

ONE ACRE FUND

2024 Q1 Performance Report

One Acre Fund remains committed to providing farmers with impactful services that strengthen their resilience and food security. Farmers across our operating countries are receiving inputs and planting for the 2024 farming season. By the end of 2024, we anticipate serving 1.68 million farmers through our core program and an additional 3.78 million via our systems-change work.

While maintaining our core focus on staple crops, we are continuing to advance tailored tree-planting programs organization-wide. Management Discussion I provides an update on One Acre Fund's Ethiopia tree program. Relatedly, Rwanda's [The New Times](#) recently highlighted the successes of our tree campaign in Rwanda.

We are excited to share a revamped reporting template beginning this quarter; we welcome any related feedback.

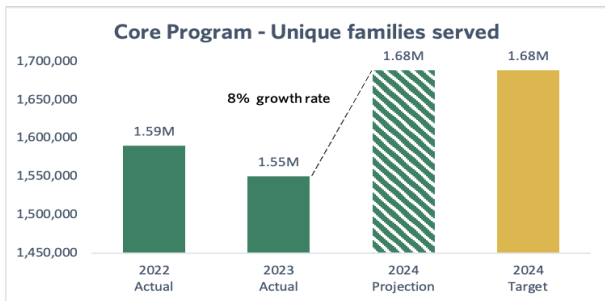


Kirinyaga County, Kenya

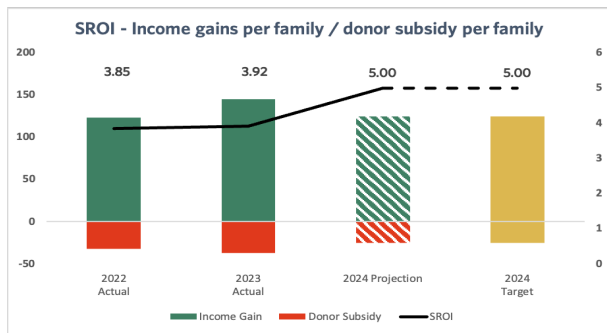
"I am very grateful to One Acre Fund... They have produced trees for us to plant, and farmers have benefited. Beyond the trees, the availability of dukas has been immensely helpful, as they supply us with seeds, fertilizer, and high-quality tarps."

-Esther Wangari

CORE PROGRAM PERFORMANCE



Scale On Track: We tentatively project serving 1.68M farmers. Growth will primarily be driven through increased site density in our poorest markets of Rwanda, Burundi, and Malawi.

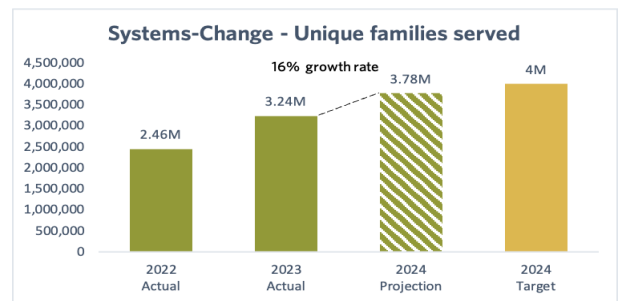


SROI Tentatively On Track: Forecast an SROI of \$5:1, driven by reduced costs resulting from efficiency gains facilitated by increased client density alongside the streamlining of new tech.

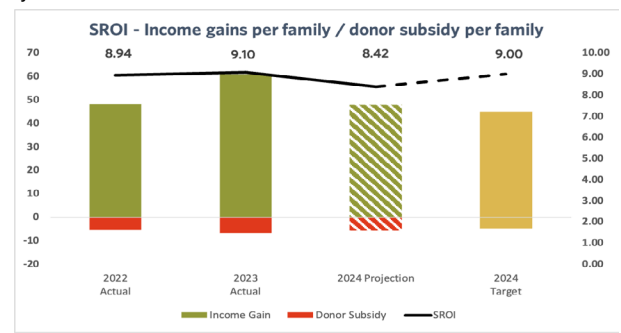
Field-Building Unit

Our Government Relations team led a capacity building workshop with key members of Zambia's parliament focused on developing supportive regulations of carbon credit projects aimed at benefiting smallholder communities. The workshop is expected to inform MPs ahead of the upcoming debates on Zambia's draft climate change bill.

SYSTEMS-CHANGE PERFORMANCE



Scale Slightly Behind Target: Although behind target, we project a 16% scale increase compared to last year. We anticipate ongoing conflict in Ethiopia (detailed below) to reduce initial scale projections.



SROI Slightly Behind Target: Initial projections show a slightly below target SROI due largely to shortfalls in Ethiopia contributing to higher cost per farmer (driven by aforementioned conflict).

Research and Development

Our Kenya program is running a soil testing service pilot in Kakamega and Shimanyiro dukas, targeting 200 customers for optimized agronomy recommendations based on customer soil nutrients. Results from soil testing can help optimize our recommendations to farmers on seed variety, fertilizer application rates, etc.

KEY CHALLENGES

Unfavorable Exchange Rate Movements: While some currencies, like the Kenyan shilling, are appreciating against the US dollar, others, such as the Nigerian naira and Burundian franc, may face devaluation again this year. Currency depreciation, in turn, reduces our operating margins as we receive less revenue in USD terms and revalue locally-held assets at lower USD values. One Acre Fund has taken proactive measures against such challenges, including establishing a "currency loss buffer" in our 2024 budget and utilizing local currency for purchases when possible (e.g., sourcing fertilizer within Burundi and Nigeria). We are also raising unrestricted funds and innovative financial tools to further safeguard against currency losses (e.g., a recently signed prepaid currency hedge grant that can absorb currency losses). Beyond protecting our programs from unfavorable currency movements, such measures will also enhance our financial flexibility in the face of as-yet unforeseen financial volatility.



One Acre Fund tree nursery in Amhara region, Ethiopia

One Acre Fund tracks our performance along the key metrics of scale, repayment, impact, and sustainability. As most of these metrics are not finalized until year-end, we have provided in this section a brief discussion on our latest 2024 scale projections. We currently anticipate reaching 1.68 million farmers this year through our core program, representing 8% annual growth relative to 2023. Beyond our core program, we expect to reach an additional 3.78 million unique farmers through our systems-change platform,¹ which encompasses four units (rural retail, market access, tree, and extension programs) where we typically² co-implement a program with a public or private sector partner.

We are pursuing a particularly ambitious growth trajectory in Burundi, where the primary challenge for our target clientele is the absence of inputs on credit and modern farm training — preventing farmers from improving their yields. These are exactly the services that One Acre Fund’s core program was developed to provide. The high impact of our core program — along with the absence of competing service providers — has contributed to the Burundi program consistently achieving one of our highest loan repayment rates in the organization, and scoring highest on customer satisfaction metrics. We recently renewed an MoU with the Government of Burundi that provides us with stability and confidence to pursue an ambitious growth strategy. This year we plan to implement outward expansion into over 100 new sites in Burundi, enabling us to serve nearly 50,000 more smallholder families compared to last year.

Scale milestones	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status vs Target
Core farmers served*	1,587,900	1,554,400	1,688,000	1,681,300	On track
Kenya	436,500	216,800	275,000	272,800	On track
Rwanda	764,100	832,200	900,000	900,000	On track
Burundi	189,200	275,900	325,000	325,000	On track
Malawi	95,900	109,300	135,000	135,000	On track
Nigeria	24,100	33,700	45,000	45,000	On track
Systems-Change (# unique farmers)	2,465,000	3,245,300	4,000,000	3,784,800	Slightly behind target
Systems-Change (# touchpoints)**	6,212,400	6,652,900	-	7,812,800	No target
Rural retail touchpoints	-	627,700	-	1,126,900	No target
Market access touchpoints	-	45,900	-	63,000	No target
Tree touchpoints	-	2,147,000	-	3,277,900	No target
Extension & other touchpoints	-	3,832,300	-	3,345,000	No target
Trees surviving after 1 year***	29.8M	35.3M	40.9M	39.3M	Slightly behind target

*Core scale includes Zambia farmers for 2023-2024, where we are partnering with the IFDC on a two-year initiative that includes providing core program services to farmers in Zambia. Therefore, our core program 2024 projection includes 3,500 Zambia farmers.

**2022 and 2023 actuals for core farmers served includes farmers served by our Tanzania core program; however, in line with the restructure of our farmer-facing services in Tanzania, farmers accessing services through our rural retail network will now be counted under our systems-change unit.

***The provided touchpoint projections represent the total number of interventions delivered; importantly, a single farmer can experience multiple touchpoints in a given season.

***2023 tree figures are preliminary as our analysis is ongoing. The provided figure is our latest projection, and we will share an updated result in our subsequent report. Please note that our updated 2024 target is 40.9M tees surviving after one year, finalized as of Q1.

¹Launched in 2013, our systems-change platform engages in private and public partnerships to transform the systems that touch farmers at massive scale. These partnerships fall into four main units that target supply, demand, and access in agricultural value chains: rural retail, market access, tree, and extension programs.
²Our rural retail unit is completely operated by One Acre Fund.



I. Management Discussion: Update on One Acre Fund's Ethiopia Tree Program

"On average I have been multiplying and selling 61,000 seedlings every year. Now, I have a nickname: The villagers call me Yeshiwas Seedling. The community shows me respect everywhere I go."

- Yeshiwas Ayehu, One Acre Fund Ethiopia nursery operator (pictured with his wife, Anchinesh Bire)

One Acre Fund operates one of our organization's largest agroforestry programs in Ethiopia, where smallholder farmers are exceptionally vulnerable to food insecurity and climate change. Ethiopia is home to one of Africa's largest farming populations, yet 37% of children suffer from malnutrition-related stunting. Moreover, extensive deforestation, driven by agricultural expansion and timber demand, has depleted forest cover in recent years. Trees offer smallholder farmers many benefits including, increased food production, additional income generation, and improved soil health, all while removing carbon from the atmosphere. Yet, deforestation in Ethiopia undermines these benefits, as loss in tree cover exacerbates the cycle of food insecurity and poverty facing smallholder families.

One Acre Fund's primary mission in Ethiopia is to counter deforestation while enabling small-scale farmers to generate powerful financial and environmental assets.

- One Acre Fund first started serving smallholders in Ethiopia in 2014 through a partnership with the government to promote best practices for row-planting teff (the national staple grain). Since then, we have made deep investments in learning how to work effectively within Ethiopia's complex operating environment, helping us develop strong relations at the local, regional, and national levels. In 2017, after trialing a broad range of impact approaches and partnerships in Ethiopia, we pivoted our model to focus on smallholder-level agroforestry. This was a natural fit for Ethiopian farmers and One Acre Fund: Ethiopian farmers typically face a market gap for high-quality seedlings and training, and our agroforestry program offered our strong track record of tree-planting campaigns in Kenya and Rwanda.
- Our Ethiopia program has consistently served as a hub for pioneering agroforestry innovations which have later been successfully implemented and scaled in other programs. For instance, Ethiopia was the first One Acre Fund country program to develop a decentralized approach to seedling production. In this model, our organization provides local nursery entrepreneurs with tools and training to cultivate seedlings that are then distributed by One Acre Fund and partners for farmer transplantation. Now scaled across all country programs, this highly efficient model has been found to improve key program metrics including tree survival rates, farmer adoption, and scale, primarily by reducing the time and distance that seedlings must travel to farmer's homes.
- Ethiopia now represents one of One Acre Fund's largest tree programs, with initial estimates showing the program planted 15 million trees in 2023 alone. This past year, the program offered farmers eight tree species, with the dominant varieties being gesho, a common native tree with a range of medicinal uses (40% of total trees planted), and grevillea, a fast-growing timber and soil fertility tree (33% of total trees planted). The Ethiopia program played an important role in informing and leading One Acre Fund's exploration into diverse tree species, leading to species diversification becoming a key aspect of our organization-wide agroforestry model.

Despite our strong success to date, the Ethiopia program is unfortunately facing meaningful challenges due to broader insecurity in the Amhara region, where One Acre Fund operates. In August of 2023 tensions between the national army and a local paramilitary group (known as Fano) escalated to open conflict, leading to Ethiopia's Council of Ministers declaring a state of emergency for the region. An estimated 65% of areas in Amhara have since encountered active fighting, limiting internet and phone connectivity as well as basic freedom of movement. The insecurity posed a challenge for field team coordination and management, due to road closures, regular phone network outages, and the risk of physical violence.

In response to the instability in the region, One Acre Fund prioritized staff safety while maintaining operational continuity. To ensure the safety of our Ethiopia staff and the farmers they serve, we made major changes to our operating protocols, shifting to remote performance monitoring and management, primarily through text messages and calls when possible. In light of the ongoing security risk, the Ethiopia program has also revised its expansion plans for the 2024 season, including pausing operations in over one-third of program areas. Ethiopia expects to support farmers in planting 6 million trees this year. Although this represents an overall decline in our scale relative to recent years, we tentatively aim to resume our positive growth trajectory in the country in 2025 and beyond.

Despite the volatile security situation and its impact on our overall scale trajectory, we remain committed to pursuing program innovations in order to achieve results for Ethiopia's rural smallholder families. In particular, our Ethiopia agroforestry team will remain focused on other drivers of success in 2024, including long-term tree survival and continued species diversification. For instance, we are undertaking extensive research and trials to assess the efficacy of potential program modifications aimed at improving tree survival rates. Initial results from this research highlighted two broad intervention areas for further exploration: targeted farmer engagement on tree survival (i.e., tailored remote training and follow-ups); and government engagement focused on upstream improvements to tree seed quality. We are also accelerating plans to potentially expand into new geographic areas to reduce our reliance on a single region's political stability. We had made plans to expand to a new region in 2-3 years, but we are now considering accelerating these plans.

Conclusion

One Acre Fund's work in Ethiopia to maintain impactful services during a period of insecurity exemplifies our commitment to our continent-wide vision of uplifting smallholder farmers and combating deforestation. Ethiopia, with its significant population of smallholder farmers and as the site of one of the fastest rates of deforestation globally, remains a pivotal context for our impactful agroforestry model and hub for developing agroforestry innovations. As we increasingly set our sights on our ambitious goal of planting one billion trees organization-wide by 2030, we remain steadfast in our mission to generate impact at a truly transformational scale across the continent and Ethiopia in the long-term.



II. MANAGEMENT DISCUSSION: Upgrading Farmer Impact through Digital Transformation and Tupande Online

Technology represents a critical enabling factor for One Acre Fund's 2030 vision: reaching 10 million farmers annually and delivering \$1 billion of extra profits and assets into Africa's farming communities annually. The ongoing digitization of our programs and services is driving a relentless focus on deploying technology to more program elements and reducing our operating costs in the long-term, enabling us to reach more farmers more efficiently.

Kenya, our organization's most mature market, is playing a key role in this story. One Acre Fund's Kenya program, known as Tupande, is implementing cutting-edge technology-driven transformations, fueled by the dynamic digital landscape in the country. For instance, while just over half of Kenya's population has access to a formal bank account, over 95% of households have access to mobile money. In particular, extensive internal research shows that Kenya's large and growing youth population increasingly demands mobile service offerings, which offer greater convenience and better fit evolving farmer preferences.

To better meet this farmer demand and provide our core program services to new segments of Kenya's smallholders, One Acre Fund launched the Tupande Online Mobile app last year after extensive testing. The core functionality of the app enables farmers to easily purchase inputs and receive orders nearby through our rural retail network of 330 Dukas (rural retail shops). Transactions for placed orders are also seamlessly conducted through mobile money integration for convenient payments. This has created a fundamentally new way to engage with farmers - particularly youth - by offering more ways to engage with One Acre Fund's program. So far, the app has attracted 124,000+ downloads and achieved a 90%+ user satisfaction rating. In 2023, [Vibrant Digital Africa's Mobile App Awards](#) recognized Tupande Online as Kenya's premier agriculture app for its ability to leverage tech to enhance agricultural practices and support the farming community. Building on the app's initial success, we are now investing in marketing to reach 200,000+ downloads with 80,000 active users by the end of 2024.

Tupande Online is already reshaping our service to Kenya's farmers, and we are now eager to expand the platform's potential for in-depth, multifaceted farmer engagement. In the coming years, our Tupande App goals are as follows:

- Scaling to reach new farmers:** We see potential for this channel to reach up to 100,000 entirely new Kenyan farm families (i.e., beyond our existing core program or rural retail channels) within 3-5 years, driven by continued investment in farmer adoption (including via radio ads, roadshows, and field agent and group leader outreach). We expect the majority of these adopters to be youth, helping ensure that our program remains aligned with the rapidly shifting demographics and related needs of Kenya's agriculture sector.
- Improved inventory availability:** While scaling the app to many more users, we will also advance various back- and front-end enhancements to its inventory availability system, ensuring that customers can reliably access the products they need on demand. Improved inventory management tools will not only respond to this need, but will also help ensure strong internal controls against fraud and theft, and support stronger real-time procurement decisions. In particular, in 2024, we are working to integrate an automated stock level tracking feature into Tupande Online to check current stock levels in dukas and warehouses.

- **Leverage data collection for service improvement:** The app also creates new opportunities to obtain powerful data on the farmers we serve, helping to inform and improve programmatic decision-making. In particular, CLIF (our management information system for customer information) is designed to provide a 360-degree view of our clients, increasing our ability to make data-driven decisions. This will allow us to eventually introduce product offers (e.g., loan discounts or repayment extensions on specific products) to clients who meet specified eligibility criteria, helping to improve key performance metrics and/or attract clients from underserved groups (e.g., youth and women).
- **Optimized agronomy integration:** Teams across One Acre Fund are working to significantly broaden and deepen our impact by investing in optimized agronomy, aiming to provide individual farmers with training and advisory support tailored to their specific agronomic conditions and needs down to the plot level.¹ Once integrated, optimized agronomy functions would allow for real-time guidance on the best inputs, quantities, and application processes to generate the greatest output based on an individual client's farm location, size, and topography. Organization-wide, we have determined that such personalized, field-level recommendations have the potential to eventually increase our clients' new profits by up to 25% while building their resilience in the face of climatic shocks. In 2024, we will explore the value and feasibility of cost-effectively integrating optimized agronomy functions into Tupande Online. This analysis will assess our level of access to historical and current geodata for Tupande Online clients and the level of client demand for optimized agronomy recommendations on the app.

Conclusion

One Acre Fund is at an exciting stage of our technology evolution: after several years of strategy development and investments in back-end systems, we are now well-positioned to pursue even more impactful farmer-facing aspects of this work. We remain committed to implementing our organization-wide technology strategy in 2024 as we further test, refine, and scale a variety of digital services and innovations, including those related to Tupande Online, outlined above.

To catalyze this critical work, we are implementing an ambitious technology campaign to raise \$10 million by 2025. These funds will help fund the team that will execute our digital transformation while also covering hardware and software costs. Crucially, every dollar contributed to this campaign will be matched \$1:1 by a generous anchor contribution from the Ezraah Charitable Trust. We remain deeply grateful for the financial and strategic support of our donors as we work to leverage technology in transforming the livelihoods and wellbeing of East Africa's farm families.

¹ Currently, governments and other organizations – including One Acre Fund – generally provide smallholders with relatively broad agronomic advice tailored, at best, to the district level.

APPENDIX 1: Audited, Full Year 2023 Financials: In 2023, we faced a challenging macroeconomic environment characterized by high inflation, depreciating local currencies, and spillover effects from the ongoing conflict in Eastern Europe. These conditions raised the cost of inputs. These challenges necessitated meaningful changes across One Acre Fund. In response, we underwent important evolutions in our program structure in Kenya and Tanzania to prepare for our next chapter of growth. Despite these challenges, One Acre Fund remains committed to delivering services to farmers that will boost harvests, build farmer resilience in the face of climatic shocks, and improve food security.

Core Program - One Acre Fund direct services	Budget	Actual	Variance	% Variance
Farmer revenue	160,917,037	85,589,126	-75,327,911	-46.8%
Inputs (seed, fertilizer, solar lamps, etc.)	-121,834,369	-75,134,141	46,700,227	38.3%
Allowance for doubtful accounts	-7,046,693	-4,426,476	2,620,217	37.2%
Associated costs (crop insurance, transport, storage)	-18,043,162	-10,398,392	7,644,770	42.4%
Interest Expense	-3,565,468	-2,764,199	801,269	22.5%
Field operations costs (primarily salaries)	-28,661,968	-29,676,853	-1,014,885	-3.5%
Program support (primarily HQ costs, marketing and support depts.)	-17,162,043	-17,714,194	-552,151	-3.2%
Core Program Overhead Allocation	-2,817,453	-2,834,508	-17,055	-0.6%
Budget Buffer	-2,750,000	0	2,750,000	n/m
Flex Fund	0	0	0	n/m
Core Program Total	-40,964,118	-57,359,638	-16,395,520	-40.0%
Systems Change - One Acre Fund for countries	Budget	Actual	Variance	% Variance
Farm input revenue	98,019,785	36,116,714	-61,903,071	-63.2%
Farm input costs	-79,116,316	-36,964,845	42,151,471	53.3%
Associated costs (transport, storage, allowance)	-2,408,967	-1,887,897	521,069	21.6%
Staff, program and management support for input sales	-17,869,729	-13,213,457	4,656,272	26.1%
Farm Input Sales Shared Overhead Allocation	-525,536	-523,625	1,912	0.4%
Net Contribution from Farm Input Sales	-1,900,763	-16,473,109	-14,572,346	n/m
Extension, Seed and other (net of revenue)	-4,811,359	-5,122,024	-310,665	-6.5%
Systems Change Overhead Allocation	-592,027	-543,336	48,691	8.2%
Systems Change Total	-7,304,149	-22,138,469	-14,834,320	n/m
Field Building	Budget	Actual	Variance	% Variance
Government Relations	-2,731,031	-2,792,789	-61,758	-2.3%
Communications	-1,873,171	-1,619,040	254,131	13.6%
Field Building Overhead Allocation	-364,694	-374,226	-9,532	-2.6%
Field Building	-4,968,895	-4,786,054	182,841	3.7%
Research and Development	Budget	Actual	Variance	% Variance
Product and service R&D	-4,718,802	-3,617,957	1,100,845	23.3%
Scale innovation	-441,043	-255,450	185,593	42.1%
New Country Scouting	-198,272	-423,829	-225,557	-113.8%
Strategy and Research	-580,974	-581,034	-61	0.0%
Monitoring & Evaluation	-4,098,712	-3,237,968	860,744	21.0%
Research and Development Overhead Allocation	-575,418	-607,703	-32,285	-5.6%
Research and Development	-10,613,221	-8,723,942	1,889,279	17.8%
Shared Services	Budget	Actual	Variance	% Variance
Systems and infrastructure	-7,181,780	-7,413,725	-231,944	-3.2%
Finance	-2,131,864	-2,797,879	-666,015	-31.2%
People Operations	-3,545,490	-4,104,402	-558,912	-15.8%
Fund development	-4,862,271	-5,528,948	-666,677	-13.7%
Supporting departments (Executive, Legal)	-3,672,800	-4,405,123	-732,323	-19.9%
Shared Services Overhead Allocation	-817,744	-968,119	-150,375	-18.4%
Shared Services	-22,211,949	-25,218,196	-3,006,247	-13.5%
Remeasurement gain/loss	0	-15,137,758	-15,137,758	n/m
Other revenue	0	1,800,519	1,800,519	n/m
Deficit before fundraising	-86,062,332	-131,563,538	-45,501,206	-52.9%
Donor Contributions	Budget	Actual	Variance	% Variance
Grant Revenue (Donor-Intended basis)	93,000,000	111,160,245	18,160,245	19.5%
Total Revenue (Donor-intended basis)	351,936,822	235,374,294	-116,562,528	-33.1%
Total Expense	-352,492,187	-257,098,674	95,393,513	27.1%
Net Income (Donor-Intended basis)	-555,365	-21,724,380	-21,169,015	n/m
(+) Required Net Asset Additions	267,201	-1,623,163	-1,890,364	n/m
(+) Restricted Grants Revenue	35,290,901	91,083,324	55,792,423	158.1%
(-) Restricted Cash Released	-54,768,190	-58,771,442	-4,003,252	-7.3%
Total Net Income (GAAP basis)	-20,032,654	10,587,501	30,620,156	n/m

Core Program: -\$16.4m negative to budget at -\$57.4m (Budget: -\$40.9m). This was mainly driven by the reduced number of farmers served in Kenya, lower transaction sizes, and reduced gross margins. Gross margin was 12% negative to budget primarily because we sold inventories at lower prices compared to purchase prices in 2022, particularly in Kenya and Rwanda. Furthermore, in Kenya, our pricing had to be adjusted to comply with the government subsidy program, which necessitated aligning prices with the market. This impact was partially offset by reduced bad debt costs and associated expenses, mainly driven by lower incentive bonuses and distribution costs due to enrollment and revenue misses in Kenya and Rwanda.

Systems Change: -\$14.8m negative to budget at -\$22.1m (Budget: -\$7.3m). This was primarily due to the following factors:

- 1) Decreased revenue and margins in Kenya rural retail, driven by reduced client footfall resulting from the government subsidy program and lower margins on fertilizer due to reduced median pricing for fertilizer in the market,
- 2) Decreased revenue and margins in Nigeria rural retail, due to a slower rate of expansion relative to budget,
- 3) Reduced sales of macadamia within our Kenya Market Access segment, driven by the depressed demand in the international market,
- 4) Diminished revenues from Market Access activities in Rwanda, primarily due to nationwide maize shortages caused by drought conditions.

Field Building: net deficit was +\$0.2m positive to budget at -\$4.8m (Budget: -\$5m). This was mostly due to reduced meetings, external consultation and team transport costs as well as savings resulting from staff departures.

Research and Development: net deficit was +\$1.9m positive to budget at -\$8.7m (Budget: -\$10.6m). This was largely due to lower headcount from the restructure in Kenya and Tanzania, in addition to delayed hires. Furthermore, in Kenya, cost savings were realized through the cancellation of MEL surveys following the lower enrollment numbers, streamlined meetings, and a reduction in the engagement of external consultants.

Shared Services: net deficit was -\$3.0m negative to budget at -\$25.2m (Budget: -\$22.2m). This was mostly due to a higher headcount in fund development and support teams to support expanded grant-related and philanthropy activities; and in People Operations driven by unbudgeted retention bonuses and office move expenses in Kigali, Rwanda.

Remeasurement loss: We witnessed substantial currency depreciation in the key countries of our operation and experienced government-mandated devaluations in Burundi, Nigerian, and Malawian.

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

Grant Revenue: Donor-intended revenue was +\$18.2m higher than budget at \$111.1m (Budget: \$93m). This was mainly due to the recognition of several unbudgeted multi-year grants. This strong grant performance allowed us to increase our net assets and offset some of our lower farmer revenues.

Net Income (Donor-Intended Basis): -\$21.2m negative to budget at -\$21.7m (Budget: -\$0.5m). This was mainly due to a combination of factors explained above, namely the margin misses, lower enrollment, and local currency depreciation.