

## EXECUTIVE SUMMARY

Global food insecurity remains alarmingly high, with the [FAO](#) estimating that 735 million people globally, nearly 300 million of whom are in Africa, experienced hunger in 2022. Projections indicate that the world is far off track for achieving the SDG of Zero Hunger by 2030.

One Acre Fund is committed to strengthening food security for our clients. By year-end 2023, we project serving 1.6 million farmers in our core program and an additional 2.53 million via our systems-change work; in Q2, many of these farmers commenced their harvests. Our flat growth nonetheless reflects challenges spurred by evolving market conditions in Kenya and Tanzania; in light of these shifts, we are now restructuring our core program services in both countries to ensure the long-term sustainability of our operations and impact.

We continue to make strong progress toward One Acre Fund's 2030 vision: serving 10 million farmers through our core program and partnerships. To support our next stage of growth, we are announcing a plan to add more leadership bandwidth to our organization – please see the [last page of this report](#) for an important related update.

## FARMER PROFILE



**Name:** Ikurahayo Aloysie

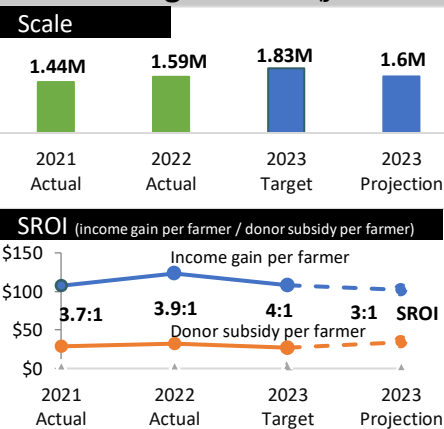
**Location:** Kayanza Province, Burundi

**Adelaide's Story:** Ikurahayo has farmed with One Acre Fund for five years. Before joining, she had limited crop yields and struggled to manage the effects of soil erosion on her land. Through One Acre Fund's trainings and high-quality inputs, she went from harvesting 40 kgs of beans from 20 kgs of seed to producing an impressive 200 kgs of beans from just 4 kgs of seed.

**Quote:** "My farm underwent a transformation after I enrolled with One Acre Fund. My harvest multiplied through the knowledge I gained."

## PERFORMANCE AT A GLANCE

### 1. Core Program Unit (full bundle, direct service program)



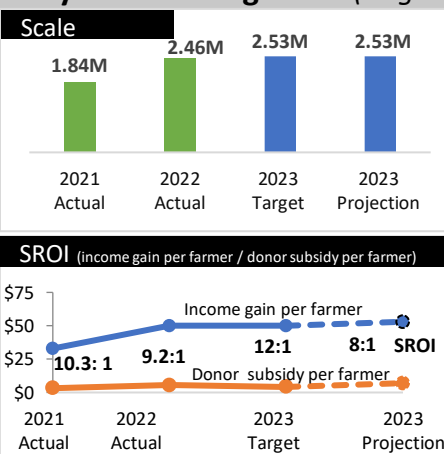
#### Behind Target

We project serving 1.6M farmers by year-end, roughly the same number as 2022. We are confident that the restructuring of our core programs in KE and TZ will support our long-term growth.

#### Slightly Behind Target

We forecast achieving an SROI of 3-3.5 or higher due to inflation raising program costs. Although below our target for the year, our projected SROI remains a leading figure among peer organizations.

### 2. Systems-Change Unit (large-scale partnerships in one ag system)



#### On Track

We are on track to serve more than 2.5 million farm families through our public and private partnerships unit. Driven by the continued expansion of our rural retail network and tree-planting program

#### Behind Target

Project to reach an SROI of 8, below our target. This shortfall is mainly driven by increased operating costs for our Kenya rural retail work, linked to lower farmer demand following the rollout of the government's fertilizer subsidy.

### 3. Field-Building Unit

- Goal:** Influence farm finance, ag R&D, and ag policy fields to benefit farmers.
- Highlight:** Launched in 2022, One Acre Fund's Smallholder Resilience Ventures (SRV) is leveraging our farmer network and value chain expertise to aggregate smallholder production, build processing capacities of existing SMEs, and incubate independent companies to fill agricultural market gaps. This year, SRV is advancing investments across avocado, chili, and coffee value chains in Rwanda.

### 4. Research and Development

- Goal:** Improve future scale, impact, and cost trajectories of program units.
- Highlight:** In Kenya, we are trialing a credit-building on-ramp tailored for lower-income clients and youth, enabling them to access bigger loans, adopt impactful products, and enhance creditworthiness. Shaped by extensive focus groups, the on-ramp will include financial training and a new tailored credit scoring system; the final trial program is set to launch in August.

### 5. Key Challenges

**Adapting to Evolving Market Conditions:** Recent market changes have prompted meaningful restructuring our farmer-facing services in Kenya and Tanzania. Along with the Kenyan government's fertilizer subsidy program, introduced earlier this year, Kenyan farmers are generally showing less demand for labor intensive services, opting for more flexibility. Meanwhile, in Tanzania, the government's increased role in meeting farmer fertilizer needs has created unsustainable financial risks for our operations. To protect our long-term impact and financial health, we are restructuring Kenya and Tanzania's core programs to anchor services to our growing networks of rural retail shops (e.g., our dukas currently represent Kenya's largest owner-operated shop network). Although accompanied by difficult workforce reductions and anticipated shortfalls in 2023 milestones, we are confident these changes will allow us to better serve farmers in these evolving markets. We will share updates on the new program structures in subsequent quarterly reports.

## I. DELIVERY – Scale

Scale milestones	2021 Actual	2022 Actual	2023 Target	2023 Proj.	Status vs Target
Core farmers served*	1,441,300	1,587,900	1,831,000	1,643,500	<i>Behind target – final to be shared in Q4</i>
Kenya**	527,600	436,500	465,000	293,500	<i>Behind target – final to be shared in Q4</i>
Rwanda	631,800	764,100	871,000	871,000	<i>On track – final to be shared in Q4</i>
Burundi	128,700	189,200	263,000	260,100	<i>On track – final to be shared in Q4</i>
Tanzania**	55,100	78,200	73,000	77,300	<i>On track – final to be shared in Q4</i>
Malawi	62,100	95,900	105,000	105,400	<i>On track – final to be shared in Q4</i>
Nigeria	8,900	24,100	54,000	32,500	<i>Behind target – final to be shared in Q4</i>
Systems-Change (# unique farmers)	1,841,000	2,465,000	2,530,000	2,530,000	<i>On track – final to be shared in Q4</i>
Solar lights	159,780	119,700	No target	68,000	<i>No target</i>
Tree adopters / trees surviving 1 year	2,017,000/ 20.1M trees	2,720,000/ 33.8M trees	3,400,000/ 42.8M trees	3,340,000/ 36M trees	<i>Slightly behind for adopters; Behind target for surviving trees – final to be shared in Q4</i>

\*We are partnering with the IFDC on a two-year initiative that includes providing core program services to farmers in Zambia in 2023. Therefore, our core program 2023 projection includes 3,700 Zambian farmers.

\*\* These figures represent the number of farmers served by our Kenya and Tanzania core programs in the ongoing 2023 season; however, in line with the restructure of our farmer-facing services in these markets (noted on the prior page), farmers accessing services through our rural retail network will now be counted under our systems-change unit. We will continue to refine our methodology for presenting scale figures across our evolving channels in subsequent quarterly reports.

### Program Highlights



**Ethiopia:** One acre fund’s operations in Ethiopia are focused primarily on seed multiplication and smallholder agroforestry. Through our seed multiplication work, we provide local cooperatives in Amhara region with training on improved teff seed production (the national staple grain) and market access support. Our Ethiopia program also represents one of our organization’s most important contexts for farm-level tree-planting. Last year, the country program was behind only our Kenya and Rwanda programs in its number of trees planted, supporting over 163,000 farmers across 44 woredas (roughly equivalent to districts) in planting an estimated 14 million trees. This year, the program is advancing a multi-faceted approach to address the key challenge of tree survival, focusing both on upstream factors (advocating for regulatory changes to improve seed quality) and downstream interventions (enhanced nursery management and farmer trainings). While we have had to temporarily pause direct field operations due to recent security challenges in Amhara region, we do not expect the situation to meaningfully affect our program impact in 2023 or beyond.

**Kenya:** One Acre Fund’s new duka-centered structure in Kenya – our most mature market – is resulting in a more streamlined client experience while simultaneously opening new channels for cost-effective growth and impact. In particular, we are excited to announce that after 15 months of piloting, we officially launched the Tupande Online app across our entire Kenya duka network this month. The app conveniently offers farmers access to input purchases with home deliveries at the tap of a button on their phones; this month, we also released a mobile money integration, allowing app users to make product payments directly on the platform via MPESA (Kenya’s leading mobile payment system). Looking ahead, we plan to introduce a market access module and a range of digital advisory services to the app by year-end 2024, leveraging Kenya’s deepening smartphone penetration to place a powerful bundle of interventions directly in smallholders’ hands.

**Field-building:** Insurance payouts provide a vital cushion for smallholders facing mounting climate-related shocks; however, the impact of insurance protection is currently limited due to gaps and structural challenges within the Sub-Saharan market, including low coverage, high premiums, and high basis risk (i.e., variation between a given farmer’s actual losses in the field and the losses recognized by the insurance instrument). To help build smallholder resilience, we are working with the IFC to address gaps in insurance value, product accuracy, and market structure through designing a first-of-its-kind reinsurance fund focused on smallholders’ needs. We are in the process of establishing the legal, regulatory, and governance structures required to get the fund off the ground, initially focusing on coverage across our Malawi program. Once established, the fund will allow for more flexibility on product and payout conditions, enabling us to design microinsurance specifically for African smallholders.

## I. DELIVERY – Sustainability

Sustainability milestones	2022 Actual	2023 Target	2023 Preliminary Results*
Financial sustainability	72%	76%	To report at year-end
Repayment rate (for 2023 seasons)	96%	95%	93% - 2023 projected repayment (Slightly behind target)
Kenya	94%	95%+	77% - 2023 projected repayment (Behind target)
Rwanda	95%	95%+	95% - 2023 projected repayment (On track)
Burundi	98%	98%+	98% - 2023 projected repayment (On track)
Tanzania	99%	95%+	99% - 2023 projected repayment (On track)
Malawi	99%	98%+	99% - 2023 projected repayment (On track)
Nigeria	94%	95%+	95% - 2023 projected repayment (On track)

Preliminary projections indicate we will reach a slightly behind-target 93% overall (seasonal) repayment rate in 2023. This is largely due to the recent restructuring of the Kenya program, which reduced our field staff presence. We are already seeing improvements in collection rates with the resumption of field staff operations under the new structure and implementing new solutions to enhance repayment performance (e.g., more efficient credit scoring).

## II. RESEARCH AND DEVELOPMENT PROJECTS

### Priority Area #1: Program Innovations

*Purpose: innovate program model to boost scale and financial sustainability*

Success Measure	2022 Actual	2023 Target	2023 Preliminary Figures
Farmers per Field Officer, average	298	400	408 – On track
Earned margin % on inputs*	19%	20%	17% - Behind target

### Highlights

#### *High Density Field Officer Trials - Burundi*

Improving our field officers' (FOs) efficiency and performance is a key priority for serving more farmers more cost-effectively. In Burundi, where our core program continues to generate powerful impact, we have achieved a strong average of 430 clients served per FO in established sites, primarily by increasing our ratio of volunteer farmer group leaders to FOs. Group leaders support FOs with program responsibilities, including facilitating farmer repayments and assisting FOs with teaching during trainings. We are now conducting high density trials in 25 of Burundi's top-performing sites, aiming to achieve a ratio of 600 clients per FO while maintaining repayment and impact performance. Achieving this ambitious target will allow us to rapidly scale products and services to smallholders in new areas of Burundi while steadily increasing the country's already strong SROI, projected at \$4:1 in 2023.

### Priority Area #2: Product Innovations – Income Generation

*Purpose: grow and diversify income through new product R&D*

Success Measure	Status of 2022 Target
Trial and scale new interventions to boost and diversify incomes	<p>(1) <u>Optimized agronomy</u>: (1) Scale new seed spacing and reduced fertilizer rate recommendations in Kenya; (2) Update variety menus with key traits and selection guidance in Rwanda – (On track)</p> <p>(2) <u>Commercialization</u>: (1) In most mature programs, offer 2+ commercial crops, supporting market access for 18,000 clients; (2) In earlier-stage programs scale at least 1 commercial crop intervention – (On track)</p>

### Highlights

#### *Irrigation Rental Model - Kenya*

In collaboration with leading smallholder irrigation non-profit [KickStart](#), One Acre Fund has initiated a new partnership aimed at expanding irrigation access through an innovative pump rental agent model. Our rental model, linked to One Acre Fund dukas, is designed to overcome farmers' cost and knowledge barriers to irrigation adoption while creating significant income generating opportunities for young entrepreneurs. We plan to train at least 200 rental agents this year to facilitate pump rentals to farmers; in total, we project the agents will serve 6,000 farmers by year-end. Rigorous testing has revealed strong demand among potential agents as well as irrigation adopters, and we believe this intervention has the potential to reach country-wide scale by year-end 2024.

### **Priority Area #3: Product Innovations – Long-Term Impact**

*Purpose: Ensure long-term viability of our clients' lands and environments*

Success Measure	Status of 2022 Target
Establish and achieve threshold soil health & climate resilience levels	(1) <u>Soil health</u> : Launch soil health campaigns with 50% of farmers in 2+ programs adopting one additional soil health practice – <i>(On track)</i>

#### **Highlights**

##### *Soil Health Trials – Kenya and Rwanda*



One Acre Fund is working to measurably improve farmer adoption of proven soil management practices that can protect farmers lands while improving their yields and profits. In Kenya, we recently implemented a soil organic matter (SOM) behavior change campaign to help improve farmer adoption of practices that increase production of biomass and field application of residues (or compost, manure, etc.) The campaign placed particular emphasis on text message reminders of SOM best practices (e.g., minimum tillage, reduced fertilizer application). In 2022, the most recent iteration of the campaign, these messages were disseminated to all 464,000+ of our Kenyan core program farmers, representing our organization's largest soil behavior change effort to date.

Based on these results, we are continuing to scale the use of carefully crafted text messages to promote soil conservation across our network. In Rwanda, for instance, we are working to advance adoption of soil-enriching cover crops through a Social and Behavior Change Communication (SBCC) approach which includes SMS nudges. The SMS campaign includes a learning component centered on understanding authentic community attitudes toward cover crop adoption; insights are expected to eventually shape related SBCC efforts in our other country programs.

### **Priority Area #4: Product Innovations – Health**

*Purpose: Improve family health through interventions leveraging 1AF distribution and training capability*

Success Measure	Status of 2022 Target
Trial and scale interventions that improve dietary diversity and child development, and protect families from health shocks	Improve dietary diversity by delivering nutritious crop seeds to 145,000 unique adopters. - <i>(On track)</i>

#### **Highlights**

##### *Promoting Indigenous Leafy Greens – Kenya*



Offering high-quality seed and trainings for cultivating indigenous leafy greens represents a scalable and cost-effective way to improve farm families' livelihoods and dietary diversity. In Kenya, indigenous vegetables such as managu and saga are highly nutritious, yet face limited popularity compared to staple cereals. After undertaking extensive farmer-facing research to better understand barriers to increased consumption of these crops, we are now advancing a multifaceted strategy to boost farmer adoption, including SMS and radio campaigns, high-touch trainings from local field staff, and tailored seed subsidies. We aim to directly support a projected 110,000+ farm families in cultivating managu and saga by year-end 2025 while simultaneously helping to reshape broader farmer attitudes around these nutritious and locally appropriate crops.

## Priority Area #5: Impact Research and Methodology

Success Measure	Status of 2022 Target
Complete initial assessment of carbon finance landscape, identifying main interventions and measurement methodologies to pursue in 2022 and beyond.	(1) Scale farmer-informed agroforestry packages to 1,500+ farmers across carbon pilot projects in Tanzania, Zambia, and Malawi; (2) Investigate certification pathways for whole market tree distributions and landscape-level planting in other markets (e.g., Rwanda). - <i>(On track)</i>

### Highlights

#### *Smallholder Carbon Project Models – Zambia, Tanzania, Malawi, Rwanda*

We continue to pilot new agroforestry models expressly designed for environmental impact via carbon sequestration and landscape restoration. In 2023, we are scaling our Zambia and Tanzania permanent tree intercropping pilots (for carbon offset revenues) to roughly 1,500 total farmers.

Simultaneously we are launching new agroforestry carbon pilots tailored to smaller land-size markets like Malawi, where we are implementing a new integrated agroforestry trial. We are pleased to have recently completed enrollment for 171 farmers in our Malawi carbon program's first season; planting is now underway after providing each farmer with ~200 seedlings (a mix of soil improving, timber, and fruit species) and an additional 400 shrub seeds. Enrollment for our second cohort of farmers in the Malawi trial will commence in October, and we are simultaneously laying the groundwork for potential carbon certification in 2024.



*Lucian Mandili, is smallholder from Masege village in South Kilolo district participating in One Acre Fund's carbon credit trial in Tanzania.*

## III. ORGANIZATIONAL CAPACITY

### Talent

*Maintain momentum with 75%+ highest skilled roles filled by African nat'ls; measurably reduce the advancement equity gap by launching new, more equitable staff performance metrics and diversifying promotions committee; maintain 50% African membership on global leadership body. – ON TRACK*

We continue to make progress across multiple fronts to advance diversity, equity, and inclusion (DEI) across One Acre Fund. Following strong 2022 progress in key equity and inclusion initiatives (including a major review of compensation and benefits across our organization), this year we are focusing on achieving equity across all HR policies, while also improving gender representation in leadership. Our progress in 2023 to date includes:

- **Board and leadership representation:** We increased female representation on our main governing board. Our newest board member, Kanini Mutooni is based in Kenya and brings extensive expertise in agriculture, impact investing, and international trade.
- **Performance management:** To ensure all staff have clear expectations of their roles, each team across the organization is taking part in a process to standardize internal job descriptions. Once completed, every staff member will have an up-to-date job description based on their current role.
- **Compensation and benefits:** In April we kicked off the second phase of 2022's Compensation & Benefit revamp, reviewing our non-monetary policies and benefits to ensure they are both valuable and equitable.

Separately, please see the [last page of this report](#) for an important announcement regarding shifts to our organizational leadership (this same update has also been shared on [One Acre Fund's website](#)).

### Fundraising

*Raise \$93M in grants – ON TRACK; raise \$114M in committed debt capacity to support farmer loan pool – ON TRACK*

We are tracking ahead of our 2023 fundraising goal of \$93 million, largely due to securing several unbudgeted, unrestricted grants in Q2. Separately, in 2023, we have raised over \$75M in outstanding debt so far, which helped us increase our loan capacity to \$99M. We anticipate closing additional debt deals delayed from the previous quarter later this year and end on target with \$114M available debt.

## IV. IMPACT

Impact milestones	2022 Actual	2023 Target	Status as of August 2023
<b>Core agricultural bundle</b> income per farm family			All Impact data to be reported at year-end
Three-year rolling average (annual + asset)	\$103	\$112	
Annual average - \$ and %	\$123 (\$96 annual, \$27 asset) / 34%	\$108 / 40%	
Social Return on Investment, or SROI (impact per farmer / donor subsidy per farmer)	3.9: 1	4: 1	
Annual country-level impact (annual + asset)			
Kenya - \$ and %	\$103/ 25%	(Targets not set at country level)	
Rwanda - \$ and %	\$114 / 46%		
Burundi - \$ and %	\$125 / 68%		
Tanzania - \$ and %	\$36 / 5%		
Malawi - \$ and %	\$81 / 40%		
Nigeria - \$ and %	\$338 / 30%		
<b>Systems-Change</b> income per farm family			
Weighted avg impact per unique farmer	\$48.50	\$50	

**Core Bundle:** Several One Acre Fund countries have begun the 2023 season’s harvest, and our M&E teams have now commenced our rigorous annual impact measurement activities. Several of our core program countries, including Kenya, Burundi, and Malawi, are experiencing poor weather patterns with the potential to reduce harvests. In Kenya, the government's fertilizer subsidy program is also expected to increase control farmer profits, driving down our corresponding impact. Taken together, early indications suggest this will be a challenging impact year for our core program. Nonetheless, we project that strong crop prices (a lingering effect of pandemic-related supply challenges), will help balance out some of the challenges. We look forward to sharing preliminary impact results in our Q4 report.

**Systems-Change Unit:** This year, the scale of our systems-change unit is driven primarily by program growth in Rwanda, Burundi, and Nigeria, where we are expanding our high-impact rural retail network and tree-planting programs. In 2023, we expect to generate \$50+ in impact per unique farmer through our systems change work, yielding over \$127 million in new farmer profits beyond our core program. In addition to direct income boosts for participating farmers, growth in our partnership work continues to strengthen the productivity of entire food systems; for instance, through our work with the Government of Rwanda, One Acre Fund is helping to build the framework for a strong, domestic seed sector by establishing a new Seed Center of Excellence. This Center will not only equip more farmers with high-quality seed, driving yield and income increases – it also has the potential to position Rwanda as a regional leader in quality seed production, unlocking potential export opportunities.

## V. CONCLUSION



Malawian One Acre Fund farmer Handson John (right)

In the midst of persistent economic challenges and unpredictable weather conditions, Africa's smallholder farmers are once again bracing for a difficult year. Through the programming and innovative R&D described above, One Acre Fund is working to ensure that our services deliver pathways to achieving big harvests, healthy families, and rich soils.

As we advance this work with the roughly 4+ million farm families participating in our core program and partnerships in 2023, we remain deeply grateful for your support.

## **Organizational update: Transitions in One Acre Fund's CEO role and addition of a new leadership role**

We would like to share an update on changes at One Acre Fund's senior-most leadership level. These changes will take effect next year and are the result of careful planning. These shifts will add important capacity to One Acre Fund's senior leadership team and strengthen the organization overall.

One Acre Fund has grown over the past 17 years, and with it, our ambition. We worked with just a handful of farmers in 2006, and today we serve more than 4 million farmers through full-service programs and operating partnerships. We aim to serve 10 million smallholder farmers by 2030, empowering them to sustainably create \$1 billion in new profits and assets. To achieve this vision, we are adding more leadership bandwidth to the organization.

### ***Andrew Youn is transitioning to a new staff role as President in March 2024.***

After 17 years as One Acre Fund's Chief Executive Officer (CEO) and co-founder, Andrew Youn will transition into a new role as One Acre Fund's President in March 2024.

In his role as One Acre Fund's CEO, Andrew has overseen both fundraising and operations since 2006. **As President, Andrew will focus primarily on shaping special initiatives together with strategic funding partners.** In turn, this will create room for a new Chief Executive Officer to devote singular energy to our field operations in nine countries.

***Having both a CEO and President will be a valuable addition to the organization. This will bring more leadership power to One Acre Fund as a whole, strengthening both organizational resource development and program operations in the long run.***

### ***Eric Pohlman will become the next One Acre Fund Chief Executive Officer in March 2024.***

Following a rigorous, inclusive 3-month CEO selection process advised by a Kenyan talent search firm, the board has unanimously voted to appoint Eric Pohlman, One Acre Fund's co-founder and Rwanda Country Director, as the next CEO.

**As a One Acre Fund co-founder, Eric started the Rwanda Program in 2007 and served as its first Field Officer.** Under his leadership, the Rwanda Program has grown from 38 farmers to a projected 871,000 farmers by year-end, with public and private sector partnerships that reach nearly every household in the country. Eric is a visionary program leader with a demonstrated track record in delivering results. He is also a strong people leader who has helped build a diverse and inclusive team of leaders within the organization. Eric lived in rural Rwanda for 12 years and now lives in Kigali.

### ***As Eric prepares to step into his new role in early 2024, Belinda Bwiza – Rwanda's Deputy Country Director – will become the next Rwanda Country Director.***

As an organization, we are very fortunate to have a deep, diverse leadership talent bench. This allows us to deploy in-house talent and skills in key leadership positions, which in turn guarantees our ability to continue delivering impact to farmers for many more years to come. We are therefore delighted to announce that **Belinda Bwiza, our current Rwanda Deputy Country Director, will succeed Eric as the next Rwanda Country Director.**

Belinda joined One Acre Fund in 2018, bringing a wealth of existing experience in enterprise management. Belinda has led the growth of our Rwanda Field program to national scale, more than doubling the number of farmers our Rwanda program serves. Additionally, she has a valuable breadth of experience, having managed our systems, people, retail, and tree functions, as well as strong external leadership experience having served on several prominent boards in Rwanda. We are looking forward to Belinda's continuing leadership of the Rwanda Program in her expanded role.

### ***In closing***

We remain guided by our mission and purpose: One Acre Fund exists to create impact for farmers. We have an organization-wide vision to help 10 million farmers become more prosperous by 2030; this expansion of our strategic partnership-building capacity will better position us for success in the next decade, and create a stronger organization for the future.

— James Mwangi, Board Chair, and One Acre Fund's [Governing Board](#)

## APPENDIX 1: Unaudited, Preliminary 2023 Q2 YTD Financials

Our countries of operation continue to face difficult macroeconomic conditions, with high inflation, and exchange rate and local currency depreciation. Q2 YTD Net Income is currently running ahead of budget due to the recognition of several unbudgeted grants secured in Q2 (offsetting revenue misses in our core and systems change programs) as well as cost efficiencies and savings across several programs and business units (field building, R&D); nonetheless, we now project missing our full-year Net Income target.

Core Program - One Acre Fund direct services	Budget YTD	Actuals YTD	Variance	% (YTD)
Farmer revenue	67,069,441	41,989,393	(25,080,048)	-37.4%
Inputs (seed, fertilizer, solar lamps, etc.)	(50,955,430)	(38,358,910)	12,596,521	24.7%
Bad debts expense	(3,224,075)	(2,169,168)	1,054,907	32.7%
Associated costs (crop insurance, transport, storage)	(8,839,097)	(5,679,933)	3,159,164	35.7%
Interest Expense	(1,755,704)	(1,285,093)	470,611	26.8%
Field operations costs (primarily salaries)	(14,111,506)	(15,709,261)	(1,597,756)	-11.3%
Program support (primarily HQ costs and overhead)	(8,800,961)	(9,600,106)	(799,145)	-9.1%
Core Program Overhead allocation	(1,402,581)	(1,472,022)	(69,441)	-5.0%
Budget Buffer	(1,375,000)	0	1,375,000	n/m
Flex Fund	0	0	0	n/m
<b>Core Program Total</b>	<b>(23,394,914)</b>	<b>(32,285,100)</b>	<b>(8,890,186)</b>	<b>-38.0%</b>
Systems Change – One Acre Fund for countries	Budget YTD	Actual YTD	Variance	% (YTD)
Revenues (primarily farm input sales to agro-dealers)	46,072,773	17,234,771	(28,838,002)	-62.6%
Farm input costs	(36,928,914)	(16,033,009)	20,895,906	56.6%
Associated costs (transport, storage, allowance)	(982,613)	(964,583)	18,030	1.8%
Staff, program and management support for input sales	(9,420,655)	(7,385,442)	2,035,213	21.6%
Farm Input Sales Shared Overhead Allocation	(258,953)	(263,706)	(4,753)	-1.8%
Net Contribution from Farm Input Sales	(1,518,363)	(7,411,968)	(5,893,606)	n/m
Extension, Seed and other partnerships (net of revenue)	(2,327,138)	(2,059,479)	267,658	11.5%
Systems Change Overhead allocation	(299,403)	(278,088)	21,315	7.1%
<b>Systems Change total</b>	<b>(4,144,903)</b>	<b>(9,749,536)</b>	<b>(5,604,633)</b>	<b>-135.2%</b>
Field-Building	Budget YTD	Actual YTD	Variance	% (YTD)
Government Relations	(1,416,098)	(1,280,117)	135,981	9.6%
Communications	(931,952)	(617,106)	314,846	33.8%
Field Building Overhead allocation	(184,336)	(190,001)	(5,664)	-3.1%
<b>Field Building</b>	<b>(2,532,386)</b>	<b>(2,087,224)</b>	<b>445,163</b>	<b>17.6%</b>
Research and Development	Budget YTD	Actual YTD	Variance	% (YTD)
Product and service R&D	(2,303,002)	(2,106,935)	196,067	8.5%
Scale innovation	(228,799)	(124,872)	103,927	45.4%
New country scouting and piloting	(101,750)	(153,062)	(51,312)	-50.4%
Strategy and Research	(283,038)	(290,910)	(7,872)	-2.8%
Monitoring & Evaluation	(2,121,823)	(1,946,421)	175,402	8.3%
Research and Development Overhead allocation	(289,905)	(303,224)	(13,318)	-4.6%
<b>Research and Development</b>	<b>(5,328,317)</b>	<b>(4,925,423)</b>	<b>402,894</b>	<b>7.6%</b>
Shared Services	Budget YTD	Actual YTD	Variance	% (YTD)
Systems and Infrastructure	(3,605,739)	(3,416,276)	189,462	5.3%
Finance	(1,252,430)	(950,478)	301,952	24.1%
People Operations	(1,850,246)	(2,154,238)	(303,993)	-16.4%
Fund development	(2,320,820)	(3,024,958)	(704,138)	-30.3%
Supporting departments (Executive, Legal)	(1,896,622)	(2,227,635)	(331,013)	-17.5%
Shared Services Overhead allocation	(408,131)	(456,868)	(48,737)	-11.9%
<b>Shared Services</b>	<b>(11,333,987)</b>	<b>(12,230,454)</b>	<b>(896,466)</b>	<b>-7.9%</b>
Remeasurement loss	0	(8,695,529)	(8,695,529)	n/m
Other revenue	0	1,275,673	1,275,673	n/m
<b>Deficit before fundraising</b>	<b>(46,734,508)</b>	<b>(68,698,099)</b>	<b>(21,963,591)</b>	<b>-47.0%</b>
Donor Contributions	Budget YTD	Actual YTD	Variance	% (YTD)
Unrestricted Grants Revenue	28,158,075	38,102,308	9,944,233	35.3%
Total Restricted Cash Released	23,038,425	33,885,326	10,846,901	47.1%
Grant Revenue (Donor-Intended basis)	51,196,500	71,987,634	20,791,134	40.6%
Grants to sub-recipients	(3,088,684)	(175,460)	2,913,223	94.3%
<b>Total Revenue (Donor-intended basis)</b>	<b>164,338,714</b>	<b>132,487,471</b>	<b>(31,851,243)</b>	<b>-19.4%</b>
<b>Total Expenses</b>	<b>(162,965,405)</b>	<b>(129,373,397)</b>	<b>33,592,008</b>	<b>20.6%</b>
<b>Net Income (Donor-intended basis)</b>	<b>1,373,309</b>	<b>3,114,074</b>	<b>1,740,765</b>	<b>126.76%</b>
(-) Required Net Asset Additions	(1,347,238)	1,869,539	3,216,777	n/m
<b>Net Income after Required Net Asset Additions</b>	<b>26,071</b>	<b>4,983,613</b>	<b>4,957,542</b>	<b>n/m</b>
(+) Required Net Asset Additions	1,347,238	(1,869,539)	(3,216,777)	n/m
(+) Restricted Grants Revenue	10,050,068	71,951,889	61,901,821	n/m
(-) Restricted Cash Released	(23,038,425)	(33,885,326)	(10,846,901)	-47.1%
<b>Total Net Income (GAAP basis)</b>	<b>(11,615,048)</b>	<b>41,180,638</b>	<b>52,795,685</b>	<b>n/m</b>

**Core Program:** -\$8.9m negative to budget at -\$32.3m (Budget: -\$23.4m). This translated to an additional -\$14 required to serve each core farmer compared to the budgeted amount. The higher deficit was mainly due to lower enrollment in Kenya and Rwanda, reduced gross margins as a result of declining fertilizer prices (with inventory purchased at higher prices in 2022) and depreciation of local currencies against the US Dollar. This impact was partially offset by reduced bad debt costs of \$1m and associated expenses of \$3m, mainly driven by lower incentive bonuses and distribution costs due to the revenue miss in Kenya and Rwanda.

**Systems Change:** net deficit was -\$5.6m negative to budget at -\$9.8m (Budget: -\$4.1m). This was primarily due to: 1) Decreased revenue and margins in Kenya rural retail, primarily due to the impact of the government subsidy program on client footfall and lower margins on fertilizer 2) Reduced sales of macadamia within the Kenya Market Access segment driven by lower global demand resulting from the global economic downturn and delays in getting the US FDA certification. 3) Diminished revenues from Market Access activities in Rwanda, primarily due to nationwide maize shortages caused by drought conditions in previous seasons.

**Field Building:** net deficit was +\$0.4m positive to budget at -\$2.1m (Budget: -\$2.5m). This was mostly due to reduced meetings, external consultation and team transport costs as well as savings from staff departures.

**Research and Development:** net deficit was +\$0.4m positive to budget at -\$4.9m (Budget: -\$5.3m). This was mostly due to delayed/dropped spending on trials and surveys in Kenya, Rwanda, and Nigeria as well as savings from open roles under Global teams.

**Shared Services:** net deficit was -\$0.9m negative to budget at -\$12.2m (Budget: -\$11.3m). This was mostly due to a higher headcount in fund development to support expanded grant-related activities. Costs were partially offset by savings from vacant positions, reduced bank fees, and lower hedging costs within the Finance and Systems and Infrastructure departments.

**Remeasurement loss:** FX loss due to the remeasurement of cash and receivable balances in our countries following the depreciation of local currencies. 62% of the \$8.7m remeasurement expense was incurred in Burundi and Nigeria after their Governments unexpectedly devalued their currencies.

**Other Revenue:** Primarily related to unbudgeted one-off fertilizer sales, direct inventory sales and trial revenue.

**Grants:** Grants (recognized on a 'donor-intended' basis) were +\$20.8m higher than budget at \$72m (Budget: \$51.2m). This was mainly due to the recognition of several unbudgeted unrestricted grants.

**Net Income (Donor-Intended Basis):** \$1.7m positive to budget at \$3.1m (Budget: +\$1.4m). Total revenue was -\$32m negative to budget at \$132.7m (Budget: \$164.7m) on account of revenue misses in our Core and Systems Change programs as explained above. Total expenses were +\$33.7m positive to budget at \$129.5m (Budget: 163.2m) on account of cost efficiencies and savings across the different programs and business units resulting to our net income of \$3.1m.