

I. Background

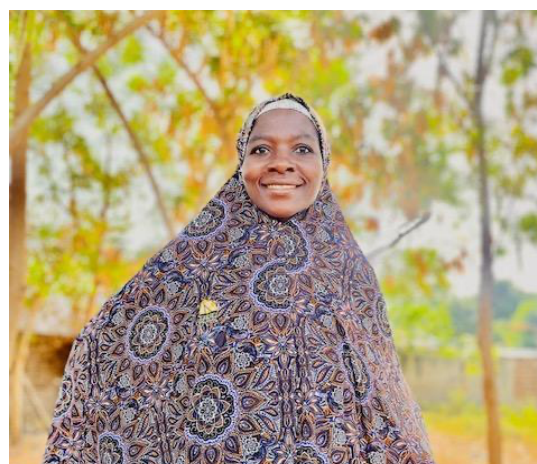
- One Acre Fund and Focusing Philanthropy are partnering to catalyze growth in two of One Acre Fund's most promising early-stage markets: Nigeria and Malawi. The \$20 million partnership will generate substantial farmer impact via two high-potential impact conduits.
 - Over the four-year partnership (2023-2026), One Acre Fund will plant over **90 million trees cumulatively** in Malawi and Nigeria, providing smallholder farmers with a highly efficient and scalable means of building resilience to climate and economic shocks.
 - One Acre Fund will also rapidly scale two mutually reinforcing climate-smart agricultural programs in Nigeria – its core program and rural retail channel. Combined, these channels will grow exponentially by 2026 leading to **hundreds of thousands¹ of Nigerian farm families** equipped to permanently grow their way out of hunger and poverty every year. This component of the overall effort also projects 1AF into communities, and builds supporting infrastructure, that materially enhances the tree planting program in the same regions.

II. Conduit 1: Planting trees for resilience in Nigeria and Malawi

- Focusing Philanthropy and One Acre Fund are working together toward the ambitious goal of planting 1 billion trees across One Acre Fund's program countries by 2030. **The high growth potential of the Nigeria and Malawi markets make them key components of One Acre Fund's tree strategy.** While final 2023 results will not be ready until April/May 2024, preliminary data indicate that One Acre Fund met or surpassed its tree-planting targets in both countries.
- In 2024, both agroforestry programs will continue on accelerated growth trajectories. Managing this rapid growth will require further operational advancements to address new challenges and opportunities that arise as the programs scale, such as developing models for economic tree seedling sales.²

Tree-planting in Nigeria update

- The Nigeria agroforestry program – One Acre Fund's newest geography – has seen high demand from farmers interested in strengthening their access to valuable timber and improving the productivity of their farms. While farm families in Nigeria have historically depended on local forests for timber and firewood, population growth and deforestation have decimated the supply. Farmer-led tree-planting provides low-income rural families in Nigeria with a replenishable 'safety net' of assets.



Lucy Markus, One Acre Fund Nigeria agroforestry client. "My plans for these trees is to continue growing them, because it gives me joy and encouragement seeing them growing effectively."

¹ The rapid expansion of these programs may result in forecast fluctuations as One Acre Fund Nigeria adjusts its strategy and program models to efficiently generate the most impact for farmers.

² While higher-value fruit/nut "economic trees" are in demand by farmers and support resilience-building through income diversification, these tree seedlings typically come at an increased cost to farmers and require greater technical expertise to grow and nurture. One Acre Fund program teams are testing cultivation and pricing strategies to maximize farmer adoption and impact.

Trees planted alongside crops also prevent erosion, improve soil fertility and sequester carbon, making farms more viable for productive yields and helping to mitigate the impacts of climate change.

- Preliminary results indicate that the program achieved its 2023 targets and enabled more than 110,000 farmers to plant approximately 2.4 million trees. Compared to 2022, when 54,000 adopters planted about 680,000 trees in Nigeria, the results represent a significant program scale-up, with year-over-year growth of greater than 100%.
 - This expansion was facilitated by the Nigeria program's recent investments in the development of critical systems. For example, the digitization of farmer enrollment (via a field-based mobile app) enabled the program to shift away from expensive and cumbersome paper systems, improving field agent efficiency and performance monitoring. Following this success, in 2024, the Nigeria team will continue to expand its digitization of systems and improve the capabilities of the field-based mobile application, focusing on digital survey and data collection.
- One Acre Fund is continuing its rapid agroforestry growth trajectory in Nigeria in 2024 – and once again forecasts doubling the number of trees planted in a season – by planting an above target 5.5 million trees. One Acre Fund is poised to achieve these strong results through the following strategies:
 - *Expanding to nearby regions to serve new farmers:* Since One Acre Fund's inception in Nigeria, it has operated in Minna, Niger State, where smallholder farmers struggled against striga (a parasitic plant that stunts maize), few credit options, and limited availability of high-quality seeds and fertilizer. These challenges prevented smallholders from reaching optimal harvests and created a high-demand, high-impact opportunity. One Acre Fund is now expanding its programs beyond Niger State. Following positive results with a trial agroforestry expansion in 2023 involving ~1,000 farmers, One Acre Fund will scale-up seedling distribution in neighboring Nasarawa State. One Acre Fund's Nigeria program is relocating senior team members to Nasarawa to directly oversee the new team. In-depth farmer surveys and studies are underway and will guide the development of program offerings in the region.
 - *Scaling up distribution of Parkia biglobosa:* After two full seasons of primarily distributing Albizia lebbek, a soil improving timber species, One Acre Fund observed increasing farmer interest in receiving additional species. To increase species' diversification, One Acre Fund will expand the distribution of Parkia biglobosa, a native species known as locust bean, supporting farmers in planting about 350,000 seedlings. Additionally, One Acre Fund will conduct a small germination trial (~200 seedlings) of Moringa oleifera, a soil-improving species with medicinal properties, to better understand the species' growth requirements for possible program introduction in subsequent seasons.
 - *Restarting an economic tree trial:* Despite signals of strong farmer demand, One Acre Fund paused a trial of "economic tree" (i.e. fruit and nut trees with valuable annual productive yield) seedling sales for the 2023 season due to the high costs to farmers and technical challenges of growing the trees. In 2024, One Acre Fund will restart these trials, growing and distributing about 12,000 orange and 8,000 cashew seedlings to test farmer demand and pricing strategies. Newly hired staff will focus exclusively on the economic tree program, prioritizing efficient growth and distribution of the comparatively complex species.

Tree-planting in Malawi update

- Smallholder farmers in Malawi are highly vulnerable to climate change, particularly in the context of intensifying extreme weather events. One Acre Fund’s growing tree-planting program aims to increase farmers’ climate resilience by diversifying income sources, reducing erosion, and reinforcing soil health.
- Seedling distribution continued through the end of January. Final 2023 season statistics are not yet finalized, but early projections indicate that the program will achieve its 2023 targets, enabling about 450,000 farmers to plant an estimated 8.5 million trees (versus the original 7.5 million target) sourced from 1,045 decentralized nurseries.
- One Acre Fund Malawi’s tree-planting program growth is bolstered by high farmer demand. In fact, farmer demand for seedlings was so strong in some sites that it exceeded the available supply. This has led the One Acre Fund team to consider increasing the number of seedlings cultivated per tree nursery operator in subsequent seasons. Preliminary evidence suggests that the program may be able to achieve an annual adoption rate of 30-40 seedlings per farmer in several regions, versus the current projection of 25 seedlings per farmer.
- In 2024, One Acre Fund will explore improvements in the following areas of the Malawi agroforestry program:
 - *Strengthening seed supply:* As One Acre Fund Malawi increases the number of species it cultivates, the complexity of seed sourcing and inventory management has also increased; the timing of each tree species’ seed collection does not always align well with program timelines. To help address this challenge, One Acre Fund recently signed an MOU with Forest Research Institute of Malawi (FRIM). Through the partnership, FRIM will improve seed supply by storing *Senna siamea* and *Senna spectabilis* seed in advance of next season so that seeds are available when the program requires them. FRIM will also explore the feasibility of sourcing seed from One Acre Fund farmers; this approach not only has the potential to improve the quality and reliability of tree seed distributed to decentralized nursery entrepreneurs in the country, but can also provide farmers engaged in seed cultivation with another income source.
 - *Trialing economic tree production:* Similar to the Nigeria program, One Acre Fund Malawi will trial the production of fruit trees (avocado, mango, orange) via decentralized nurseries in 2024. While fruit trees are significantly more challenging to grow, they have the potential to provide financial impact for farmers through their high-value fruit, which can be sold in local markets, helping farmers diversify their income and building their resilience to shocks.
- Through program improvements and sustained farmer demand, One Acre Fund will continue to accelerate the expansion of its Malawi tree-planting program in 2024, enabling approximately 648,000 farmers to plant 10.6 million seedlings, and making meaningful headway towards this surge partnership’s vision of planting 50 million trees annually in Malawi by 2030.



Lidia Richard has received trees from One Acre Fund Malawi for the past four years. While tree survival has been a challenge (goats have eaten some of her seedlings) she continues to plant trees for use as firewood and to protect her home from strong winds.

As shown in the table below, One Acre Fund’s preliminary results indicate that both tree-planting programs supported by this partnership have met or exceeded their 2023 targets and are on track to continue to meet these ambitious targets in 2024.

2023-2026 Tree-Planting Program Forecast

Indicator	2023		2024
	Forecast	Preliminary Results	Forecast
Total trees planted (000s)	9,932	11,072	16,121
-Nigeria	2,375	2,400	5,556
-Malawi	7,557	8,672	10,565
Farmers served (000s)	553	564	865
-Nigeria	100	111	217
-Malawi	453	453	648

III. Conduit 2: Rapidly scaling climate-smart agricultural programs in Nigeria

- One Acre Fund is rapidly scaling a multi-channel, climate-smart solution to enable smallholder farmers in Nigeria to increase their yields, profits, and resilience. One Acre Fund’s core program bundles together the essential services that farmers need to immediately increase their harvests. Meanwhile, its early-stage rural retail program enables underserved farmers to purchase a wide range of impactful agricultural (e.g., seeds and fertilizer) and non-agricultural products (e.g., solar lights) with cash, driving further impact while increasing the program’s overall financial sustainability.
- The 2023 season proved to be a challenging one for One Acre Fund operations and smallholder farmers in Nigeria. Country-wide elections in February and March led to operational disruptions while a currency shortage linked to a currency redesign resulted in farmers lacking cash to prepay for farm inputs. Meanwhile, the value of the naira (Nigerian currency) plummeted in June after the Central Bank allowed it to trade more freely, increasing the cost of doing business. One Acre Fund leadership closely monitored these situations and advanced a range of strategies to achieve this season’s goals, including prioritizing staff safety by working remotely during the election period and accounting for potential inflation and currency fluctuations in budgeting.
- Despite these challenges, One Acre Fund projects that its harvest-boosting core and rural retail programs reached over 47,000 farmers in 2023, in line with the most recent forecasts.
- Looking ahead to 2024, One Acre Fund Nigeria will continue to expand its core program, while testing adjustments to its rural retail program model (described below) to maximize the program’s impact for smallholders. Given the early stage and evolving model of the rural retail channel, One Acre Fund expects fluctuations in its corresponding scale forecasts over the next few year.

Core program update

- One Acre Fund’s core program bundles the essential services that farmers need to immediately increase their harvests: non-genetically modified striga-resistant maize seed and fertilizer on credit, climate-smart agricultural training, and hands-on support throughout the entire season.
- In 2023, the core program grew to serve ~33,670 clients (compared to ~24,110 in 2022) and **generated more than \$300 in new income per farmer** compared to non-One Acre Fund farmers (against a target of \$190). One Acre Fund Nigeria’s focus this season on farmer compliance with planting best practices contributed to strong yields and the impressive preliminary impact figures. The projected per farmer impact represents a meaningful sum for low-income farm families in Nigeria.
- In 2024, the core program will continue on its growth trajectory, reaching about 55,000 farmers and their families (a year-over-year growth rate of nearly 70%). Looking ahead, One Acre Fund Nigeria projects rapid year-over-year growth in the core program, with annual increases in the number of farmers served of about 35%. One Acre Fund’s experience in other countries suggests that growing the complex and high-touch core program at this rate enables an appropriate balance between repayment and operational risks, paving the way for sustainably meeting strong farmer demand.
- While significantly increasing its scale, the program will trial program improvements, such as increasing the number of farmers served by each field officer to increase the efficiency of each region. One Acre Fund Nigeria currently serves more than 500 clients per field officer – one of the highest ratios in the organization. In 2024, the program will trial working directly with established farmer cooperatives to enable a single field officer to serve up to 1,000 clients, lowering per client costs while retaining the impact benefits for farmers.

Rural retail program update

- One Acre Fund Nigeria’s newest impact channel, rural retail shops, is an efficient and flexible pathway to reaching more farmers with impactful and high-quality agricultural and non-agricultural products year-round. The rural retail shops reach new segments of high-need farmers who are less likely to join the core program, including farmers who prefer cash transactions over credit, farmers who require inputs during the core program’s off-season (i.e. dry season farmers), and groups seeking bulk sales, such as farmer groups and cooperatives.
- Preliminary results suggest that 1AF served about 14,000 Nigerian farmers through eight shops, generating more than \$1 million in revenue in its first full year of operations. Purchases of fertilizer – particularly urea – were the greatest revenue driver. Unlike other fertilizers available to rural farmers in Nigeria, One Acre Fund’s fertilizers are known for being unadulterated and high-quality. However, the Nigeria team anticipates that the program’s heavy reliance on this product could present challenges in the future as fertilizer is a highly regulated product easily affected by supply chain limitations and subsidy programs. In the coming year, One Acre Fund will explore ways to diversify its product offerings, such as through the introduction of high-margin tools (e.g., irrigation pumps) and “quality of life” products (e.g., cookstoves), which are often too expensive or unavailable in non-One Acre Fund rural shops.
- One Acre Fund observed higher than expected demand for bulk purchases. One of Acre Fund Nigeria’s rural retail shops directly served about 4,500 farmers in 2023, with an estimated 9,500 farmers reached indirectly when individuals made large purchases on behalf of cooperatives or other farmer groups.³ While the demand for bulk purchases was likely fueled in part by discounts offered at the shops, One Acre Fund Nigeria also suspects the average farmer’s large

³ Rural retail 2023 preliminary scale figures are the result of analysis of interim data. Further analysis will be completed in 2024 as One Acre Fund finalizes its 2023 metrics.

distance from the shops played a role, with farmers combining orders to reduce the need for individual travel.⁴ This has led the Nigeria program to rethink how it might increase the number of farmers who purchase inputs directly from One Acre Fund, rather than through other farmers or cooperative representatives, which would provide greater opportunities for direct agricultural training and impact.

- One Acre Fund is exploring the possibility of achieving the farmer and economic benefits of its retail shops without the necessity of having to always incur the substantial capital and operating costs of setting up and operating “brick and mortar” or modified shipping container shops in remote areas (e.g., each shop costs about \$40,000 - \$50,000 to set up). One Acre Fund Nigeria will pause further expansion of its rural retail outlets in 2024 to focus on testing an alternative/complementary rural retail model. This year, the team will trial the deployment of marketing officers, tasked with facilitating cash sales, alongside core program field officers. The marketing officers would offer farmers a wide range of impactful products for purchase with cash and delivered to a central location in the farmer’s region, similar to a core program input delivery. One Acre Fund Nigeria will retain five of the highest performing rural retail shops, while trialing marketing officers in 10 regions. If successful, the new model could improve underserved farmers’ access to flexible cash offerings, while significantly decreasing the program’s upfront investments, thereby providing a faster pathway to scale.
- Recognizing that this is a year of experimentation regarding its retail channels, the program now projects limited growth in 2024 (about 15,000 farmers served). Nonetheless, we believe this will ultimately lay the foundations for intensified expansion, supporting the campaign’s long-term vision.

IV. Conclusion

- With the anchor funding provided by this surge campaign, One Acre Fund is accelerating the expansion of high-potential programs in Nigeria and Malawi to improve outcomes for some of the world’s most climate-vulnerable populations.
- This partnership will result in more than 90 million trees planted, and hundreds of thousands of farmers and their families accessing resilience-boosting products and services annually by 2026. Together, these conduits will enable smallholder farmers in two of One Acre Fund’s highest-demand countries to sustainably increase their profits and build lasting pathways to prosperity.

V. 2024 Organization Update

- The past year was an eventful and challenging one for 1AF, marked by regulatory headwinds and related financial volatility in some of the organization’s most mature markets. There was also mounting recognition in 2023 of the grave challenges that climate change poses for vulnerable populations in the Global South. In 2023, 1AF undertook several meaningful pivots to ensure reliable and impactful service to ever greater numbers of Africa’s farm families:
 - Restructuring in Kenya and Tanzania: As described below, in light of evolving market dynamics and with an eye toward long-term financial health and impact, 1AF streamlined core field-facing operations in two of its more mature country programs in 2023. Crucially, these shifts pose no meaningful impact on the scope or implementation of agroforestry programming in either country (partly because, as described below, such programming had already largely shifted distribution to center on fast-growing rural retail channels).

⁴ One Acre Fund farmers in Niger State typically cultivate land sizes of more than 10 acres, creating longer distances between clients and the shops than is typical in most other 1AF countries.

- Kenya: In 2023, 1AF leadership made the strategic decision to merge its three farmer-facing channels (field, shop, and online) into one cohesive channel anchored around its extensive network of rural retail shops (dukas). This decision was a response to reduced farmer demand for fertilizer (due to a separate fertilizer subsidy program offered by the Kenyan government), and to reduced farmer need/appetite for the in-person staff-intensive services historically offered by the core field program (e.g., group loans and intensive personal training). The restructured Kenya program offers significantly improved operating efficiencies while maintaining the components of the core program that are most valuable to farmers (high-quality inputs, agronomic training, and last-mile distribution). The shift also allows 1AF to reach new Kenyan smallholder communities they could not access before (e.g., semi-arid areas), as well as new segments of farmers who prefer digital engagement (e.g., youth). 1AF continues to offer farmers' robust access to trees by co-locating dukas and decentralized tree nurseries.
- Tanzania: This year, 1AF's Tanzania leadership decided to phase out the country's higher-touch core program to instead prioritize investment in its fast-growing rural retail and agroforestry channels. In Tanzania, 1AF's core program has long struggled to surpass an SROI of 1-1.5 due to low maize prices (partly driven by episodic export bans). Moreover, the Tanzanian government, which controls the retail price of fertilizer, has recently set prices so low that it no longer makes sense for 1AF to provide fertilizer to its farmers as they can now buy directly at government subsidized prices. As a result, 1AF is focusing on its two most cost effective interventions: continuing to expand its high SROI agroforestry program, and providing Tanzanian smallholders with inputs and other services through its 40 rural retail shops in the country. Should Tanzania's regulatory environment evolve over time, shops give 1AF the opportunity to layer back in other services.
- As previously reported, these programmatic shifts unfortunately required restructurings in both markets, leading to the departures of ~2,000 staff. Through generous separation packages and transparent staff communications, 1AF has worked hard to keep staff morale high as the programs transition to these new more sustainable business models.
- 1AF's financial position: 1AF now projects a net loss of ~\$26 million for 2023, driven almost entirely by two non-recurring factors. First, the core program in Kenya experienced roughly ~\$14 million in losses due to the aforementioned government fertilizer subsidy. The reduced fertilizer prices caused 1AF to experience modest financial losses on fertilizer it had purchased for resale, and also miss out on profit that would have been available in normal market conditions. The combination of missed profit and actual losses contributed to an annual deficit that was \$14 million higher than budget for the year. Second, 1AF projects a ~\$12 million book loss resulting from the depreciation of local currencies relative to the USD. The USD strengthened dramatically in 2023 against most currencies as US interest rates rose at an historic pace throughout the year. Generally, these currency related losses occur when 1AF purchases inputs using USD and then sells them to core farmers on credit in local currency. If the local currency depreciates by the time of farmer repayment, 1AF realizes a loss (in USD terms) to the extent of the currency devaluation. Similarly assets (e.g. fertilizer and other inputs) that 1AF continues to own in each country can be repriced downward

when inventory is valued for accounting purposes in USD (consistent with GAAP rules). These losses were absorbed by operating reserves that 1AF held for unexpected shocks like this. 1AF has already undertaken program restructuring in Kenya to adjust to a lower revenue environment. This includes significant staff reductions that will increase operational efficiency going forward. The operating deficit in 2024 is now projected to be significantly lower than 2023 because of these cost reductions. To ensure continued strength in the organization's ability to absorb future shocks in 2024 and beyond, 1AF is also strategically rebuilding reserves and is taking a conservative approach to growth and new investment. 1AF does not anticipate these updates will drive any changes in agroforestry spending.

- **Leadership transition:** 1AF announced upcoming changes among the organization's senior-most leadership that will add important capacity to the overall organization. After 17 years as 1AF's CEO, co-founder Andrew Youn will transition into a new role as 1AF's President in March 2024. As 1AF's CEO, Andrew has overseen both fundraising and operations since 2006; as President, Andrew will focus primarily on shaping special initiatives together with strategic funding partnerships. In turn, this will create room for a new CEO to devote significant energy to 1AF's field operations. 1AF's board unanimously voted to appoint Eric Pohlman, 1AF's co-founder and current Country Director for Rwanda, as its next CEO.
- **1AF's M&E teams have now commenced their rigorous 2023 impact measurement activities; while final results will not be available until mid 2024, early projections suggest that 1AF's 2023 core clients generated an average of \$120 in new income and assets per farmer, above target for the year.** This powerful sum for a smallholder family, even in the face of widespread inflation in the cost of farm inputs, resulted from improved planting compliance by farmers in the staple crop program, increased adoption of trees, and impact from 1AF's first year of supporting planting in Kenya's Short Rains season – bolstered by strong rainfall and high maize prices across most countries of operation.

Appendix: Farmer stories

Zainab Abdullahi



Zainab Abdullahi (pictured left, with her husband) manages a community-based tree nursery as part of One Acre Fund Nigeria's agroforestry program. In 2023, Zainab grew and distributed more than 12,200 trees to farmers in her community. She says farmers took 23 seedlings each to use for shade and electricity poles, as well as to strengthen the soil in their farms.

Despite the challenges of raising the fragile seedlings, she says her role supports her community members by providing them with new resources for the farms and income. "After knowing the future advantage of the trees, I decided to be a part of the program to ensure that farmers in my community benefit from the numerous uses the tree offers."

Sakina Mohammed

Sakina Mohammed (right) is a crop farmer in Nigeria. She joined One Acre Fund's tree-planting program because of the economic benefits of trees, which are hard to find where she lives. With the support of One Acre Fund, Sakina and her family planted Albizia lebbeck seedlings – a fast-growing tree species – to mark the boundaries of their farm. They plan to eventually use the trees as roofing materials and firewood, as well as to sell to bring in additional income.

Since joining One Acre Fund's tree program, Sakina says her knowledge of growing trees has increased, and with it, her motivation. "I am calling on all the good people of this community to accept this tree program with two hands because it is very important to us."

