

ONE ACRE FUND

ANNUAL REPORT

2014






CLOCKWISE, FROM TOP LEFT: Alain Bangirinama and Dalia Ndinduruvugo, Burundi; Jenrose Wanjala, Kenya; Frodouard Dusabimana and his wife, Rwanda; Farida Balama, Tanzania

“ Since I started working with One Acre Fund, my life has changed. My family now has porridge every morning with sugar. I also have extended my house from seven to ten meters and opened a bank account where I save my money.”

— FRODOUARD DUSABIMANA, RWANDA

PURPOSE

We supply smallholder farmers with the financing and training they need to grow their way out of hunger and poverty. Instead of giving handouts, we invest in farmers to generate a permanent gain in farm income. We provide a complete service bundle of seeds and fertilizer, financing, training, and market facilitation—and we deliver these services within walking distance of the 200,000 rural farmers we serve.

We measure success in our ability to make farmers more prosperous, and we always put **Farmers First.** 

VALUES

HUMBLE SERVICE

We meet farmers in their fields, and we get our shoes muddy. Farmers are our customers, and we serve them with humility.

HARD WORK

We work hard every day. We execute with world-class professionalism and business excellence. Farmers deserve nothing less.

CONTINUAL GROWTH

We improve every season. We work with determination to meet our goals, and then stretch ourselves by raising the bar even higher.

FAMILY OF LEADERS

We bring together the best leaders and build long-term careers. We care for team members like family.

DREAMING BIG

We envision serving millions of farm families. We build for scale with every idea and solution.

INTEGRITY

We do what we say, and our words match our values.

TABLE *of* CONTENTS



4 Opening Letter	10 Scale	19 Management Discussion
5 Program Model	12 200,000 Clients	22 Innovations
6 Year in Review	14 New Country Expansion	24 Feature Farmer Story
8 By the Numbers	15 Impact	29 Leadership & Acknowledgments
9 Core Program	18 Sustainability	

OPENING LETTER

GREETINGS FROM ONE ACRE FUND!

We are excited to share with you our 2014 Annual Report, which details last year's progress, shares our future strategies and priorities, and most importantly, shares stories of some of the hard-working smallholder farmers who inspire us every day.

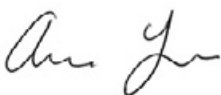
2014 was, in many ways, a milestone year for One Acre Fund. In our core program, we served our **200,000th farm family**, and 1 millionth person within our client families. For the first time, we achieved **100% repayment** in two full countries, including Kenya, our largest country operation. We also reached **500,000 farm families** in our government partnerships unit, which began two years ago as an effort to implement large-scale agriculture programs with African governments. And we launched *One Acre Fund Insights*, a living library of white papers that share our learnings on topics including agriculture innovation, social enterprise, and farm finance (there is even a section on what we have learned from our failures).

Though 2014 was an exciting year at One Acre Fund, we are humbled when we think about the scale of the problem we are tackling. There are 50 million hungry farm families in Africa alone that we believe could benefit from our work. We remain laser-focused on our goal of reaching 1 million smallholder farm families by 2020. But we recognize we need to think bigger given the magnitude of the problem we face. We are now investing in other pathways to scale, such as government partnerships and field building, to benefit the millions of farmers we do not directly reach.


Inside this report you will find the story of Consolata Sirengo, a Kenyan farmer who is the primary provider for her family of eight. Since joining One Acre Fund in 2010, Consolata and her family have thrived. "My family looks healthy now, and I always joke to my children that they are growing fat with One Acre Fund!" she says.

This report is a celebration of Consolata's success, but it is also a reminder that there are tens of millions of farmers who deserve the opportunity to start on the path to prosperity. From our newest field officer in rural Tanzania to our longest-standing board members and donors all over the world, we are united in our purpose to make smallholder farmers more prosperous. We will keep dreaming big, and we encourage you to dream big with us!

Farmers First,



Andrew Youn
Executive Director, One Acre Fund



Matthew Forti
Managing Director, One Acre Fund USA

2014 GOVERNING BOARD MEMBERS

Joel Ackerman
CEO
Champions Oncology

Matthew Forti
Managing Director
One Acre Fund USA

Karl Hofmann
President and CEO
Population Services International

Tony Kalm
Deputy Head
CGIAR

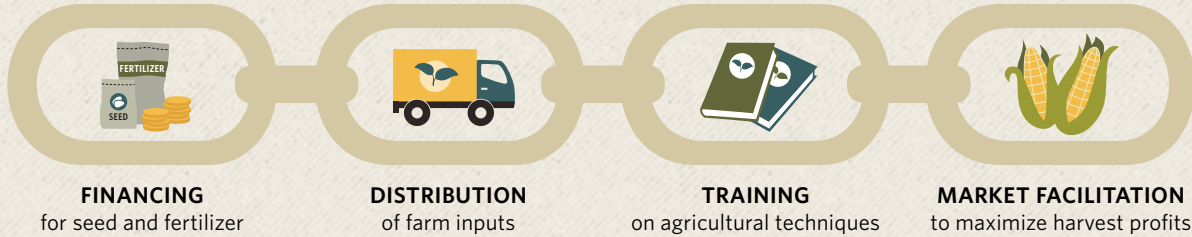
Fred Ogana
Managing Partner
East Africa Market Development Associates Ltd.

Rebecca Onie
Co-founder and CEO
Health Leads

Andrew Youn
Executive Director
One Acre Fund

PROGRAM MODEL

BY LISTENING TO OUR BOSS—the smallholder farmer—we have developed a complete solution that enables her to significantly increase farm income and grow her own way out of hunger and poverty. We offer each farmer we serve a complete service bundle, delivered to the rural village where she lives.



All of these services must be provided together. Without financing, seed and fertilizer are unaffordable. Without training and market facilitation, farmers do not maximize yields or farm profits. And without delivery, these services may as well be on the moon.



YEAR IN REVIEW

2014



MARCH

DAVID SIMIYU & ZIPPORAH NAFULA, KENYA

One Acre Fund Delivers 72,910 Solar Lights for 2014 Season



JUNE

One Acre Fund Burundi Achieves 100% Client Repayment

2014

FAST COMPANY

"The model is simple, but the impact is huge."
— *Fast Company*

APRIL

Fast Company Top 10 Most Innovative Companies in Africa

MAY



EVANS JUMA, KENYA

Kenyan Farmers Successfully Plant 2 Million Trees

JULY



One Acre Fund Farmer Marie Mukarukaka Featured in *National Geographic*

WHOLE PLANET FOUNDATION®

SEPTEMBER

Whole Planet Foundation Becomes Our First Funder to Support All Four Country Operations



BERNARD NGIRIMANA, RWANDA

SEPTEMBER

One Acre Fund Rwanda Delivers 35,480 Banana Plantlets



NOVEMBER

One Acre Fund Enrolls 200,000 Clients

2015

SEPTEMBER



One Acre Fund Kenya Achieves 100% Client Repayment



OCTOBER

Burundi Agriculture Ministry Awards One Acre Fund Farmer for Farming Excellence

DECEMBER

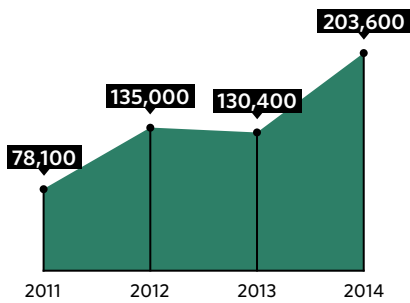


Launched One Acre Fund Insights, New Online Resource Library

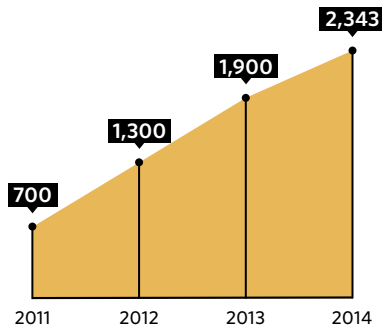
BY THE NUMBERS

SCALE

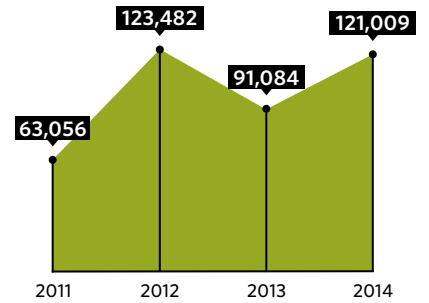
FARM FAMILIES SERVED



FULL TIME STAFF

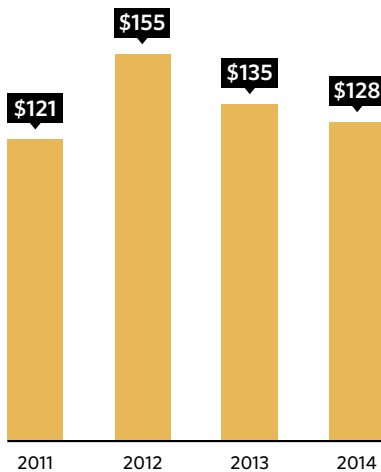


ACRES CULTIVATED



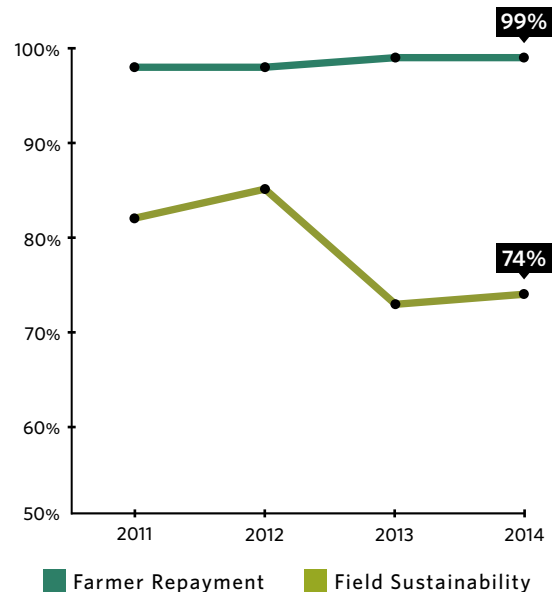
IMPACT

\$ GAIN IN FARM INCOME¹



SUSTAINABILITY

FARMER REPAYMENT & FIELD SUSTAINABILITY



¹Includes "add-on" products from 2012 onwards.



Core Program

AT ONE ACRE FUND, OUR GOAL is to generate impact for smallholder farmers in a way that is scalable and sustainable. We strive to accomplish this through our core program. We carefully measure and evaluate our successes and failures in order to learn what works and what does not. This evidence allows us to evolve our core program over time and continuously improve the services we deliver to clients.



SCALE

IN 2013, ONE ACRE FUND REACHED 130,400 FARM FAMILIES.

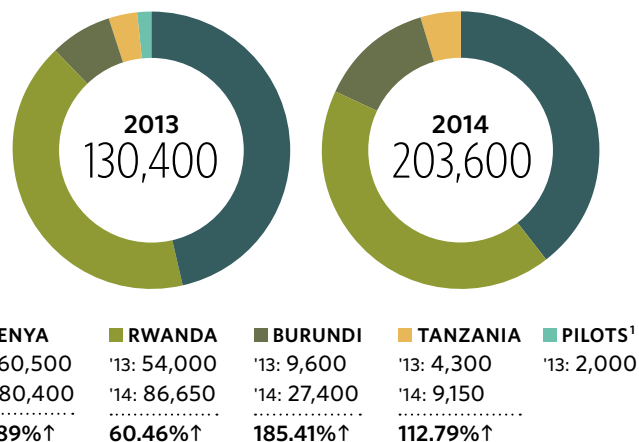
Our goal for 2014 was to reach 202,600 farmers. By the end of the year, we surpassed this goal, reaching 203,600 farmers.

2014 was a year of unprecedented growth in the number of farm families we served.

Since launching operations in Tanzania in 2013, we have built a reputation among the farmers in the areas where we work. As a result, we were able to enroll more than twice as many clients as our first year. We expect to see strong growth in Tanzania as our reputation continues to grow. Burundi also saw immense growth; we expanded operations into a new district and added new farmers in our existing district. New marketing strategies and increased enrollment efforts also helped us reach our highest enrollment numbers to date for Rwanda.

In Kenya, where two seasons ago a devastating maize disease caused near-total crop loss in certain districts, our core program grew by 32 percent in 2014. To mitigate risk from the disease in

FARM FAMILIES SERVED



¹ Due to the highly variable nature of pilot programs, we have excluded the number of farmers served by pilot programs in 2014 figures and beyond.



FIELD OFFICER AYUB SHANGO ENROLLS FARMERS ON A TABLET AS PART OF A SCALE INNOVATIONS TRIAL.

2013 and 2014, One Acre Fund offered a diverse package of crops, including millet, sorghum, and other non-maize varieties to Kenyan farmers.

Maize is a very popular crop in Kenya, and offering alternative crops led to a dip in farmer enrollment in 2013. However, millet and sorghum harvests in 2013 were strong, and farmers are increasingly aware of the benefits of crop diversification. Our strong 2014 enrollment numbers suggest that this decision protected farmers and ensured scalability in the long run.

Looking ahead to 2015, we anticipate growing by 50 percent, reaching approximately 305,000 farm families in our core program. Most of this growth will come from our Kenya and Rwanda operations, where we will both “grow in” (increase the number of farmers served in districts where we currently work) and “grow out” (serve farmers in new districts). We are also exploring additional opportunities to scale through new country pilots and through government partnerships in the countries where we operate. With an estimated 50 million African farm families that could immediately benefit from our program, we are laser-focused on scaling our life-improving model to one million farm families by 2020. 🌱

Scale Innovations

MEET ONE ACRE FUND'S NEWEST TEAM

One Acre Fund is an organization that believes in experimenting. This means our model is continuously being refined and improved. One of the areas we are constantly seeking to improve is scale. We regularly ask ourselves: how can we serve even more farmers?

To answer this question, One Acre Fund launched scale innovations teams in Kenya, Rwanda, and Tanzania that have now been operating for one year. The teams explore ways to increase client density in the districts where we work and ways to increase the number of farmers that each of our field officers serves (without compromising the quality of those services). The projects they work on are wide-ranging, but they usually include four stages:

Understand the challenges. Our scale innovations teams run research projects to better understand what is holding back growth. They build organizational knowledge by analyzing quantitative data, surveying senior field staff, and incorporating human-centered design tenets into field operations. Our staff members live in the rural areas where our clients reside and this provides frequent opportunities to listen to farmers and directly observe their challenges.

Design program innovations. Once we understand the challenges, we turn our focus to designing ways to overcome them. The scale innovations team might propose changes to our repayment model, new approaches to marketing, or even advocate for the adoption of new technology. These ideas often combine the experience and creativity of our team with industry best practices and findings from behavioral economics research.

Trial the innovation. We test the best of our ideas in carefully controlled trials. These trials usually involve the participation of five to ten field staff and 500 to 2,000 farmers. By checking the results of these trials against comparable One Acre Fund sites, we can assess how effective an idea is.

Scale up. When an innovation is successful, we put it to the test in a trial with 10,000 farmers. If that trial is successful, we will eventually implement it across our entire program. This process involves collaboration with our field teams to share findings, as well as collaboration with our tech and finance teams to build the internal infrastructure necessary to support scaling.



200,000 CLIENT MILESTONE!

In 2014, One Acre Fund crossed the threshold of serving more than 200,000 clients, jumping from 130,400 farmers in 2013 to 203,600 by the end of 2014.

In honor of reaching this milestone, we wanted to introduce two farmers. The first is one of our newest farmers from our youngest country of operation: Calvin Chalale from Kilolo, Tanzania. The other is one of our original Kenyan farmers from our 2006 launch: Robai Wanyonyi from Bungoma, Kenya.





CALVIN CHALALE

AGE
22

COUNTRY
Tanzania

TIME WITH
ONE ACRE FUND
9 months

ABOUT CALVIN: Calvin started farming his own land after he finished secondary school three years ago. His mother, who can no longer work because of health complications, could not afford to send him to university. He began farming in order to provide for himself and his siblings.

In Calvin's first year out of school, he apprenticed under a teacher who ran a small video

rental shop. With the money Calvin made apprenticing, he paid rent for a small stall at the village market and bought some DVDs to start selling and renting on his own.

WHY DID YOU DECIDE TO ENROLL WITH ONE ACRE FUND?

I was impressed by what I heard about One Acre Fund. Compared to other organizations, it has very easy conditions for loan repayment. Before One Acre Fund, I needed to have cash on hand before I could buy my planting supplies. One Acre Fund provides planting supplies on credit, so I can get them right when I need them, without having to worry about having the cash. I was also impressed by the agriculture trainings, especially those for planting maize.

WHAT ARE YOUR HOPES FOR THIS YEAR? I dream about getting eight bags from the half-acre I've enrolled with One Acre Fund. If I can achieve that, I'll be able to put away enough food for my family, and still have maize left over to expand my video rental business and the services I can offer.

WHAT ARE YOUR HOPES FOR THE NEXT FEW YEARS IF YOUR FARMING BECOMES MORE PRODUCTIVE? As a young person, I have a lot of goals to accomplish. With two acres, I think I could build my own house and begin my life as an adult. Building a house is the next step.

ROBAI WANYONYI

AGE
32

COUNTRY
Kenya

TIME WITH
ONE ACRE FUND
9 years

ABOUT ROBAI: In 2006, Robai was one of 38 farmers who enrolled with One Acre Fund during its first season of official operation. Robai and her husband have five children and have also cared for her brother's son for the last nine years.

When Robai joined One Acre Fund, she and her husband relied solely on their land to provide for their family. Robai recalls attending a

meeting back in 2006, where a young man named Andrew Youn told her she could buy maize seed from him without paying in cash. She says she signed on immediately, and has not regretted it since.

WHAT IS THE BIGGEST CHANGE YOU HAVE SEEN SINCE YOU JOINED ONE ACRE FUND?

I have seen so many changes since I joined One Acre Fund. Every year, there are new crops, new techniques, and new methods. Personally, I have really improved ever since I joined One Acre Fund. My children do not go hungry, and they now have clothes to wear. I have also bought two cows—a dairy cow and a bull. I have been able to educate my brother's son, who is now in college. One Acre Fund has also created employment opportunities for us. I became a One Acre Fund field officer last year in June, and it's the greatest thing that has happened to me!

WHAT DO YOU HOPE ONE ACRE FUND WILL BE DOING TEN YEARS FROM NOW?

I hope in ten years I can buy a car to be able to transport my harvest to the market. I know One Acre Fund is already a big organization, and that's why I know it will be even bigger and better. They also have offered several improved versions of solar lamps—perhaps in ten years, they will be able to bring us electricity!



NEW COUNTRY EXPANSION

ONE OF ONE ACRE FUND'S MOST POWERFUL TOOLS FOR

growth is our New Country Expansion Department, which rigorously trials the viability of our program in new geographies. To explore new markets, this department identifies high-potential countries for future program launches, and then conducts a careful, multistage process to evaluate local conditions and to determine farmer demand. We are currently conducting pilots in two countries: Uganda and Malawi.

UGANDA

Our pilot program in eastern Uganda recently concluded its first year of operation, where we served 151 farm families in Kamuli District. Our clients there achieved a significant increase in yield by planting with One Acre Fund products and methods. On average, farmers generated more than \$70 USD in incremental profit, a level of impact on par with our mature country operations.

Our high impact in this trial is primarily due to two factors. First, the agriculture context of Uganda is very similar to that of neighboring Kenya, our longest-running country of operation. Our familiarity with Uganda's crop mix and rain patterns enabled us to quickly develop and offer a targeted bundle of high-impact products and trainings. Second, we have found that the proportion of Ugandan farmers who use fertilizer, or are familiar with its benefits, is very low. Since proper fertilizer application is a critical step to increasing yields, providing fertilizer, along with trainings on its usage and importance, has transformed the profitability of our clients' harvests.

In the second year of our pilot program in Uganda, we are serving 1,043 clients. Each farmer will receive high-quality seed and fertilizer for one half-acre of maize production. They will also have the option to add one of two solar light models to their loan: the higher-output Sun King Pro II, or the lower-cost Sun King Mobile. By offering this package to a larger number of clients, we expect to increase our overall impact on Uganda's smallholders in the year ahead.



MALAWI

Our pilot program in southern Malawi's Zomba District began with 71 farmers in 2014. This initial pilot achieved a remarkable 100 percent repayment rate, with all clients repaying their loans in full and ahead of schedule. This was a positive indication of customer appreciation for our services, and a promising sign for future client engagement in Malawi.

Malawi represents a new agriculture context for One Acre Fund. Although maize is the dominant crop, farmers plant different crops (such as pigeon peas) using different practices (such as ridge planting) than we have encountered elsewhere. As such, much of our efforts over the last year have focused on conducting rigorous agriculture trials to determine how we can maximize harvests for Malawian farmers. Our current crop bundle, a flexible package of high-quality maize inputs, has already proven popular with farmers, but we are eager to expand our future offerings.

We are now conducting a second-year trial in Malawi, following our successful enrollment of 939 farm families. Enrollment with One Acre Fund has proven to be a critical safety net against Malawi's recent extensive flooding: We replaced rain-damaged seed for the 10 percent of our clients whose fields were affected, and excess rainfall triggered our weather insurance provider to give a modest compensatory payout to all clients. Demand for our services in Malawi continues to grow, as more smallholders learn that they can both increase and protect their harvests by working with us.



THE NEW COUNTRY EXPANSION DEPARTMENT IS A CRITICAL driver of One Acre Fund's growth. By 2020, we project that new clients in countries we do not operate in today will constitute 20 percent of our total client base. The final results of our current pilots will enable us to make an informed decision about whether to continue further trials, implement a full program launch, or scale back operations. For now, we are cautiously optimistic about our ability to impactfully serve the smallholders of Malawi and Uganda. 🌱



ELIAS NDINDUYUBWO AND FAMILY, RWANDA

IMPACT

IMPACT IS OUR NORTH STAR.

We seek to generate transformative impact in the lives of the farmers we serve. That is why it is critically important that we *measure* the impact of everything we do. Measuring impact enables us to prioritize programs with the highest impact, to dispense with low-impact programs, and to constantly learn from data to improve our model.

MOVING FORWARD ON OUR PLEDGE.

In last year's annual report, we pledged to increase both the transparency and rigor of our impact results. Rigor and transparency are interrelated. The more rigor we apply to our impact assessment, the more confident we are in the utility of sharing our results. In 2014, we made strides with both.

Rigor. As in prior years, we physically weighed the harvests from thousands of randomly selected client plots. We then compared these weights with the harvest weights of similar non-One Acre Fund farmers who farm in the same area, in order to understand the true program impact on crop yields. Combining this information with cost and land size data to calculate farm profit, we were able to assess the extra profit our clients gained from being a part of our program. Additionally, we took some important steps to further improve our rigor:

- **We standardized the manner in which we calculate impact.** We also included a wider range of farming costs and more robust comparison groups. This gives us a higher degree of confidence in our data and makes the data more comparable across countries and over time.
- **We systematized data quality controls.** This included re-asking questions from 10 percent of all surveys, and double-entering data from paper surveys to reconcile any mistakes.
- **We conducted experiments to better understand how to obtain more rigorous comparison groups.** This included matching comparison farmers and One Acre Fund farmers on key characteristics—a statistical technique referred to as “propensity score matching.”
- **We verified existing measurement methods.** We conducted a small, randomized control trial (RCT) in Kenya in which we randomly selected enrolled farmers to receive our program. We then compared the yield and profit outcomes our clients saw compared to other interested farmers who were randomly excluded from the program. The results from this study are in line with our annual impact results and add to our confidence in those findings.

Transparency. With these improvements in rigor, we are now confident enough to share country-level impact data. We have added a detailed report on country-level impact to our website, and we will introduce a new Impact section in *One Acre Fund Insights*, our online library, which will house white papers that highlight what we have learned about measurement.

2014 RESULTS: OUR IMPACT REMAINS STRONG

We look at our impact on farmer income (profit) in three main ways:

- 1. Percent gain in farm income (per farmer)¹:** This is the percent increase in an average One Acre Fund farmer's farm income, compared to a non-One Acre Fund farmer's farm income. We measure income for both groups on all products and services we offer, including 'add-on' products such as solar lights. In 2014, we increased farm income by 57 percent across our program, just over our expected impact of 50 percent.
- 2. Absolute dollar gain in farm income:** This is the average dollar amount of increased income comparing a One Acre Fund farmer's income to that of a non-One Acre Fund farmer. Our current goal is \$130 USD per farmer per year, and in 2014, our absolute dollar impact per farmer averaged \$128 USD.
- 3. Farmer return on investment (ROI):** This is the extra income a One Acre Fund farmer makes (relative to a comparison farmer) for every extra dollar she invests in our program. A 100 percent ROI (our goal) means that our client received \$1 of extra income (profit) for every \$1 of extra cost invested. In 2014, we surpassed this goal, achieving a 201 percent ROI.

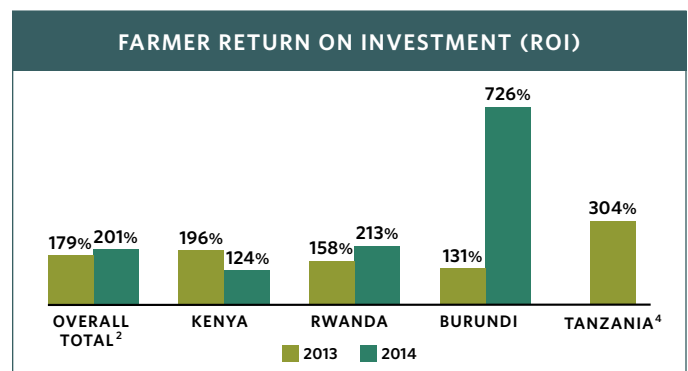
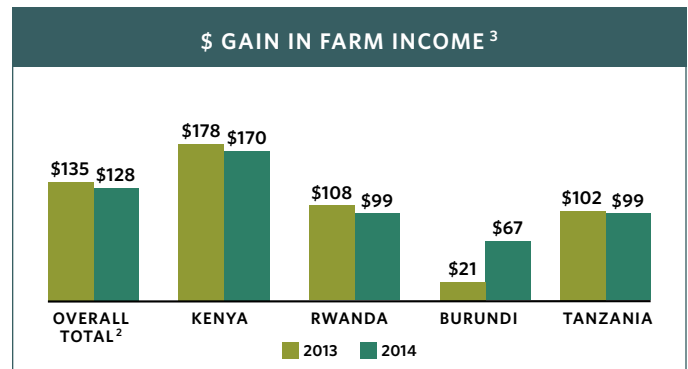
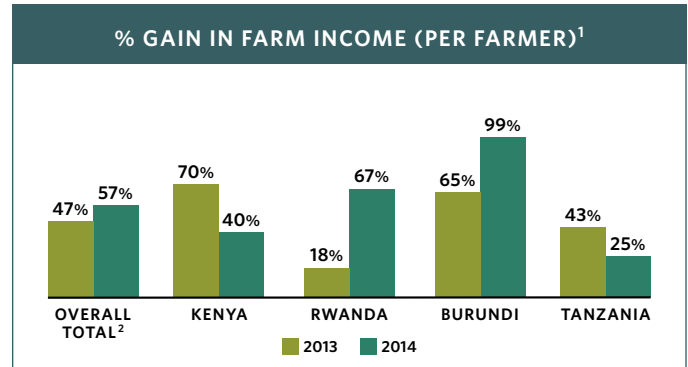
UNDERSTANDING 2014 IMPACT

Overall, our impact in 2014 remained strong relative to 2013. Some of the slight decline in dollar impact from 2013 to 2014 could be explained by our changes in methodology, as we included more agriculture costs, such as interest on loans and labor. In addition, as agricultural impact is highly susceptible to external factors, the maize disease MLND continued to hurt our impact in some areas of Kenya and Rwanda. In spite of this, our results show a relatively consistent and significant impact for clients. With a typical African farm family spending 80 percent of their time and resources obtaining food, an extra \$128 USD not only ends the family's chronic hunger, but also provides surplus funds to invest (with children's school fees being a common expenditure).

The variation of impact among countries can be explained by looking at the context in which each program operates. Countries like Kenya, which have low fertilizer use among comparison farmers, high dependency on maize (a crop with a high fertilizer response), and that include an improved seed component, see higher dollar impacts. In countries like Burundi, where we do not offer improved seed, in which fertilizer is subsidized and widely used, and where farmers are less dependent on maize, we see lower overall impact. In fact, Burundi's impact is almost entirely due to our trainings, which makes its impact numbers even more impressive.

RETHINKING IMPACT AS OUR PROGRAM EVOLVES

While we remain committed to assessing the impact of our core program in a consistent and rigorous way, the expanding scope of our work has forced us to reconsider how best to assess the impact of what we do in aggregate. For instance, as detailed in this report's Management Discussion, we are now partnering with African governments to co-implement agriculture programs in



We are now focusing our reporting on "per farmer" measures, rather than "per acre" measures shared previously. We believe "per farmer" estimates are a fairer reflection of impact: they include benefits of planting more land with a wider range of crops because of our credit program, and the income from add-on products such as solar lights. In 2014, we achieved a \$183 agricultural impact per acre, representing a 43% increase in farm income.

¹ Income is measured on all products and services offered by One Acre Fund, including core agricultural products and 'add-on' products such as solar lights.

² The overall total is a weighted average of the country results. We weigh by acres planted for percent gain and absolute dollar impact per farmer, and by loan size for farmer ROI.

³ 2013 impact has been restated (from \$139 to \$135, and from 52% to 47%) to reflect some impact methodology changes in 2014 that we retroactively applied to 2013.

⁴ Tanzania's farmer ROI is not directly interpretable, as farmers had cost savings relative to comparison farmers, meaning they underinvested inputs in non-One Acre Fund land. This implies the One Acre Fund program was an infinitely better investment than alternatives.



areas like extension and farm input distribution—areas in which we have deep expertise.

Each of these efforts produces some quantifiable dollar impact per farmer. Our government partnership work is reaching more farmers than our core program work, but at a lower dollar impact per farmer. In 2014, we designed a custom impact measurement approach for each of our government partnerships, identifying a comparison group of non-participating farmers and an accurate way to measure adoption and impact of the practices or products that were offered. In 2015, we will begin measuring our dollar impact in these partnerships to ensure they are achieving meaningful gains (albeit likely lower than our more comprehensive core program) for farmers.

EXPANDING OUR DEFINITION OF “IMPACT”

Understanding the changes in farmers’ quality of life. While we feel it is most important to measure and understand One Acre Fund’s income impact for farmers, we also want to have a better understanding of how we are impacting other facets of our clients’ lives, from nutrition to educational attainment and investments they make with their extra profits. A deeper understanding of these impacts will allow us to improve the existing products and services we offer, and to innovate new ones. In 2015 we will embark on a rigorous longitudinal study to understand and assess our impact on farmers’ lives more holistically.

Understanding our impact on the soil. Soil is the foundation upon which farmers build their livelihoods. It is where farmers sow their seeds, apply their fertilizer, and spend long days laboring. Healthy soil holds hope for a more prosperous season to come. Given the crucial role of soil in farmers’ futures, it is imperative that we understand the long-term viability of the soils they farm, and that we plan now for continued soil health into the future. In 2014, we began an in-depth study of soils, taking thousands of soil samples from farmers’ fields. With this study, we hope to accomplish two goals: (1) to compare One Acre Fund farmers’ soil health to that of non-One Acre Fund farmers to understand if we are improving soil health with our products and techniques (and at a minimum, “doing no harm”); (2) to obtain more detailed soil composition information to inform more specific fertilizer recommendations. We look forward to sharing the results of this study.

CONTINUOUS IMPROVEMENT

Measurement is our primary mechanism for ensuring continuous improvement, and for holding ourselves accountable to the farmers we serve. We are excited to leverage the stronger measurement methodology we now have to further our goal of making smallholder farmers more prosperous. At the same time, we are deeply committed to continuously improving the rigor, breadth, and depth of our measurement. We look forward to sharing our results in future annual reports. 🌱

HOW ONE ACRE FUND BURUNDI MORE THAN DOUBLED THEIR IMPACT PER FARMER

In 2014, One Acre Fund Burundi more than doubled the 2013 dollar amount that the average farmer gains by joining our program. On average in 2014, each smallholder farmer that enrolled with One Acre Fund in Burundi earned \$67 more in total income than farmers who did not. That is more than double the additional income they earned in 2013. Our team says several factors are driving this increased impact:

Improved Planting Practices: This year’s improved trainings included compost application, appropriate fertilizer usage, and proper spacing. The trainings helped farmers improve their output without increasing their cost. On average, farmers we work with in Burundi spend nearly the same amount on fertilizer as comparable Burundian farmers and slightly less on seed.

On-time Planting: In both planting seasons of 2014, farmers reported that accessing fertilizer on time, and therefore being able to plant with the earliest rains, allowed them to maximize their harvest. One Acre Fund’s careful attention to planning and executing fertilizer delivery creates real impact on the ground.

Growing Spillover Impact: In 2014 we began measuring impact beyond the land directly enrolled with One Acre Fund. While many of our farmers use our inputs on only a subset of their land, our surveys show that our training techniques are spilling over to other parts of their land. Better methods for compost production, fertilizer application, seed selection, and erosion control mean that farmers will benefit from higher yields across all of their land. Capturing this additional impact gives us a fuller picture of what participation in One Acre Fund means for farm families in Burundi.

What does this mean for farmers?

\$67 USD can go a long way in Burundi. Some examples of things our farmers can do if they convert their harvest into cash.



Buy an adolescent animal. \$36 USD per animal.



Purchase supplies to prepare for childbirth. \$25 USD for birthing kit.



Pay tuition and buy uniforms. Primary school: \$10 USD. Secondary school: \$20 USD.



Purchase a plot of land in a naturally irrigated valley. 11x11 yard plot: \$75-\$150 USD.



Make improvements to home. Retiling roof: \$20 USD. Adding additional room: \$100 USD.



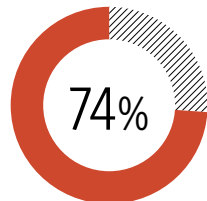
REPAYMENT IN KENYA

SUSTAINABILITY

SUSTAINABILITY IS AN INDICATOR OF THE efficiency of our program and our long-term ability to support our operations independent of outside funding. A key indicator of sustainability is the percentage of field operating costs covered by farmer repayments. Being sustainable means keeping operating costs low and repayment rates high.

Because Kenya and Rwanda are our largest field operations, their progress on financial sustainability has a greater overall impact on the organization. Financial sustainability in Kenya took a dip in 2013, due in large part to a devastating maize disease that hit the country that year, but we are now back on track and expect to see continued improvement through 2015. Organization-wide, we were able to increase our financial sustainability from 73 percent in 2013 to 74 percent in 2014.

Staffing costs constitute a large portion of our field operating



74% OF FIELD EXPENSES COVERED BY LOAN REPAYMENTS IN 2014

expenses, and as a result, staffing indicators are important metrics for operational efficiency and financial sustainability. Specifically, we are focused on the ratio of clients to field officers (the ground-level staff who provide direct services to clients). Training and developing our 1,300+ field officers to serve even more farmers is one of our core competencies.

In 2015 we will have about 180 clients per field officer—a significant jump from 148 in 2014. We

believe we can continue to increase this ratio even further while maintaining a high level of customer service. To achieve this in Kenya, our largest country of operation, we are trialing a number of new operational ideas:

- New marketing and sales methods to increase enrollment for every field officer.
- Farmer mobile repayment, which limits the time field officers need to spend collecting farmer money, and reduces the need for bookkeepers to record repayments manually.
- Changing repayment deadlines to make it easier for farmers to repay their loans and join or rejoin the program.

If these ideas are successful in Kenya, we will implement them in other countries where One Acre Fund works. 🌱

TOTAL FARMER LOAN REPAYMENTS, IN USD

2011	2012	2013	2014	2015
15M	13.7M	14.4M	19.7M	30.5M



Management Discussion

ONE ACRE FUND REMAINS laser-focused on improving the scale, impact, and sustainability of our core program, which offers a high, proven return on investment for a smallholder farm family. We are also beginning to invest in two other areas of work: government partnerships and field building. We believe these two areas will enable us to reach millions of farmers beyond our core program by leveraging the operational knowledge and credibility we have developed to foster improvements on a much larger scale.



DR. DAVID OKEYO, HOMABAY COUNTY MINISTER FOR AGRICULTURE, HELPS DISTRIBUTE SEED AND FERTILIZER TO FARMERS IN KAJULU, HOMABAY.

GOVERNMENT PARTNERSHIPS AND FIELD BUILDING

PARTNERSHIPS WITH AFRICAN GOVERNMENTS

African governments already reach millions of hungry farm families in Sub-Saharan Africa through efforts like fertilizer subsidy programs, input distribution networks, and farmer training networks. The breadth of these programs is staggering; they employ tens of thousands of full-time staff, and often extend to every corner of a country. One Acre Fund sees an exciting opportunity to partner with African governments to improve the implementation—and the impact—of government programs that reach millions of farm families.

In 2014, One Acre Fund formally launched a Government Services Unit, initially focused on three service areas where we

have developed strong competencies from our core program: input distribution partnerships (focused on building rural distribution networks for seed and fertilizer); training and extension partnerships (focused on design and implementation of improved training materials); and market stimulation partnerships (focused on building farmer knowledge of and demand for improved inputs and corresponding supply chains). We prioritize partnerships where government partners can eventually sustain success and replicate efforts at a broader scale.

This unit is off to a strong start. In 2014, we engaged in partnerships in four countries, reaching a total of 500,000 *additional* farm families not served through our core program. In 2015, we



Innovations

TO ACHIEVE OUR GOAL OF serving 1,000,000 smallholder farmers by 2020, we recognize the need to relentlessly search for better and broader ways to serve our clients—and so we do. Our product innovations team is dedicated to exploring how we can fine-tune products we already offer, and to determining what new products and services we should make accessible to rural families.



PRODUCT INNOVATIONS

THE TECHNOLOGIES NEEDED TO HELP SMALLHOLDER FARMERS

increase their incomes and feed their families already exist. The challenge lies in successfully adapting and distributing those technologies to extremely rural smallholder farmers. At One Acre Fund, our innovations team is tasked with ensuring that even the most remote farm family can benefit from the latest advances in farming supplies, training, storage, and new technologies such as clean energy and health interventions.

After scouring the globe for new products that could potentially have transformative impact for the farm families we serve, the innovations team deploys a rigorous, four-stage research and development process to determine whether these products are scaled across our network:

PHASE	# FARMERS IN TRIAL	TRIAL TYPE
①	0	Research Station/Product Testing
②	50-500	Small group to district level trial
③	1,000-20,000	Small-scale core program roll out
④	Full Scale	Full-scale core program roll out

We use four criteria to determine whether the new product should “graduate” to the next stage (and eventually to full-scale rollout):

- **Impact:** Can a product significantly improve a client’s income or health?
- **Adoptability:** Are a significant number of clients willing to purchase this product?
- **Simplicity:** Is the product simple enough that all clients can achieve a consistent result?
- **Operability:** Can we scale the product with a minimal increase in operational complexity?

In 2014, One Acre Fund’s Product Innovations Department trialed more than 250 agricultural products in 7 research stations, and we trialed 65 non-agricultural products organization-wide. 🌿



BUCUMI BUGENIYA, BURUNDI

Innovations Highlight LIVESTOCK CARE PACKAGE

One of the first purchases a smallholder farmer chooses to make with her increased income is livestock. Approximately 60 percent of our Kenyan farmers own a cow, and it is typically their most valuable asset. Finding a way to make this asset more productive presents a huge impact opportunity for each farm family. In 2014, we trialed a livestock care package that included improved fodder crop seeds (to grow food for the cow), cow health care products, trainings on proper animal management, and artificial insemination to improve the breed of cows over time. By combining products that enable farmers to raise healthier animals, One Acre Fund aims to make long-term impact on household incomes through increased milk production and more profitable calves.

In 2014, we successfully delivered our livestock care package to 108 farmers. While customer satisfaction was high, our biggest challenge was adoption, as farmers were not familiar with the product, and the loan size was high relative to average farmer income. While data collection and analysis on our 2014 trial is not yet complete, we are encouraged by the productivity improvements our farmers are reporting.

With our 2014 learnings in hand, we modified the 2015 dairy cow care package by allowing farmers to purchase the services piecemeal, under the assumption that farmers would be more inclined to adopt if they could select the products that they most need, rather than buying the full bundle. As a result, roughly 1,000 farmers opted to purchase at least one component of the dairy cow care bundle, representing a significant increase in farmers buying dairy cow care products. We will continue to carefully track our main impact variables in both trials as we seek to determine whether and how to further scale this product.



CONSOLATA SIRENGO AND HER DAUGHTER ANN.



THE POWER *of* HOPE

CONSOLATA SIRENGO IS A POWERFUL WOMAN. With a soft smile and shy eyes, it is easy to miss at first. But to those who know her well, it is undeniably true. She wakes early to walk to work and sometimes does not return home until after sunset. With the simplest tools at her disposal, she measures success in rows planted, kilos harvested, and bellies filled.

Consolata is the primary provider for her family of eight, and she now has the income to feed her children *and* pay for their schooling—giving them the power to create a new future.

As a smallholder farmer in Matisi, a rural village in Kenya just under 250 miles northwest of Nairobi, Consolata relies on one acre of land and a simple hand hoe to feed her family.

Her husband Zaddock works on-and-off as a carpenter. He shows great dedication when he is on a job, but finding work is difficult and his income is inconsistent.

“Zaddock’s carpentry income is very small. We would depend on the little he earned for food, but sometimes he would return home with no money after a long day at work,” Consolata says. “I worked hard on the farm to boost our income, but I was never able to produce enough.”

Besides the challenge of simply feeding the family, five of the children are now in school, which



CONSOLATA AND FAMILY AT HOME.



CONSOLATA MILKING HER COW TO MAKE TEA.



CONSOLATA WORKING HER FIELD WITH A HAND HOE.



"ANN ACRE FUND"



PLAYTIME WITH ANN.



ZADDOCK, CONSOLATA AND FIVE OF THEIR CHILDREN.

costs the couple a total of 28,000 Kenyan shillings (\$314 USD) every year.

Consolata was tired of being forced to decide between educating and feeding her children. She could only afford one. So in 2010, she made a choice that would change her life forever.

That year, Consolata joined One Acre Fund. She planted half an acre of improved bean seed that she bought from One Acre Fund on credit. Three months later, she harvested 500 pounds of beans—more than *five times* as much as her previous harvests.

By 2012, she was purchasing hybrid maize seed on credit from One Acre Fund and harvesting 1,580 pounds of maize every year. Previously, her half-acre of maize would yield just under 400 pounds.

WITH HER FAMILY EATING REGULAR MEALS, AND enough surplus to pay for school, Consolata felt relief. In early 2012, she gave birth to a baby girl. Without the increased harvests, Consolata says she would have been concerned about the baby's future. Instead, she says she now enjoys imagining it.

The couple named the baby Ann, and for her middle name, they had something special in mind. Without any debate, Consolata and Zaddock chose "Acre Fund."

"We chose the name in commemoration of what One Acre Fund has done for this community and for my family," Consolata says. "It has transformed our lives, and we now have a reason to be happy. Ann is the source of my inspiration. Seeing her every day gives me a reason to smile and farm my land."

In 2014, Consolata planted half an acre of maize and a quarter acre of millet with One Acre Fund. She has continued to see improvements in her yields.

"I have managed to boost my food security, especially

with my big family. My family looks healthy now, and I always joke to my children that they are growing fat with One Acre Fund!" Consolata says.

Since improving her harvests, Consolata has spent the additional income on educating her children. She says she wants each child to complete, at minimum, a high school education. Consolata knows this means she needs money for years to come.

"My parents took me to school even though I was a girl, which was not very common in our area. I am going to make sure that Ann gets educated to whatever level she wants. I have enjoyed many benefits from the education that I received because of my parents' efforts, so I want the same for Ann," Consolata says.

Consolata says she secretly hopes to someday see Ann become a nurse, or maybe a lawyer, "since she's so bossy," she adds with a smile. Whatever Ann becomes, Consolata says she will feel proud knowing that Ann had options to choose from.

To help build savings for her children's education, next year Consolata hopes to start a business buying and selling cereals.

"I want to become a business woman," Consolata says. "I want to be buying beans and maize from farmers during the harvesting period. Then I will sell at a time when the prices have skyrocketed, and I will make money I can save."

Consolata is a powerful woman. She can choose what she wants and shape her family's destiny. She is also a happy woman. She is happy because she knows her hard work is helping build a better future for her children. With strong harvests and big plans, Consolata has no trouble believing all of her children, including Ann Acre Fund, will know this power and happiness too. 🌱

IN EARLY 2012, CONSOLATA GAVE BIRTH TO A BABY GIRL. THE COUPLE NAMED THE BABY ANN, AND FOR HER MIDDLE NAME, THEY HAD SOMETHING SPECIAL IN MIND...

WITHOUT ANY DEBATE, CONSOLATA AND ZADDOCK NAMED HER "ANN ACRE FUND."







Farmers First