

## EXECUTIVE SUMMARY

2023 presented challenges that necessitated meaningful changes across One Acre Fund. In response to regulatory headwinds and macroeconomic volatility, we underwent important evolutions in our program structure in Kenya and Tanzania to prepare for our next decade of growth. Despite the hurdles of our external environment, we reached 1.5M farmers in our core program and an above-target 3.4M farmers through our systems-change platform.

One Acre Fund is committed to strengthening food security for our clients. Early impact results show One Acre Fund clients are generating \$130 in new income and assets per farmer, a powerful sum for a smallholder family and above our annual target. While this report shares our preliminary 2023 figures, we look forward to providing final figures in our subsequent Q1 2024 report.

Over the past year, we made strategic investments in growth and impact-centered R&D, with an emphasis on digital tech. Our Tupande Online mobile app was recognized as Kenya's best agriculture app by [Vibrant Digital Africa's 2023 mobile app awards](#). The Tupande app was selected for its ability to leverage tech to enhance agricultural practices and support the farming community.

## FARMER PROFILE



**Name:** Marc Niyomugabo

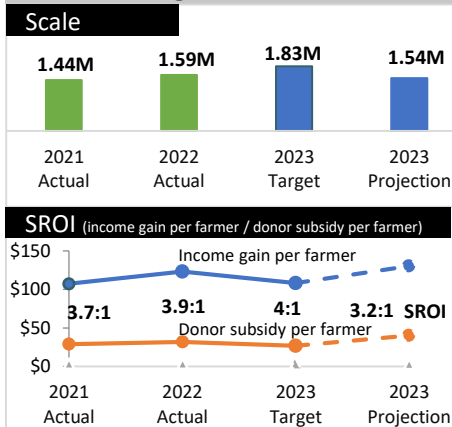
**Location:** Nyamagabe District, Rwanda

**Adelaide's Story:** Marc is a 31-year-old smallholder who started farming with One Acre Fund in 2019. In addition to growing beans, maize, passion fruit, and tree tomatoes, Marc partnered with One Acre Fund to produce tree seedlings.

**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)



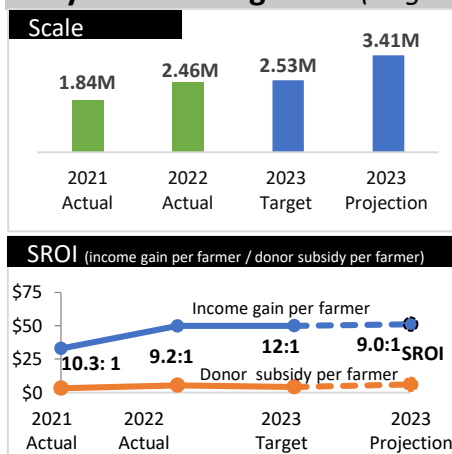
**Target Missed**

Reached a below-target 1.5M farmers, reflecting challenges driven by Kenya's government subsidy program. We reached above-target scale in our poorest markets of Burundi and Malawi

**Target Slightly Missed**

Initial results point to an SROI of 3.2:1. This corresponds to over \$3 in new farmer income for every donor dollar, representing strong impact efficiency for the poverty levels of the farm families we reach.

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



**Target Met**

Achieved an above-target 3.4 million unique farmers via partnerships in 2023, driven by multi-country expansion of our rural retail and agroforestry partnerships. Significant scaling occurred in Rwanda in particular, with 24% year-over-year growth.

**Target Missed**

Reached a below-target SROI of 9.0, due to increased cost of delivering programs in Kenya resulting from the government subsidy program. We expect SROI to increase in future seasons as we realize gains of last year's model restructures.

### 3. Field-Building Unit

- **Goal:** Influence farm finance, ag R&D, and ag policy fields to benefit farmers.
- **Highlight:** In 2023, we helped to found the [Climate Action for Smallholders Coalition \(CASH Coalition\)](#) alongside other leading smallholder orgs to address pressing climate-induced challenges. An overriding goal of the coalition, one of the largest constituencies of smallholders globally, is to support development of a premium-priced smallholder credit for CO2 sequestration and other ecosystem services.

### 4. Research and Development

- **Goal:** Improve future scale, impact, and cost trajectories of program units.
- **Highlight:** As part of our tech evolution, we are testing ways to leverage optimized agronomy to help farmers increase their crop yields and profitability. In Kenya, we are exploring ways to combine our mobile app, Tupande Online, and our satellite remote sensing weather monitoring program to provide smallholders with tailored farming recommendations directly to their phones.

### 5. Key Challenges

**Financial Health:** 2023 was challenging for One Acre Fund financially due to unpredictable external circumstances. We sustained heavy losses in our Kenya program due to the unanticipated government subsidy, which dramatically reduced farmer demand and left us with relatively high-priced inventory to be sold at a loss. We also incurred ~\$15M in unbudgeted remeasurement losses due to depreciations (and large devaluations) of our local currencies. These losses were absorbed by operating reserves we carefully built in recent years. We are implementing financial risk mitigation measures in order to meet our farmer scale targets while maintaining our strong financial foundation, including continuing to invest in margin-positive businesses, investing in fundraising, and completing the restructuring of our Kenya and Tanzania programs. We are confident these measures will enable us to continue meeting the needs of our clients while safeguarding our financial health.

## 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	1,543,900	Target Missed
Kenya**	527,600	436,500	465,000	270,200	Target Missed
Rwanda	631,800	764,100	871,000	789,500	Target slightly missed
Burundi	128,700	189,200	263,000	260,100	Target slightly missed
Tanzania**	55,100	78,200	73,000	77,300	Target Met
Malawi	62,100	95,900	105,000	109,400	Target Met
Nigeria	8,900	24,100	54,000	32,500	Target Missed
Systems-Change (# unique farmers)	1,841,000	2,465,000	2,530,000	3,415,000	Target Met
Solar lights distributed	159,780	119,700	No target	87,500	No target
Tree adopters / trees surviving 1 year	2,017,000/ 20.1M trees	2,720,000/ 33.8M trees	3,400,000/ 42.8M trees***	2,464,000/ 37.4M trees	Target Missed

\*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 5,000 Zambian farmers.

\*\*These figures represent the number of farmers served by our Kenya and Tanzania core programs in the 2023 season; however, in line with the restructure of our farmer-facing services in these markets, 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.

\*\*\*Our initial 2023 surviving trees target was artificially inflated in preliminary forecasts. Our results keep us on track to meet our goal of planting 1Bn trees by 2030.

### Program Highlights



Raphael Mwande & Fatima Bingesiti, Malawi

**Malawi:** Founded in 2013, we now serve nearly 110,000 clients in Malawi, delivering a robust value proposition of reliable service, high-quality inputs on credit, and consistent crop impact. Our recent expansion to the Central Region was highly successful, seeing strong farmer demand and program performance. Based on these early successes, we are looking to expand rapidly in this new area; these sites may also offer new opportunities to support farmers on cash crops like soya and groundnuts. Malawi is also a key context for advancing our organizational climate resilience strategy. In 2023, Malawi's leadership team developed an actionable roadmap for the program's climate goals that will

guide efforts to build on staple crop impact, driving related investments in climate-adapted and soil-health-focused measures (e.g., crop and income diversification, improved insurance, and more).

**Uganda:** One Acre Fund's operations in Uganda focus on improving smallholder livelihoods via agroforestry and increasing coffee yields, and related market access programs. Coffee, grown extensively in Uganda, offers a particularly important opportunity for farmers to earn greater incomes. Our extension agents work directly with coffee farmer clients to deliver a training curriculum that embeds climate-smart agriculture principles, targeting sustainable productivity improvements. Alongside our training program, we seek to increase farmer profits by connecting smallholders to higher-value markets. We launched a coffee market access partnership in 2021 with UGACOF, the largest coffee exporter in Uganda. Through the partnership, farmers in our areas of operation can utilize UGACOF's local hulling station at a subsidized price and then sell directly for a premium price compared to selling to middlemen. In 2023, we enrolled 10,000 farmers into our coffee extension program, supporting the sustainable preservation and management of 1.8 million coffee trees.

**Field-building:** One Acre Fund's systems-change platform engages in private and public partnerships to transform the systems that touch farmers at massive scale. In 2023, our systems-change growth was mainly driven by expansion of our tree-planting programs and efforts to grow revenue in our rural retail shops. Rwanda continues to represent our strongest context for whole-market impact, with programs supporting country-level improvements around quality seed production, hybrid seed adoption, and tree-planting. Our core program and partnerships now operate in every district in Rwanda, reaching 95% of the country's total farming population. The increasing reach of our systems-change scale allows us to fortify the structural foundations of the agricultural system and create a resilient and inclusive ecosystem that benefits smallholder farmers.

## I. DELIVERY – Sustainability

Sustainability milestones	2022 Actual	2023 Target	2023 Preliminary Results
Financial sustainability	72%	76%	62% - Target missed
Repayment rate (for 2023 seasons)	96%	95%	95% - Target met
Kenya	94%	95%+	84% - Target missed
Rwanda	95%	95%+	98% - Target met
Burundi	98%	98%+	98% - Target met
Tanzania	99%	95%+	100% - Target met
Malawi	99%	98%+	100% - Target met
Nigeria	94%	95%+	95% - Target met

The challenging macroeconomic conditions in our countries of operation, marked primarily by high inflation and depreciating local currencies, contributed to a preliminary below-target sustainability of 62%. Looking forward, we anticipate realizing efficiency gains from the programmatic shifts in Kenya and Tanzania undertaken last year. Despite external challenges, however, preliminary figures show us meeting our 95% repayment target for 2023, supported by the implementation of 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	382 – Target slightly missed
Earned margin % on inputs	19%	20%	5% - Target missed

### Highlights

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

Improving our field officers' (FOs) efficiency and performance is a key priority for serving more farmers more cost-effectively. In Nigeria, our newest country program, we launched a high-density FO trial that will test our ability to reach an unprecedented ratio of 1,000 clients per FO. Our Nigeria team is collaborating with our Burundi program to gather learnings from Burundi's related successful high-density trials, which will inform the ongoing implementation. Achieving this ambitious target would allow us to rapidly scale products and services to smallholders in new areas of Nigeria while steadily increasing the country's already strong SROI, projected at \$12:1 in 2023.

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

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

Success Measure	Status of 2023 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 – <i>Ongoing*</i></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 – <i>Target met</i></p>

\*We are continuing related optimized agronomy research in 2024 and are maintaining the same target milestones.

### Highlights

#### *Crop Commercialization - Burundi*

We continue to expand trials of different cash crops and market access options for farmers to access higher-value markets in Burundi, a powerful potential lever for boosting incomes and quality of life. In 2023, our Burundi program offered several cash crops including passion fruit, avocado, and banana in five districts. We plan to expand our cash crop offerings to diversify the crops grown by our farmers in future seasons; we are also working to improve the performance of farming cooperatives (networks of smallholder farmers in which farmers pool resources for certain farming activities) through market access initiatives. We expanded this initiative from 20 cooperatives in 2022 to serving a total of 50 cooperatives in 2023. Through our work with cooperatives, we aggregated and facilitated the purchase of 40 metric tons of soybeans and recently launched a new mushroom cultivation trial.

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

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

Success Measure	Status of 2023 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>Target met</i>

#### Highlights

##### *Soil Health Trials – Rwanda*



Soil degradation is an urgent problem for Africa's smallholder farmers. Degraded soils support fewer plants and lead to inferior harvests, driving food insecurity. In 2023, One Acre Fund made soil health more central to our organization-wide climate strategy, adopting an ambitious set of 2030 soil health goals, including zero soil acidity, zero nutrient loss through erosion, and maintenance of organic soil carbon levels above 2%. One Acre Fund's R&D team is now pursuing these goals by advancing research around specific regenerative agriculture practices and emerging soil health technologies tailored to the smallholders we serve. For example, in 2023, our R&D department made progress in pursuing critical early-stage soil health research and

development to identify and advance soil health technologies that can improve soil fertility while decreasing the use of inorganic fertilizers. Specifically, the team has initiated the study of *Gluconacetobacter diazotrophicus* (G.d.) bacteria in Rwanda, which has the proven ability to colonize a variety of important plants and biologically fix nitrogen into crops.

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

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

Success Measure	Status of 2023 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>Target met</i>

#### Highlights

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



Mercy Mwaniki, 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 2023 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>Target met</i>

### Highlights



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

We continue to advance our efforts to connect smallholder farmers to global carbon markets. Over the past year we successfully expanded our Zambia carbon pilot, launched reconfigured carbon pilots in Tanzania, and scoped and initiated our first-ever carbon pilots in two smaller land-size countries: Malawi and Rwanda. In Malawi we are actively testing two carbon agroforestry models: integrated agroforestry (planting diverse tree crops alongside annual crops in farmers' fields) and reforestation (planting trees for sustainable harvest and soil improvement on degraded communal lands). In Rwanda, our newest context for exploring carbon projects, we are trialing an intensive agroforestry initiative that offers farmers customizable tree packages based on their needs and available land size. The pilot is now underway with 1,050 farmers; results from this initial season will be essential for testing the underlying assumptions of the model, helping to inform the future trajectory of our carbon-focused programming in the country.

## 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 (our 18-member key decision-making body) – **Target met***

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 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 took part in a process to standardize internal job descriptions. Through the exercise, every staff member received an up-to-date job description based on their current role.
- Compensation and benefits: We conducted the second phase of a 2022 Compensation & Benefit revamp, reviewing our non-monetary policies and benefits to ensure they are both valuable and equitable.

### Fundraising

*Raise \$93M in grants – **Target met**; raise \$114M in committed debt capacity to support farmer loan pool – **Target slightly missed***

We surpassed our 2023 fundraising goal, largely due to securing several unbudgeted, unrestricted grants. Our grant revenue (donor-intended basis) is expected to increase from \$104 million to \$124 million in 2024, driven primarily by continued fundraising progress in newer segments, particularly public/bilateral funding. Separately, in 2023, we achieved a debt capacity of \$94 million to support our farmer loan pool. This is lower than our original target as we faced a difficult debt-raising environment with the global macroeconomic context resulting in a tightened debt market and rising interest rates. Debt remains a key part of our financial picture, and we expect to unlock additional debt in the coming year as we make progress in closing delayed deals.

## IV. IMPACT

Impact milestones	2022 Actual	2023 Target	2023 Preliminary Results*
<b>Core agricultural bundle</b> income per farm family			
Three-year rolling average (annual + asset)	\$103	\$112	\$119 - Target met
Annual average - \$ and %	\$123 (\$96 annual, \$27 asset) / 34%	\$108 / 40%	\$130 / 32% - \$ Target met / % Target slightly missed
Social Return on Investment, or SROI (impact per farmer / donor subsidy per farmer)	3.9: 1	4: 1	3.2:1 - Target slightly missed
Annual country-level impact (annual + asset)			
Kenya - \$ and %	\$103/ 25%	(Targets not set at country level)	\$139 / 31%
Rwanda - \$ and %	\$114 / 46%		\$113 / 27%
Burundi - \$ and %	\$125 / 68%		\$153 / 51%
Tanzania - \$ and %	\$36 / 5%		\$33 / 8%
Malawi - \$ and %	\$81 / 40%		\$205 / 50%
Nigeria - \$ and %	\$338 / 30%		\$319 / 31%
<b>Systems-Change</b> income per farm family			
Weighted avg impact per unique farmer	\$48.50	\$50	\$50 - Target met

\* Our impact projections are highly preliminary and subject to change; finalized figures will be available in April 2024.

**Core Bundle:** The impact figures shared above are largely preliminary as our M&E teams undertake our rigorous annual impact assessments, which will be finalized in April 2024. Despite the external challenges spurred by external market conditions this past year, initial findings suggest that One Acre Fund’s 2023 core clients generated an average of \$130 in new income and assets per farmer, above our target for the year, and a powerful sum for a smallholder family - even in the face of widespread inflation. Last year, most of our operating regions received good rainfall and experienced high maize prices, supporting strong overall farmer impact performance. Internally, continued emphasis on planting compliance across all markets was another key driver of meaningful yield/harvest improvements for many farmers last year, particularly for maize.

**Systems-Change Unit:** Growth in our systems-change partnerships continues to strengthen the productivity of entire food systems. Preliminary results indicate that we met our impact target of \$50 per unique farmer, unlocking an SROI of \$9 in incremental profit per unique farmer for every donor dollar invested. Growth under our systems-change units last year reflected increased investments in the highest-impact programs, including tree-planting programs, rural retail shops, and inputs production (primarily seeds in Rwanda).

## V. CONCLUSION



Alice Nasambu Nyongesa and her sons, Kenya

The last few years have undeniably been marked by major external challenges, with the global pandemic, supply chain disruptions, and severe weather posing challenges for farmer livelihoods, and One Acre Fund’s operations. In the last year we invested heavily in the next decade of our organization’s impact through right-sizing our country models. During this period of change, support from our donors has been truly vital for our ability to maintain an ambitious overall scale and impact trajectory. We are confident the measures taken over the last year will enable us to continue meeting the needs of our clients while safeguarding the financial health and future impact of our organization. On behalf of the nearly 5 million

farmers who increased their incomes in 2023 with your support, thank you.

## A NOTE ON FINANCIALS

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*As per our policy since 2017, we have not included our preliminary (unaudited) year-end financials at this time, having decided that a 60-day close is more appropriate for sharing our Q4 financial performance. We therefore look forward to sharing an update in our next quarterly report, after our audited financials are finalized in late April 2024.*