outlook. The present is, therefore, a period of transition and the following is a short review of the progress that has been made.

Live Stock and Dairying.—A progressive step has been made by the importation of grade and pure bred stock by one farmer and the experiment is being closely followed by others interested in this direct method of building up a dairy herd in this East Coast Fever area. In another part of the district a group of farmers have formed a cattle syndicate with the intention of acquiring a large herd of native stock which they intend to dip and thereafter grade up.

It has been found quite practicable to send cream by road and rail to the creamery at Molo. This has removed the principal obstacle which, in the past, has deterred farmers from raising dairy herds here. The transport service will improve when, in due course, the new bitumen surfaced road between Lumbwa and Kericho is completed.

Coffee.—Apart from berry disease and planting on unsuitable areas, the most important causes of poor quality and low yields of coffee during the past few years have been the pests antestia and capsid. Complete control of these pests is now made economically possible by the discovery by a local planter, Mr. W. G. Dawson of Kimoró Estate, of the pyrethrum dusting method. This important discovery is responsible for annual savings of many thousands of pounds

to planters throughout the three territories and the industry as a whole is greatly indebted to Mr. Dawson and the others who contributed to the perfection of this method of control. Being now quit of this menace of pests, coffee of the Blue Mountain and other similar high altitude varieties should do very well provided great care is exercised in the selection of the planting sites and that a high standard of culture is maintained. Under the process of reconstruction, the area under coffee will be curtailed, but there is every possibility that coffee will continue to hold an important place in the produce from this district. In past years Solik coffee had a reputation for liquor and quality and there is no reason why it should not do so again.

Grenadilla.—Of the new crops which have been tried the most marked progress has been made with grenadilla. An enterprising farmer has prepared a juice which has been well received and is meeting with a ready sale both locally and in the United Kingdom. Forward contracts for a period of years are being made and it is probable that this will become an important branch of farming here where the soil and climatic conditions appear to be particularly favourable to the plant.

Geranium.—Experiments which have been made in the production of essential oil are proving satisfactory. The output is said to be lower than that obtaining in certain districts, but this is more than compensated for by the bulk of vegetative growth obtained. Arrangements have been made to erect a distilling plant on one of the farms and it is anticipated that production will begin early next year.

Ramie.—Satisfactory growth has been made by the root cuttings planted during May to July this year. Further plantings are expected to take place in March 1937. Enquiries are being made by the Department of Agriculture with regard to suitable decorticating machinery and marketing possibilities, and planters are inclined to await the outcome of these enquiries before proceeding to any great extent with this crop.

A notable aspect of the change over from one to a variety of crops and the stimulus given to farming generally is the improved methods of cultivation and animal husbandry which are evident in most parts of the district. Active interest is now being taken in measures for the prevention of soil erosion and the increased use of compost and organic

manures. In past years the prevention of soil erosion was a matter of academic rather than of practical interest, whereas now one sees contour and box ridging as well as other forms of soil conservation practised on many farms. There is no doubt that the campaign undertaken by the Department of Agriculture, The Land Bank and other bodies, is beginning to have fruitful influence here, but much lost ground has to be made up and much has been irreparably lost.

After a series of bad years, finance will play an important part in the scheme of reconstruction and progress will depend upon the ability of the individual to make the desired changes without incurring an overburden of debt. But a definite step forward has been made, in that the district now has a policy which can be followed with reasonable hopes of success, and there is no doubt that the prospects are more hopeful than they have been for a number of years.

8. THIKA

BY CAPT. E. L. LINDSAY

The impressions I have gained in the course of my inspections of coffee estates in the district of Ruiru, Thika, Donyo Sabuk and Makuyu during 1936 are:—

1. Practically every planter now realizes the extreme gravity of soil erosion and is making every effort to prevent any further deterioration of his soil. It is by no means an inexpensive undertaking and many estates still find that they are unable to do all that is required, owing to lack of financial means.

2. A much greater keenness is being shown in improving methods of estate management and general farm operations, but unfortunately the business side of farming is considered by many as almost unnecessary. Many estates do not keep proper accounts and therefore have no means of budgeting for the new season or of knowing what their future prospects may be. It is rare to find an estate that keeps detailed costs of the various farm operations.

Anti-erosion work.—Square ridging is becoming more and more popular as the most suitable means of the prevention of soil wash, and many estates have abandoned various types of trenching as being unsuitable. Contour ridging, unless combined with square ridging has also been found for many reasons to be unsatisfactory.

I still consider that square ridging if carried out in the correct way can retain all flood water from the heaviest down-pour of rain, without breaking away. Every tree benefits

equally from the rainfall, which is not the case in the pitting and contour ridging methods. If weeds are buried under the ridge a general improvement in soil conditions is very soon noticeable. Thatching inside the square is extremely beneficial in retaining soil moisture, adding humus, and being a further check on soil wash.

It is pleasing to note that on many estates all available land close to the coffee areas is being planted up with napier grass, which eventually will be a big source of supply of thatching material.

The fact of the rainy seasons being so poor is most regrettable and up to the date of writing good crop prospects are very doubtful. Planters will realize more than ever the importance of moisture conservation and those who have already undertaken this work will benefit.

9. TRANS NZOIA

BY F. L. MEGSON

Maize.—Reduced areas were planted with maize during 1936, partly because of depressed prices and the uncertain outlook for this crop at the beginning of the year, and partly because of the rains, which came early, followed by several weeks of fine weather in some areas, which delayed planting until it was too late to get as much maize in as had been intended. These conditions also account for a considerable loss in the areas put under wheat.

Usually the earlier planted maize, speaking generally, produce heavier crops. It is too early yet to form an accurate estimate of average yields, but I think they will be up to the standard for this district on most farms.

Wheat.—On the whole the weather has been suitable, and there are some good crops. As in the case of maize, it is too early yet to form an estimate of yields, as the bulk of the crop has not been threshed.

Rust made its appearance, rather more in the Endeless area than elsewhere, and this has undoubtedly caused considerable loss.

Except in certain cases where the farms are properly equipped for wheat growing, it is probable that during 1937 at any rate, the land to be planted with wheat will be limited to that which for reasons of time, weather, etc., cannot be put under maize.

Coffee.—Only a few farmers in the Trans Nzoia run estates which are solely dependent upon coffee, and this crop

is extremely difficult to deal with in the scope of a report such as this. In different parts of the district, more particularly in the case of certain farms on the Mount Elgon and Cherangani Hill slopes, the future of coffee seems assured, always providing that prices be satisfactory. On the other hand the disease known as "Elgon Die-back" would appear to be spreading. Several planters on the Western Mount Elgon slopes are stumping out quite considerable acreages of coffee affected by this disease, which they intend to replant with "Series A" coffee which is being bred as immune to Elgon Die-back. This disease is an undoubted menace to the industry. In the less mountainous and lower parts of the district "Coffee berry disease" takes its annual toll of crops, but its incidence has been less marked in 1936. It does, however, constitute a very serious problem.

On the whole the 1936 coffee crops in this district appears to be light and below average.

Cattle and Dairying.—Activity in this direction is increasing noticeably rather more on the lines of building up and increasing already existing small native herds, as an adjunct to maize and other activities, than in the direction of "turning over to cattle" with a view to restricting maize or other cereal cultivation. It is probable that a steady growth of the cattle industry in this matter, especially if it leads gradually to grade cattle and dipping, is a better method than any violent and revolutionary "swing over" from one industry to another, particularly by farmers trained to the special requirements of maize, coffee and wheat, many of whom have little or no knowledge of the cattle business.

Pyrethrum.—Among minor activities, pyrethrum deserves special mention. It is grown very successfully on the Mount Elgon farms of round about 7,000 feet altitude, and is proving a very useful crop to those engaged in its cultivation. It does not do well at the lower altitudes.

Soil Erosion.—Active steps to prevent soil erosion have been, and are being taken by many farmers in the Trans Nzoia, such as I described in my report for 1935. I think it is safe to say that the majority of farmers are convinced that broad base terracing is the ideal method of prevention, but owing to shortage of funds, insufficient oxen and implements, and lack of technical knowledge which would enable them to mark out the levels and carry out the terracing efficiently, not much progress in this direction has been made. It should also be remembered that in most cases the shamba

to be terraced would have to be left out of cultivation for a year, the loss of revenue from which would be serious to the man farming on a small scale. It would appear that there is a real and urgent demand for a contracting terracing unit, and one such has been floated and is now carrying out trials on Mr. H. G. Dempster's farm. Should this unit be able to do efficient work at a reasonable price there is no doubt that its services will be in great demand. On several of the bigger farms and on some of the smaller ones, terracing is already being carried out by the owners, and a tribute should be paid to those pioneers in so important a work, whom I have found without exception most anxious to help and advise any others wishing to profit by their experience.

Conclusion.—There have been several land sales during 1936, the price of virgin land varying from about Sh. 17/50 to Sh. 60 per acre.

Only one farmer in this District has so far applied to the Farmers Conciliation Board, though I understand there are two other applications pending.

The Agricultural Advances Board Participants, with one exception, are progressing satisfactorily, and should very materially improve their financial position with the good prices now ruling, especially for maize.

Nineteen-thirty-six proved a very difficult year for the Nzoia farmers, due to the low prices for both their principal crops, i.e. coffee and maize. However, the Kenya Maize Association Maize Pool, aided by the Government, was better than had been expected, and the improved prices now ruling have brought renewed hope and confidence. In anticipation of reasonable prices prevailing for another year, it is safe to predict that the area under maize will increase substantially during 1937.

It is very noticeable how quickly a small increase in the price of maize and coffee, especially the former, have their effect on trade and in increased prosperity in a district such as this, where the farmers' powers of recovery are truly remarkable. These powers of recovery are most noticeable in the case of those farmers with whom maize is the principal crop. For reasons of soil, rainfall and altitude the Trans Nzoia is especially suited to maize cultivation, and it seems clear that maize will remain the basic crop of the district, until some better substitute for it has been found and proved.

With maize as the basic crop, and conditions which enable the cultivation of coffee, wheat, pyrethrum, etc., to

be carried on in conjunction therewith; with excellent grazing and hence good prospects for a growing cattle industry, the Trans-Nzoia farmers have, I believe, every reason to look to the future with confidence.

10. UASIN GISHU

By MAJOR J. B. F. ADAMS

Wheat.—There has been a definite and very marked improvement in the methods adopted in growing this crop in the district.

Interesting experiments carried out with different quantities of seed and fertilizer per acre have resulted in great savings of seed, and very largely increased yields, and in wheat of better quality.

The use of the combined seed and fertilizer drill is becoming more and more popular.

Grain fly accounted for heavy losses of crop in the Sergoit area. Very little rust has been noticed and the wheat harvest is certainly well above the average.

Oats. Excellent crops in both quality and quantity are being grown at the higher altitudes and are demanding such good prices as to make this crop a better paying proposition than wheat on some farms.

Pyrethrum.—This crop is being tried on nearly every farm round about 8,000 feet and is well established in the Kipkabus and Ainabkoi areas. An annual increase in the acreage planted is warranted and can be expected.

Maize.—Crops throughout the whole of the lower lying parts of the district are as good as they have ever been this season, with exceedingly heavy yields, mainly due to manuring and more careful seed selection thereby reducing the percentage of "misses" or "blanks".

Coffee.—Owing to poor prices and mixed farming this crop is not so popular as it was and there are very few estates depending on coffee only.

It is expected however that with the introduction of cattle and mixed farming coffee can be advantageously grown in the district together with other mixed crops, but is not recommended as a one-crop proposition, as in the past.

Mixed Farming.—Although only a few herds have been started on a big scale during the year, almost every farmer is going into the question or has already made a small start with dairy cattle, pigs, poultry, etc.

On one estate where nothing but maize and coffee was grown for fifteen years, the following are now carried: Maize, coffee, oats, barley, wheat, flax, napier grass, potatoes, wattle, gums, lucerne, pigs, poultry, dairy cattle, resulting in the sidelines, paying the running costs of the farm and leaving the proceeds of the main crops, viz. maize and coffee, to meet loan interests, etc., leaving a balance for capital expenditure or purchase of cattle, development, etc. Every ounce of farmyard manure is returned to the land.

I am definitely of opinion that these are the only lines on which the average farm in the district can be made to pay. There must be no waste.

Erosion.—Anti-erosion methods are being practised but not to any great extent, but as so large a percentage of the district is very flat, damage from erosion is not generally serious.

A very simple and effective system has been carried out on a few farms, without any additional cost, by contour ploughing, and in the case of maize followed by contour planting, cultivation and stocking.

All that is required is that the opening through furrow to each field is on the contour instead of the usual straight line across the slope.

APPENDIX No. 3

TABLE 1.—APPLICATIONS RECEIVED

1936	LONG TERM LOANS		SHORT TERM LOANS	
	Number of Applications Received	Amount	Number of Applications Received	Amount
		£		£
January	13	18,800	9	1,960
February	13	21,560	8	2,160
March	31	57,900	6	800
April	20	26,060	3	650
May	13	16,065	4	575
June	29	46,000	9	2,135
July	13	20,075	3	525
August	16	30,160	6	1,475
September	17	30,900	6	1,055
October	13	27,430	2	600
November	10	2,305	8	1,700
December	24	28,350	3	600
TOTALS	212	£380,935	67	£14,225

TABLE 2.—APPLICATIONS RECEIVED—AMOUNTS APPLIED FOR DURING 1936

FOR LOANS OF:	
£1-£500	56
£501-£1,000	53
£1,001-£1,500	30
£1,501-£2,000	16
£2,001-£2,500	13
£2,501-£3,000	13
£3,001-£3,500	14
£3,501-£4,000	5
£4,001-£4,500	4
£4,501-£5,000	8
	212

TABLE 3.—ANALYSIS OF APPLICATIONS DEALT WITH DURING THE YEAR 1936

No.	Amount		No.	Amount	
42	£ 75,050	Brought Forward from 1935.			
212	330,035		Applications Received in 1936		
		Considered by Board	200	313,035	
		Withdrawn Before Consideration	18	39,120	
		Awaiting Valuation, etc.	36	63,630	
254	£405,985		254	£405,985	
200	313,035	CONSIDERED BY BOARD.			
6	8,900		Awaiting Completion 1935.		
			Granted and Completed	88	117,065
			Granted	28	54,000
			Awaiting Completion Declined by Applicants.	8	12,050
		Rejected	81	136,900	
206	£321,635		206	£321,635	

TABLE NO. 7.—ANALYSIS OF LOANS L.R. Nos. 1/A TO 3/11c.

District	1 to 500 acres	501 to 1,000 acres	1,001 to 2,000 acres	2,001 to 3,000 acres	3,001 to 5,000 acres	Over 5,000 acres	Total number of farms	Total area	Total valuation	Total advanced	Average area	Average valuation per acre	Average advance per farm	Average advance per acre	Per cent of valuation advanced
Fort Hall-Nyeri	10	5	5	3	7	4	34	43,270	175,084	50,505	1,250	1,479	1,479	57.02	92.5
Nakuru	8	9	13	7	4	1	41	68,767	257,391	89,000	1,694	1,694	1,693	120.89	2931
Machakos and Coast	22	8	—	3	—	—	33	42,559	234,340	63,500	1,182	1,182	1,903	32.19	20-231
Matvasha - Thompson's Falls	4	12	16	5	8	7	51	133,192	145,969	64,150	2,612	2,612	1,002	8.13	37.61
Nakuru	8	23	21	6	3	65	65	73,534	253,769	98,460	1,223	63.92	1,401	22.34	34.99
Songhor	2	2	2	1	3	1	11	17,000	109,078	44,300	2,553	2,553	2,000	72.85	32.70
Thika-Nyala	24	30	30	10	3	108	120,177	385,610	133,035	1,113	63.67	1,232	42.14	34.79	
Usain Gishu	11	23	23	8	4	4	83	138,430	354,305	52,530	1,547	35.17	594	12.85	23-99
TOTAL	111	135	119	47	31	20	463	701,766	2,069,863	691,200	1,516	68.62	1,363	17.99	30.69

THE LAND AND AGRICULTURAL BANK OF KENYA
REVENUE AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1938

EXPENDITURE	£	s.	d.	REVENUE	£	s.	d.
To Interest on Capital Advanced	559	19	96	By Interest Earned	32,693	12	00
Board Members' Fees	2,954	13	46	" Mortgages Prepared	415	10	00
Salaries and Wages	327	16	40	" Mortgages Discharged	130	10	00
Leave and Allowances	165	16	10	" Stamp Duties	232	10	00
Travelling Allowances	169	11	40	" Sundry Fees	129	10	00
Printing and Stationery	94	13	40				
Rent	30	6	94				
Deposits and Telegraphs	69	19	92				
Donations	684	4	00				
Staff Amenity Fund	27	5	90				
Inspections							
General Expenses							
Bad Debt written off	6,167	9	00				
Balance being Excess of Revenue over Expenditure for the Year			42				
			16				
			13				
			21,070				35,968 12 00

THE LAND AND AGRICULTURAL BANK OF KENYA
BALANCE SHEET AS AT 31st DECEMBER, 1936

LIABILITIES

Cash AS Voted	750,000 0 00
Less Allocated to Farmers Conciliation Board	100,000 0 00
	650,000 0 00
Cash Received	570,000 0 00
Sundry Deposits:	
Application Fees	97 0 00
Valuators' Fees	85 1 00
Valuators' Expenses	153 8 00
Charges	2,108 14 55
Endowments Received in Advance	3,425 15 55
Portion of Loans Unissued	3,197 0 20
Sundry Creditors	57 15 90
Reserve Account	5 6 00
Balance at Credit of Revenue and Expenditure Account for Year to Date	14,514 0 61
	6,931 10 36
	£ 800,834 2 02

Examined:
W. H. SMITH,
Auditor.

S. THORNTON,
Secretary

G. WALSH,
Chairman of the Board
E. B. GILL, A.C.A.,
Member of the Board

ASSETS

Sundry Mortgages	543,518 13 85
Principal not yet due	9,076 6 88
Interest Accounts
Charges current Accounts
Interest Accrued, not yet due
Farm Properties	395 6 84
Movable Assets as at 31st Dec., 1935	305 0 00
Additions	20 0 04
Less Depreciation	30 0 84
Motor Car Account	295 0 00
Deposit Accounts	110 0 23
Survey and Registration Dept.	53 3 60
Post Office	7 00
Farmers Conciliation Board
Cash:
At National Bank of India, Ltd.	4,017 15 01
In Hand	3 0 38
	4,020 15 39
	£ 596,834 2 02

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APPENDIX No. 4

PRECIS OF REPORT BY THE BOARD OF THE LAND AND AGRICULTURAL BANK OF KENYA ACTING AS AGENTS FOR GOVERNMENT IN THE ADMINISTRATION OF THE AGRICULTURAL ADVANCES SCHEME FOR THE PERIOD 1st JANUARY TO 31st DECEMBER, 1936.

DEFINITION OF CLASSES.

1. As hitherto, accounts are classified under various headings, which are defined as under:—

CLASS A.II.—Farmers who may be expected to pay advances in full if assistance continued.

CLASS A.IV.—Doubtful cases, where results have been disappointing, which, however, show prospects of recovery in time, but where the farmer will certainly go under if not assisted further.

CLASS A.V.—Cases governed by special considerations where the commitment to the Board is large and where recovery depends on production being maintained.

CLASS A.VI.—Cases formerly included in the had, made arrangements with merchant houses, but the sudden cessation of which at the end of 1936 the resumption of advances by the Board.

CLASS B.I.—Cases where repayment will be made full during the coming year without further advances.

CLASS B.II.—Cases where arrangements have been or will be made with merchant houses to finance future operations on terms satisfactory to the Board.

CLASS B.III.—Cases where no further advances are required or recommended, but in which time should be given for repayment, with a reasonable hope of eventual recovery.

CLASS B.IV.—Cases where results have been disappointing and where no further advances would be justified, but where time should be given to the farmer to make other arrangements if he can, in the bare hope that the Board may recover more than if they took immediate action.

CLASS B.V.—Definitely bad cases where the Board recommend realization when a favourable opportunity occurs.

ADVANCES IN 1936.

2. The recommendations made by the Board in their Report for 1935 were approved by the Secretary of State as follows:—

Advances to 24 Cases (A.II, A.IV A.V and A.VI)	£ 10,659
Administration Expenses	1,000
Against Unforeseen Emergencies	3,000
	£14,659

3. Of the amount authorized by the Secretary of State for advances (£10,659), £8,456 was issued to participants during the year, leaving an undrawn balance of £2,203.

4. Of the £3,000 authorized for unforeseen emergencies, £322 was issued under the Board's authority.

ANALYSIS OF ACCOUNTS

5. At 1st January, 1936, there were sixty-two names on the books of the Advances Board, classified as under:—

CLASS A.II	7
" A.IV	4
" A.V	2
" A.VI	11
" B.I	6
" B.II	6
" B.III	12
" B.IV	14
" B.V	2
	62

6. Of these, twenty-three cases (Classes A.II, A.IV, A.V. and A.VI) received assistance from the Board in 1936. From 1st January to 31st December, 1936, advances made to these twenty-three participants amounted to £8,456. (Note.—This figure does not include amounts paid from the sum authorized for unforeseen emergencies.)

REPAYMENTS.

7. During the period under review repayments by all classes amounted to:—

Principal	£ 8,670
Interest	4,363
TOTAL	£13,033

This amount was collected from the following classes:—

SUMMARY OF ADVANCES AND RECOVERIES,
1st JANUARY to 31st DECEMBER, 1936.

ADVANCES	Class	RECOVERIES		
		Principal	Interest	Total
Jan.-Dec. 1936.				
£		£	£	£
2,447	A.II	1,727	564	2,291
921	A.IV	956	580	1,536
1,568	A.V	2,451	698	3,049
3,520	A.VI	1,700	1,688	3,378
—	B.I	640	63	703
—	B.II	—	30	30
—	B.III	717	171	888
—	B.IV	486	761	1,237
—	Farm Property	—	48	48
8,456		8,670	4,363	13,033

8. The following table affords a comparison of the position as at January 1st and December 31st, 1936:—

	No. of Accounts	Amounts Owing		
		Principal	Interest	Total
		£	£	£
1-1-36	62	94,570	12,015	106,585
31-12-36	53	84,085	14,250	98,335

The reduction in the number of accounts is accounted for as under:—

Six Accounts written off as Bad Debts	£ 12,394
Three Accounts Repaid in Full	470
	£12,864

EXPENSES.

9. For the year 1936, administration expenses were £920 compared with £929 for the twelve months ending December, 1935.

COLLECTIONS.

10. During the year 1936 interest collections from participants amounted to £4,363, and £60 was earned on the Bank account with the National Bank of India. Recoveries in respect of Bad Debts previously written off amounted to £12. The gross revenue therefore amounted to £4,435, and after deducting Administration Expenses, £920, the net revenue of £3,515 was paid to the Treasury.

PRESENT CASH POSITION.

11. The balance at the National Bank of India on December 31st, 1936, was £3,848.

12. If the retention of the principal sum by the Agents and the reissue of sums received during 1937 is authorized, it is hoped that no call will be made on the Treasury. The position, however, is more indefinite than at this time last year owing to the introduction of the new Class (A.VI.) involving the possibility of greater inroads upon the contingencies item of £3,000.

13. Since 1st January, 1936, three participants have repaid advances and interest in full, amounting to:—

	£	s.	cts.
Principal	420	8	23
Interest	40	16	97
TOTAL	£470	5	20

BAD DEBTS.

14. Since January 1st four debts have become bad through foreclosure by mortgagees. The amounts to be written off are:—

	£	s.	cts.
Principal	5,465	0	10
Interest	703	0	85
TOTAL	£6,168	0	95

AGENCY STATEMENT.

15. An audited copy of the Central Agricultural Advances Board account for the year is attached hereto.

RECOMMENDATION.

16. In their preliminary report the Board recommended that authority be given as under:—

(a) To make advances in 1937 to twelve cases in Classes A.II, A.IV, A.V and A.VI to the extent of £7,401.

(b) To incur necessary cost of administration not exceeding £1,000 in 1937.

(c) To write off Bad Debts amounting to:—

	£	s.	cts.
Principal	5,465	0	10
Interest	703	0	85
TOTAL	£6,168	0	95

17. The Board further recommended that a sum of £3,000 be placed to their order against unforeseen emergencies.

18. The Board are grateful to be able to record that the Secretary of State has telegraphed his approval of these recommendations.

