Lessons from One Acre Fund's First Uganda Pilot

Farmers First

PHASE:	Research Station	50 – 500 farmers	1,000 – 20,000 farmers	Full Scale

Introduction

In 2008, One Acre Fund conducted a pilot in eastern Uganda, which was its first pilot program outside of Kenya. The program worked with 40 farmers over two years, offering a core loan package of fertilizer and a quarter-acre of bean seed in the first season, and fertilizer and a quarter-acre of maize seed in the second. The program ended after following the 2009 season due to low farmer enrollment and operational challenges. The final statistics of the program were:

40	**Farmers participating in the program**	**Highly Varied**[1]	**Yield Improvement**
~$45	**Average loan package size per farmer**	**~50%**	**On-time repayment**

Why It Failed

A number of factors contributed to the lack of success of our first pilot in Uganda:

- **Large land sizes reduced farmers' interest in agricultural intensification.** Farmers typically cultivated more land than farmers who One Acre Fund worked with in Kenya. As a result, farmers were able to harvest enough to support their families for the year despite low yields per acre. Without a clear need to invest in agricultural intensification technologies such as fertilizer and improved seed few farmers were incentivized to join One Acre Fund.
- **Low population density posed sustainability and impact challenges.** The population density in the district was very low, resulting in a low total market size for the region and limiting the potential impact of a full-scale One Acre Fund program. Additionally, it was very labor-intensive and challenging to enroll farmers in close proximity. Without a high concentration of clients it was difficult to efficiently deliver inputs at convenient rural drop points and Field Officers spent much of their time travelling between farmers' homes rather than providing trainings and tracking repayment.
- **The agro-ecological conditions of the region were not appropriate for the One Acre Fund program.** Rainfall and soil quality in the pilot region were unpredictable and highly-variable, respectively. These factors led to lower yield improvements than had been seen in Kenya. For many famers, the harvest benefit was not significant enough to invest the significant time required by the program.
- **Field Officers' limited agricultural knowledge weakened relationships with farmers.** One Acre Fund recruited Field Officers with strong business skills from regional cities. In many cases they had limited previous experience farming and in the rural towns in which the pilot operated. Without agricultural skills or personal relationships with farmers, clients were hesitant to engage with and follow the instruction of One Acre Fund Field Officers.

[1] Yield improvement varied from 0-100% depending on farmers' soil quality and planting compliance

- **Farmers' limited familiarity with agricultural technologies led to low enrollment.** At the time of the first Uganda pilot, use and knowledge of fertilizer and improved seed was limited throughout the country and particularly in the pilot district. Without prior knowledge and experience, farmers were skeptical of the benefits of enrolling in One Acre Fund.
- **Low farmer loan repayment threatened operational sustainability.** Approximately 50% of pilot farmers did not repay their loans for two primary reasons. First, many farmers saw low yields and thus did not have the money to do so. For others, previous experience with NGOs which provided inputs and services free of charge undermined One Acre Fund's microfinance model.

What We Learned

One Acre Fund learned the following from our first Uganda pilot:

- **Pilot location selection must be systematic and data-driven.** We restarted the Uganda pilot in 2013 in Kamuli District, which we selected after evaluating community-level data such as land size, population density, crop yields, rainfall, and soil quality. As of the drafting of this paper, this pilot is going well. Additionally, the new country expansion team has now created a system of pilot phases that a trial progresses through.
- **Farmers' 'drive for intensification' is critical to the success of One Acre Fund programs.** If farmers can meet their harvest needs without intensification, demand for the core One Acre Fund program will be low. We look for the conditions under which intensification makes the most sense, and these conditions are generally correlated with lower land sizes.
- **Extensive marketing and education may be necessary to demonstrate One Acre Fund's value.** We currently use techniques such as demonstration plots, flyers, and in-person trainings, which help build interest in agricultural intensification and microfinance, thus improving One Acre Fund's chances of success.
- **Field officers must be community members with previous farming experience.** A strong field officer-farmer relationship is critical to the success of the One Acre Fund model. As a result, recruitment and selection of field officers prioritizes well-respected community members with extensive agricultural knowledge and experience.

Going Forward

As a result of the first Uganda pilot, intensive research and data analysis is now a precursor to every new country pilot. For example, before beginning our second Uganda pilot in 2013, we had a much better sense of where to locate our operations, what challenges we might face, and how to best serve the unique needs of those farmers.

New country research and scouting is conducted in two phases. First, extensive background research (desk research) is done to identify and prioritize viable regions and note potentially unique challenges of the operating environment to be further explored through on-the-ground research. Second, a team of new country scouts has been recruited and trained to conduct on-the-ground scouting, which validates and expands upon the preliminary findings uncovered through desk research.