

Farmers First December, 2023

The role of One Acre Stichting is to mobilize Dutch support to help realize the organizational objectives of One Acre Fund for 2026, as outlined below.

Executive Summary

- The Opportunity: The majority of the world's hungry people are farmers. Farming is the primary profession for most of the world's poor, outnumbering every other primary profession combined. Thus, finding a way to improve small farm productivity in a way that's resilient to climate change represents the greatest humanitarian opportunity of our time. Importantly, most of these farmers are women working hard for their children's future.
- Our Solution: One Acre Fund possesses an incredible asset: we have a general solution for Africa's smallholder farmers that improves profits on the activities we support by 35-50% in a cost-effective, sustainable, and highly scalable manner. Our direct service model consists of a bundle of products and services including high-quality farm inputs on credit, climate-smart agricultural training, and post-harvest services (including access to markets). In 2022, our direct service model reached 1.59 million clients, of which an estimated 950,000 were female. We reached an additional 2.4 million families through our partnership program, through which we partner with private- and public-sector actors to touch the lives of a larger number of smallholders. Cutting across all impact pathways, we also work to build the resilience of smallholder farmers in the face of a changing climate.
- Our 2026 Vision: In the coming years, One Acre Fund boldly aims to "move the needle" on rural development and climate resilience at a continent-wide scale with a realistic implementation plan. By the end of 2026, we aim to increase our scale to serve 6 million farm families per year, with 33 million beneficiaries within these households. By our analysis, this will represent 11% of all smallholder farmer households in Sub-Saharan Africa. This will include 2+ million families served through our direct service model, and a further 4 million through our partnership platform.
- Our Team: Our team makes us unique in the development space. We are proudly headquartered
 in rural areas of Africa, close to the farmer communities we serve. More than 95% of our staff is
 recruited from the countries where we operate, and increasingly represented at senior levels.
 We have also embedded Diversity & Inclusion (DEI) into how we operate, and are continuing to
 invest heavily in further DEI objectives, including in the areas of leadership representation,
 performance management, compensation structures, and staff training.
- Our Dutch Roots: One Acre Fund's mission is closely aligned with values cherished by Dutch society: sustainable agricultural livelihoods, existing in balance with the environment. This overlap in values has naturally encouraged One Acre Fund to establish connections with Dutch civil society and government. These include the operation of our Dutch board and stichting, whose roles are to 1) to help increase awareness of One Acre Fund's work within the Netherlands, 2) to raise funds to support our 2026 objectives, and 3) cultivate partnerships to link Dutch expertise with Africa's smallholder farmers.

Background

The Problem: Hunger

Over the last 60 years, the global community has made enormous strides against poverty. In 1960, more than 50% of the world's population lived under the "dollar a day" threshold of extreme poverty; today, that figure is less than 10%, the lowest in human history¹.

However, the fight is not won. The most stubborn and largest remaining bastion of global poverty is rural Africa. By 2030, the World Bank forecasts that 9 out of 10 of the world's extreme poor will live in Sub-Saharan Africa² – and of these families, 76% rely on agriculture³. Furthermore, despite being least responsible for climate change, small-scale farmers are uniquely vulnerable to its effects due to their reliance on predictable rainfall patterns. The latest <u>report</u> from the UN special panel on climate change (the IPCC) shows that in Africa alone, climate change has already reduced agriculture productivity growth by 34% since 1961 — and this is going to get worse without action.

This concentration of extreme poverty and climate vulnerability carry a profound human cost. In Sub-Saharan Africa today, 1 in 13 children die before age five, 34% of children are stunted from a lifetime of insufficient food, and fewer than 1% complete college due to lack of resources⁴. Humanity has come so far, yet the human potential of millions of children is defined by their poverty. The world has a moral imperative to act.

The Opportunity: Agriculture is the Most Effective Way to End Hunger and Extreme Poverty

The concentration of global poverty among Africa's rural poor presents a powerful opportunity. The dominance of a single profession — farming — means that if we can figure out how to make this group more productive, millions of people could earn their way out of poverty.

Numerous studies show that farming is more than twice as effective as other sectors in building wealth for people living in poverty⁵. For example, an OECD analysis of 25 countries most successful in reducing poverty found that pro-poor agricultural growth was the common critical driver. In fact, most of the recent progress against global poverty is attributable to increases in agricultural income driving a steady decline in rural poverty⁶.

¹ The International Poverty Line was first established in 1990 at ~\$1 per person per day; currently it stands at \$1.90 per person per day (<u>World Bank 2015</u>). Poverty statistics composited by <u>University of Oxford 2019</u>.

² World Bank 2018, p25

³ World Bank 2019, p. 41

⁴ World Bank data; World Bank data; UNESCO 2016, p. 230-231

⁵ World Bank 2008, p. 6; a 1% increase in agricultural GDP growth results in a 6% increase in average household expenditure for poorest populations (Ligon 2008, p. 22-23). Also see Ravallion 2004, Ivanic 2018, etc.

⁶ World Bank 2008, p. 3

The One Acre Fund Solution

Founded in 2006, One Acre Fund is rapidly scaling a market-based solution to equip millions of Africa's poorest farm families, most women-led, with the tools to grow their own way out of hunger and extreme poverty. The success of our program to date stems from these assets:

- **Farmers First:** We have a laser-focus on the hardest-to-serve populations: subsistence farmers who largely grow for their own consumption.
- **Reliance on Data:** One Acre Fund physically weighs harvests in the field and measures yield and income growth relative to statistically similar neighboring farmers.
- **Validation:** We have been validated through rigorous due diligence and funding from leading institutions (e.g., the Dutch government, Ikea Foundation) and charity evaluators.
- **Cost-Effectiveness:** Year after year, we increase profits on supported activities by 35-50%, which translates to €4-5 of extra farmer profit for every €1 of donor support.
- **Gender Sensitivity:** Most of our clients are women, and women provide 60% of agricultural labor supported by One Acre Fund.

One Acre Fund Key Accomplishments in 2022

Farmers Reached: 4M
 Rural Front-Line Staff: 6.6K
 Farmer Impact: €288M

• Trees Planted to Date: 150M

• Where We Work: Burundi, Ethiopia, Kenya, Malawi, Nigeria, Rwanda, Tanzania, Uganda, Zambia

Our 2026 Vision

Sub-Saharan Africa is home to ~50 million smallholder families who our model could benefit. Although One Acre Fund's achievements to date have been noteworthy, we are only serving around 8% of these farmers. Put another way, we are failing to serve 46 million families.

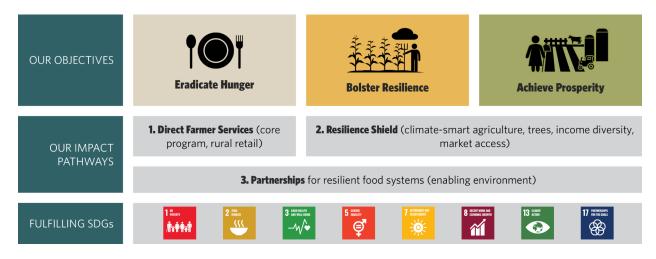
We need to plan boldly to reach these families, while simultaneously deepening our impact to address the challenges described above. At this moment, we have the capacity to absorb resources productively and to realistically plan for continent-scale impact. Our 2026 vision includes these top-level milestones:

- Serve 6 million families through direct farmer services and partnerships;
- Generate \$300 million (€270 million) of impact per year for farm families that we serve;
- Enable farmers to plant a cumulative **550 million trees**, within our broader climate resilience agenda.

Our 2026 Strategy

We will pursue this bold vision through three impact pathways:

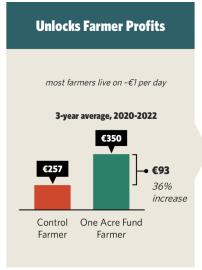
- 1. First, we will provide **Direct Farmer Services** to solve the urgent challenge of hunger and extreme poverty.
- Second, we will extend a Resilience Shield to enable farmers to adopt impactful products, services, and farm practices to protect gains against future shocks such as changing weather or supply chain disruptions.
- 3. Third, we will engage in **Partnerships** with private- and public-sector actors to bring these solutions to country-wide scale. This will drive improvements to entire agricultural ecosystems, enabling farmer climate resilience and prosperity at broad scale.

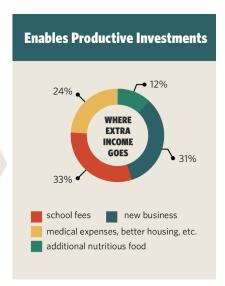


Eradicate Hunger via Direct Farmer Services

Core Program: We have pioneered and proven a holistic "market bundle" that includes (1) quality farm inputs on credit, (2) delivered within walking distance, (3) digital and field-based agricultural training, and (4) post-harvest support and market facilitation. Provided together, this bundle enables farmers to increase profits on supported activities by an average 35-50% after one season. In 2023, we are delivering this solution to 1.6M farm households across five countries. By scaling within our current areas of operation and expanding to new markets, we aim to grow our core program to reach 2+ million clients by 2026.





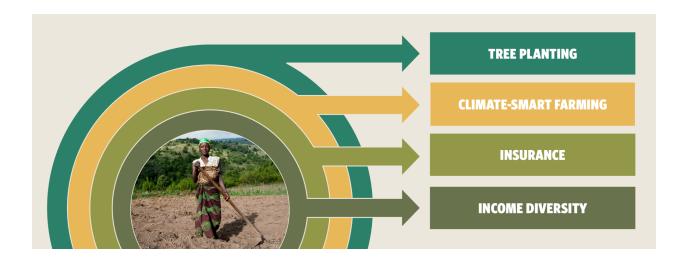


Rural Retail: Our goal is to ensure that all farmers can access quality farm inputs and tools. To pursue this objective, One Acre Fund will continue to operate its rural 'dukas' (local shops) model. These shops are located in markets where few (if any) alternatives for accessing high-quality inputs exist, set prices comparable to existing agro-retailers, and serve an extreme-poor target group that is historically underserved by existing retail. As of the end of 2022, we were operating 450 dukas org-wide, collectively serving over a million farmer customers annually and generating €20M+ in new profits and assets. We seek to expand this program to serve 2.8 million customers by 2026 and generate €39M in impact.

Bolster Farmer Resilience via Climate Shield & Tree Planting

Climate change poses a huge threat to smallholder farmers, their communities, and the world. In response, we've launched a 10-year <u>climate strategy</u> committed to building the resilience of these farmers in the face of a changing climate. This will ensure that as farmers improve their livelihoods, these gains are not wiped out by climate or other shocks. We are implementing this strategy through investments in farm climate resilience and income diversity, which protects harvests even during difficult seasons and distributes risks. Key pillars include:

- A. **Tree Planting:** On-farm tree planting offers a powerful way to protect food crops and generate a savings vehicle that can protect farmers against financial shocks. To take advantage of the power of trees, One Acre Fund is operating the largest farmer-led tree-planting initiative in Sub-Saharan Africa, with 150 million cumulative trees planted to date. We aim to enable farmers to plant 550 million cumulative trees by 2026, in 3 or more varieties (timber, soil-improver, and fruit/nut tree) per area.
- B. Climate-Smart Farming: Improving and maintaining soil health is essential for ensuring that staple crop yield increases are sustainable and support long-term food security. We therefore will innovate to drive adoption of practices, and products to conserve soil, boost plant nutrients, and build organic matter (e.g., organic composting, legume/grain intercropping, green manure cover crops, and agricultural lime).
- C. **Insurance:** When crops fail, families who depend on annual harvests often face a "hunger season" of meal skipping and substitution. We thus will connect farmers with input loan insurance, which ensures they do not need to skip meals or engage in other costly coping strategies in order to pay back loans. We will also work to improve the farmer impact of these products.
- D. **Income Diversity & Market Access:** By helping farmers diversify their farm activities, we help them spread risk and therefore protect food security. We do this by enabling farmers to cultivate a range of crops (including staples, horticulture, tree crops, and cash crops), and help farmers sell their harvests in more lucrative markets. From 2023-2026, we will scale our existing pilots and introduce support for additional crops, while facilitating new partnerships with private-sector actors in smallholder-facing value chains.



Build Stronger Food Systems via Partnerships

We simultaneously seek to create better food systems at country-level scale through partnerships. By joining with private sector, government, research, and civil society actors, we are both addressing food availability in the short term, while simultaneously nurturing the enabling environment that supports long-term food security. We served 2.5m farm families through partnerships across nine countries in 2022, generating €108M in impact (€45/farmer) via farm productivity increases. We aim to expand this channel — in particular our impactful rural retail and trees program — in the next few years, projecting to reach 4 million families and generating €275M in impact per year by 2026.

Examples of partnerships include:

Public Sector

- Local production: We partner with governments to increase the national supply of quality inputs available to rural smallholders. For example, we operate a partnership with the government and a private sector firm to produce the first "made in Rwanda" hybrid maize seed to improve farmer access. We are launching additional programs for potato seed and multigrain processing.
- Training and extension: We work closely with ministries' existing networks of rural on-farm trainers. In Rwanda, we will continue to support the agricultural extension program with services ranging from extension agent training to agricultural product marketing and mass-scale tree distribution.

Private Sector

- Market access: Our market access partnerships are largely focused on (1) extension and
 aggregation for high-value crops (e.g. coffee, macadamia, avocado), and (2) connecting farmers
 with lucrative buyers. Examples of current projects include an avocado aggregation/export
 partnership in Kenya and Rwanda, and a coffee offtaking partnership in Uganda. We plan to roll
 out a number of new projects working with additional crops.
- Community tree nurseries: Our community nursery model supplies local entrepreneurs with the
 training, tools, and capital required to produce seedlings. They then market the ready tree
 seedlings to our growing customer base, in addition to other smallholder farmers in the

community. This model is a key scale enabler, allowing us to rapidly grow our tree-planting program and pursue long-term tree-planting objectives.

Research Institutions and Civil Service Organizations (CSOs)

Our agricultural innovations team has built close knowledge-exchange relationships with leading international agriculture research institutions around the world, including Dutch knowledge institutions (e.g., Wageningen University, with whom we recently launched a partnership to design a plant-based protein food in Rwanda). One Acre Fund is also currently collaborating in a CIMMYT-led, donor-funded, multi-sectoral project on acid soil management in Ethiopia, Kenya, Tanzania, and Rwanda. We also work closely with national research institutes such as the Kenya Agricultural and Livestock Research Organization (KALRO) and the Rwanda Agriculture Board (RAB), in order to mutually determine the best seed and crop varieties to distribute, and optimization techniques for local inputs and practices.

Strengthen Our Team

One Acre Fund remains proudly headquartered in rural areas of East Africa, where we can listen to our farmers directly. The vast majority of our staff are recruited from the communities we serve. Further, 98%+ of our staff and leadership live in rural parts of Sub-Saharan Africa, unlike nearly every other large non-profit organization. This allows for rapid test-and-learn cycles as we try new interventions with our farmers, eliminate the "HQ-field disconnect" that plagues many international organizations, and high transparency that leads to consistent operational performance. Over 95% of our staff is African nationals, and increasingly represented at senior levels.

Indeed, One Acre Fund's overall achievements stem from our commitment to recruiting and developing innovative, world-class teams with a strong connection to the field. **DEI** – diversity, equity, and inclusion – is one of the most important internal priorities for our board and leaders, and we have committed to make major improvements on all fronts.

In 2020-21, we shared the urgency of building a more diverse, equitable, and inclusive One Acre Fund. In 2021-22, we moved from vision to action. In particular, we made significant improvements to equity in staff pay, benefits and performance management, advancing two of our core commitments to staff. We defined policies we can explain clearly and uphold proudly for every staff member, at every level.

In 2023, we are maintaining our focus on our core commitments to staff. We're also growing from launching DEI initiatives to embedding DEI into how we operate. DEI used to be owned by a few staff groups; now, it's part of how we define leadership in our organization. Areas where we are investing include:

- **Leadership Representation:** Continue to diversify our senior management teams and top leadership bodies, starting with balanced gender and national representation.
- **Performance Management:** Continue to improve how we assess performance and support career growth to create a more consistent and objective experience for all staff.
- **Compensation Structures:** Ensure our pay and benefits structures and policies are results-oriented, fair, and financially sustainable.
- **Staff Training:** Offer comprehensive DEI training for all staff and incorporate it into our ongoing training curriculum.
- **Field Team Inclusion:** Ensure field teams are sufficiently represented in DEI initiatives and have access to core support for staff.

Role of One Acre Stichting in The Netherlands

One Acre Fund's mission is closely aligned with values cherished by Dutch society: sustainable agricultural livelihoods, existing in balance with the environment. This overlap in values has naturally encouraged One Acre Fund to establish connections with Dutch civil society and government. Those ways include:

- Dutch Entity & Board: One Acre Fund established a Dutch entity (One Acre Stichting) in 2014 for
 the purposes of fundraising, strategic direction, and awareness-raising in The Netherlands. We
 are registered as a non-profit (ANBI). We also maintain a 6-person Dutch board, which includes a
 One Acre Fund global executive along with five Dutch nationals from influential private sector
 and civil society organizations.
- **Dutch Donor Support:** We are extremely fortunate to receive validation of our work from Dutch institutions in the form of grants and finance. Examples include financing from the Dutch Government to support org scale-up and private sector interventions; COmON Foundation for soil health interventions and agroforestry; Dutch Postcode Lottery for agroforestry; Ikea Foundation for scaling our climate resilience work; Stichting Dioraphte for climate resilience in Malawi, and Rabobank Foundation/ACORN for exploring carbon credit markets.

The One Acre Stichting will pursue the 2026 strategy through three means. First, we aim to increase the awareness of One Acre Fund's work within the Netherlands, especially among those in the social impact and philanthropic space. Second, we seek to identify funding partners from interested supporters within the country: high-net-worth individuals, Dutch foundations, individual donations, and the Dutch Government. Lastly, through influence in strategic networks and via partnerships, One Acre Stichting will act as a knowledge channel linking Dutch agricultural technology and expertise with Africa's smallholder farmers. All of these efforts will be pursued as much as possible in person.