

# The One Acre Fund Story

Changing the Lives of Four Million  
Smallholder Farm Families by 2030



## QUICK FACTS

**NAME** One Acre Fund

**FOUNDED** 2006

**IMPACT AREAS** Economic Opportunity; Agriculture; Hunger and Health; Climate Change and Environment

**LEGAL STRUCTURE** Nonprofit

**WEBSITE** [oneacrefund.org](http://oneacrefund.org)

**HQ** Kakamega, Kenya

**REGIONS SERVED** Africa

**2017 REVENUE** \$89 million

### PROBLEM

Ironically, the majority of the world's hungriest people are farmers. More than 50 million smallholder farmers in Sub-Saharan Africa alone are unable to grow enough food to feed their families, are isolated from markets, and experience malnutrition and poverty.

### SOLUTION

One Acre Fund uses a market-based strategy to supply financing, access to quality inputs, and training to help smallholder farmers increase their yields and access to markets—resulting in increases in farmer income potential and in related family and community health.

### IMPACT

By the end of 2018, One Acre Fund had served 809,800 farmers through its core programming, helping them grow their income by an average of US\$115 per year<sup>1</sup>—an income increase of more than 50% on supported activities.

### AUDACIOUS GOAL

One Acre Fund envisions a future in which every farm family has the knowledge and means to achieve big harvests, support healthy families, and cultivate rich soils. By 2030, One Acre Fund aims to reach at least 4 million farmers (and their families, including 16 million children) through its core programs, generating at least US\$150 in annual new farm income per family on supported activities.

## MODEL-IN-BRIEF

One Acre Fund provides smallholder farmers with a holistic bundle of services to bolster their productivity and ability to generate income from their crops. The bundle, marketed and supported by local field officers, includes the key inputs along the farming value chain: loan packages for seed and fertilizer, distribution of farm inputs within walking distance, training on agricultural techniques, and market facilitation to maximize harvest profits. Farmers can take advantage of flexible repayment systems to pay back their loans to One Acre Fund. The organization has achieved an average 98% repayment rate, and uses this earned revenue to sustain about 75% of its field operations.

## CORE INNOVATION

### Market-Driven Approach

One Acre Fund's market-driven approach ensures that its work aligns closely with customer needs and optimizes products for specific markets. To achieve this alignment, it has developed a robust, data-driven approach to testing, monitoring, and innovating.

## SNAPSHOT OF KEY SCALING STRATEGIES

additional detail on following pages

### DIRECT



**Expand** core model to allow One Acre Fund to serve more farmers within existing countries and across new countries.



**Enable** government, NGOs, and private sector partners to improve agriculture systems within their countries/regions of operation.



**Contribute** data and experience to improve global advocacy efforts.

### INDIRECT

<sup>1</sup> Note that "\$115 per year" is a three-year average from 2016-18. One Acre Fund calculates this number as a multi-year average given variance in agricultural outputs year-over-year due to external factors such as weather.

## SCALING JOURNEY

### GETTING READY FOR SCALE (2006-2010)

While Andrew Youn pursued his MBA at Northwestern's Kellogg School of Management, he had the opportunity to travel to Africa and was exposed to the plight of smallholder farmers whose low yields were leading to hunger and poverty. Motivated by the obvious need and the firm belief that it was possible to develop a financially sustainable market-based solution to improve the productivity and income potential of smallholder farmers, Youn founded One Acre Fund. With financial support from business plan competitions, the Echoing Green fellowship, and individual donors, he moved to Kenya and launched the first pilot of the model in 2006. In 2007, One Acre Fund began testing a new market, Rwanda, and continued focusing on operations in these two countries until a 2011 expansion into Burundi.

### Key Success Factors in Positioning for Scale:

**FOCUSING ON FINANCIAL SUSTAINABILITY: USING A MARKET-BASED APPROACH.** Youn founded One Acre Fund with the belief that smallholder farmers could be excellent customers, so earned income was always a part of the model.<sup>2</sup> Demonstrating a drive toward financially sustainable field operations also helped the organization secure philanthropic funds.

**PROVING PRODUCT AND DEMAND: NAILING MODEL IMPACT BEFORE EXPANSION.** One Acre Fund spent its first five years refining, testing, and proving its core bundle in two different markets: Kenya and Rwanda. In order to optimize products, refine metrics, and home in on the most impactful model, it focused on penetration (i.e., adding more farmer clients within an existing site), until attaining a proof-level that warranted expansion.

**ALIGNING CAPITAL WITH STAGE.** The majority of One Acre Fund's early-stage capital came from "friends and family" and funders open to supporting early validation and scale (such as the Mulago and Jasmine Foundations, providing \$100k-300k per year). After its earliest stages, the organization began investing in measurement to prove the impact and cost effectiveness of its model. With this measurement in hand, it was able to attract larger foundation grants as well. One Acre Fund's Skoll Foundation award in 2010 also provided important scaling capital and a boost for the organization's profile.

**THINKING BIG: DRIVING A GROWTH MINDSET.** Early in its development, One Acre Fund established the ambitious goal of directly serving one million smallholder farmers by 2020. This goal was larger than the organization would have developed had it relied upon bottoms-up calculations grounded in known financial and capacity constraints and environmental factors. The goal informed One Acre Fund's growth strategy, energized its internal team, and pushed it to think in different ways about pathways to scale.

**DEMONSTRATING IMPACT: ROBUST ITERATION AND MEASUREMENT PROCESSES.** One Acre Fund not only has clear metrics for the change it wants to achieve, but also has systems and processes to carefully develop, test, and roll-out new/refined programs or products. The organization stages this testing and rollout to ensure sufficient learning and iteration before fully investing.

<sup>2</sup> For more information on One Acre Fund's earned income model, see Catherine Clark, Kimberly Langsam, Ellen Martin, and Erin Worsham. "Financing for Scaled Impact," Innovation Investment Alliance and CASE at Duke, Scaling Pathways Series (2018): 16, <https://scalingpathways.globalinnovationexchange.org/>.

## PRIMARY STRATEGIES FOR SCALING IMPACT (2011- PRESENT)

One Acre Fund's scaling strategy is on track to exceed its goal and reach 1.25 million farm families by 2020. Yet it recognizes that 1.25 million is only 2.5% of the global challenge. The organization pursues a range of scaling strategies to simultaneously expand its core model while also engaging and influencing other actors to drive broader change.



### STRATEGY: EXPANSION WITHIN AND ACROSS COUNTRIES.

One Acre Fund prioritizes expanding its model within existing countries of operation, while undertaking a rigorous process to determine the best-positioned new countries for further expansion.

The bulk of One Acre Fund's resources and time is spent on the growth of its core model, directly managed by One Acre Fund itself. The organization sees its highest level of impact through direct implementation, which has grown at the annual rate of 30-40% over the last twelve years—serving 809,800 farmers by the end of 2018. The organization also continues to pursue greater social return on investment (SROI, calculated by One Acre Fund as total impact generated divided by the net cost required to create that impact) through its core model, identifying cost efficiencies, and increasing impact as it scales.<sup>3</sup>

#### EXPANSION WITHIN EXISTING COUNTRIES

One Acre Fund prioritizes expansion within existing countries over expansion to new countries in order to meet the needs of farmers while taking advantage of economies of scale, established relationships, word of mouth, and the bundle as refined for a particular country. Within any one country, One Acre Fund works to increase density (i.e., adding more farmers in a particular area already being served) and then to increase coverage (i.e., adding new sites and growing to new regions).

*"[One Acre Fund] has a clear hierarchy of growth: first "growing in" by increasing client density within existing areas, then "growing out" with new areas within a current country operation and, finally, new country expansion."<sup>4</sup>*  
- Bain & Company's Growing Prosperity

#### EXPANSION TO NEW COUNTRIES

One Acre Fund's New Country Expansion team works through a rigorous, three-stage process<sup>5</sup> to establish the right locations and timing for new country expansion, including:

1. Conducting market analysis through desk research to understand the opportunity in countries where smallholder farmers reside, looking at factors ranging from need-level to population density, macro-environment, and agro-ecological environment.
2. Scouting the markets—in person—to gain a better understanding of the market (e.g., operating environment and baseline seed and fertilizer use) to see if One Acre Fund's model could be successful there.
3. Conducting a small pilot with 100-200 farmers, and then larger pilots of 500-1,500 farmers, to verify core metrics and inform the decision whether to launch full operations.

Between 2011 and 2018, One Acre Fund expanded full operations into four additional countries (making six, total), and launched pilots in four others. While the organization has pursued pilots in Southeast Asia and South Asia, its growth to date has been primarily within Sub-Saharan Africa—recognizing that its core model requires less adaptation within the continent than outside of it.

<sup>3</sup> For more information on One Acre Fund's SROI metric, see Matthew Forti and Jake Goldberg, "Measuring Social Return on Investment Before You Invest," *Stanford Social Innovation Review* (Nov. 18, 2015), [https://ssir.org/articles/entry/measuring\\_social\\_return\\_on\\_investment\\_before\\_you\\_invest#](https://ssir.org/articles/entry/measuring_social_return_on_investment_before_you_invest#). For more information on other value for money metrics, see Clark, "Financing for Scaled Impact."

<sup>4</sup> *Growing Prosperity: Developing Repeatable Models to Scale the Adoption of Agricultural Innovations*, Acumen.org (2014): 95, <https://acumen.org/wp-content/uploads/2014/11/GrowingProsperity-Agriculture-Report.pdf>.

<sup>5</sup> For more information on One Acre Fund's country expansion process, see "The Road to 1 Million Farmers: New Country Expansion at One Acre Fund," One Acre Fund (July 25, 2013), <https://oneacrefund.org/blog/road-1-million-farmers-new-country-expansion-one-acre-fund/>.

## OF NOTE FOR DIRECT EXPANSION: EFFORTS TO INCREASE EFFICIENCY AND IMPACT

As One Acre Fund expands its core program, it seeks opportunities to increase program efficiencies and ultimate impact on farm families. Two formal initiatives allow the organization to do so methodically and strategically: Healthy Growth Path and the Scale Innovations Team.

1. **HEALTHY GROWTH PATH.**<sup>6</sup> Making decisions about how and where to allocate scarce resources can be challenging for social enterprises. Therefore, One Acre Fund has used its SROI metric to create a tool called the “healthy growth path” to guide decisions about client and programmatic expansion both within and across countries.
  - With this tool, One Acre Fund plots two healthy growth paths: one for higher-need regions (where clients face greater challenges and therefore the organization acknowledges reality of slightly lower SROI values) and another for lower-need regions. Using historical and projected SROI data, One Acre Fund plots each country of operation against its relevant path. In areas where programs are operating above their healthy growth path, One Acre Fund often recommends accelerated growth and considers experimenting with the addition of new impact areas.
  - These new impact areas stem from One Acre Fund’s expanded long-term vision, which now includes achievement of “healthy families and rich soil” in addition to “big harvests.” This commitment has led the organization to undertake new programming related to improved nutrition, reduction of the hunger season, and promotion of soil health.
  - In areas where programs are operating below their relevant healthy path, One Acre Fund slows growth in order to focus on improving implementation and achieving the baseline SROI value.
2. **SCALE INNOVATIONS TEAM.**<sup>7</sup> One Acre Fund’s Scale Innovations team develops solutions to challenges highlighted by the Healthy Growth Path or by the organization’s other reporting and tracking mechanisms. The team tackles common obstacles that appear during organizational growth, such as increased operational complexity, insufficient resources, and inflexibility in adjusting models. The team proactively identifies operational improvements to increase number of clients, impact per customer, and social return on investment. As an organization, One Acre Fund then tests, refines, and—if appropriate—rolls out such solutions beyond the pilot site.

<sup>6</sup> For more information on One Acre Fund’s “healthy growth path,” see Matthew Forti and Jake Calhoun, “How Nonprofits Can Drive Healthy Growth Using SROI,” *Stanford Social Innovation Review* (July 20, 2017), [https://ssir.org/articles/entry/how\\_nonprofits\\_can\\_drive\\_healthy\\_growth\\_using\\_sroi](https://ssir.org/articles/entry/how_nonprofits_can_drive_healthy_growth_using_sroi)

<sup>7</sup> For more information on One Acre Fund’s Scale Innovations department, see Clark, “Financing for Scaled Impact.”

## WHAT YOU SHOULD KNOW: IMPLICATIONS OF DIRECT EXPANSION

- **Impact:** Direct implementation allows One Acre Fund to tightly control program outcomes and quality.
- **Impact Level Standards:** Given the relative feasibility of measuring direct implementation outcomes as opposed to indirect activity outcomes, One Acre Fund finds that funders have high expectations for evidence related to direct implementation.
- **Resource Needs:** Expansion to new countries is labor intensive—in both the piloting phase and the formal launch. One Acre Fund currently employs approximately 7,300 full-time equivalents (FTEs) within its nine countries of operation.
- **Pace of Growth:** Funders often want One Acre Fund to grow and add services quickly in new sites, but the organization believes it is critical to pace growth, starting with the core model and ensuring it is robust before adding on additional program layers.
- **Unique Customer Needs:** While One Acre Fund delivers a core market bundle across all geographies, there are unique customer needs in each new geography—even within the same country. Listening to customers in each new geography, and adapting the bundle as needed, is essential to success.
- **Indirect Reach:** One Acre Fund has found that farmers who are not customers but live in close proximity for at least four years to other One Acre Fund core program customers, also achieve improved yields.

- **Leveraging Relationships & Reputation:** Expanding coverage within an existing country leverages established relationships and word of mouth.
- **Institutional Knowledge:** Each new geography is slightly easier to enter because there is significant institutional knowledge that can be shared across geographies—particularly those within the same region.
- **New Ground for Innovation:** Expansion to new countries provides opportunities to further adapt, test, and iterate One Acre Fund's approach. For example, pilots in Southeast Asia have allowed the organization to experiment with new crops.



## STRATEGY: ENABLING OPERATIONAL PARTNERS.

One Acre Fund's large-scale partnerships with public and private actors aim to fundamentally improve an agriculture system for all farmers in a region or country.

One Acre Fund partners with large-scale actors to share its best practices around farmer training, typically to help an existing infrastructure or system achieve greater impact. To achieve this work, its activities span from providing training materials to leading direct training to embedding staff in support of a more robust training program. One Acre Fund also leverages partnerships to improve the enabling environment for farmers, including access to improved seeds and related income-generation opportunities. By 2020, it expects to reach 2 million farmers indirectly through these training and support partnerships.

### TRAINING

As an example of extending impact through the public sector, One Acre Fund has partnered with the Rwandan Ministry of Agriculture (MINAGRI) to provide training and tools for the government's agriculture extension network; work has included incorporating an active learning approach and providing a robust two-way SMS and hotline system for communications and monitoring. The expansion of this effort, funded by the Innovation Investment Alliance (a funding collaboration between the Skoll Foundation and U.S. Agency for International Development, supported by Mercy Corps), is estimated to serve over 500,000 farmers via MINAGRI's extension program by the end of 2018.

### PRIVATE SECTOR PARTNERSHIPS

One Acre Fund also partners with private sector actors and NGOs to bolster their ability to support smallholder farmers. One example relates to the challenges Rwandan farmers have faced in relying heavily on imported seed, such as the high cost of imports, unreliable supply, and the seeds not being well adapted to Rwandan climate conditions. One Acre Fund is helping to address this gap in the market by launching a partnership with the two private-sector stakeholders, Agro Processing Industries and Western Seed Company, to begin production of locally developed hybrid maize seed in Rwanda. The project provides an opportunity to build a new local industry benefiting farmers nationwide and ideally boosting adoption of the improved hybrid seeds by cutting the long-term costs. In another example of engaging private-sector partners to increase impact on farmers, One Acre Fund is running trials with local egg hatcheries and small-scale micro-brooders in Kenya and Rwanda to deliver poultry to One Acre Fund's client farmers. The organization believes the poultry partnership provides an exciting opportunity to open up new revenue streams for farmers (e.g., egg sales) and to improve family nutrition by increasing access to protein.

### SEEDING RELATED VENTURES

One other way in which One Acre Fund has experimented with partnerships is to provide support and funding to other agricultural start-ups in the hopes that complementary approaches could achieve greater reach and impact. For example, One Acre Fund was one of several organizations to provide seed capital to MyAgro (founded by One Acre Fund alumna, Anushka Ratnayake). While MyAgro has achieved very strong success, One Acre Fund realized this was not a scalable form of partnership given the challenge of identifying other appropriate ventures in which to invest.

## WHAT YOU SHOULD KNOW: IMPLICATIONS OF ENABLING PARTNERS

- **Reputation:** One Acre Fund's willingness to share its materials and support other partners in their own work often bolsters the organization's relationship with its government partners, who see One Acre Fund as helpful and as a team player.
- **Program Enrollment:** One Acre Fund sometimes sees that farmers it reaches indirectly ultimately enroll within its program.
- **Measurement:** In its partnership work, One Acre Fund carefully measures two levels of impact: the direct-level impact on farmers reached and the systems-level impact to ensure that the underlying system is operating more efficiently and effectively. Measuring the systems-level impact is challenging but critical to One Acre Fund's theory of change; one example includes tracking seed sales at local agrodealer shops to see if campaigns promoting improved agricultural techniques are accompanied by increased purchase of improved seed varieties.



### STRATEGY: GLOBAL ADVOCACY.

One Acre Fund plays a role in shaping global policy and practice in support of smallholder farmers.

One focus of One Acre Fund's global advocacy effort has been mobilizing the global microfinance industry to extend and adapt its offerings in rural settings to better serve smallholder farmers. In pursuit of this mission, One Acre Fund, in collaboration with five other industry-leading partners (including BRAC and Opportunity International) launched Propagate—a network and coalition of microfinance practitioners with deep expertise in smallholder finance who advocate for financing services for this population.

Another priority for One Acre Fund is influencing agricultural policy globally in support of smallholder farmers. In 2016, it was one of two NGOs to testify before a US Congressional Committee to support passage of the Global Food Security Act, permanently authorizing the US Government's \$1 billion Feed the Future Program.

One Acre Fund also participates in market-building activities, such as providing data to seed manufacturers to help them create more robust products for the market and supporting the growth of seed manufacturing in key areas where availability is limited.

## WHAT YOU SHOULD KNOW: IMPLICATIONS OF INFLUENCING THE ENABLING ENVIRONMENT

- **Risk:** Taking on market-building efforts—in particular, influencing manufacturing locations—is a risk for One Acre Fund as an organization as those efforts are outside its core competencies. However, the effort is essential for farmers, so One Acre Fund accepts the risk with careful monitoring.
- **Impact:** As is true for many global advocacy efforts, measuring and communicating impact (particularly to funders) is challenging.
- **Patience:** One Acre Fund's global advocacy work requires a long-term, patient strategy, as it may have to wait (sometimes several years) for the right window of opportunity to influence a policy priority.

# Pearls of Scaling Wisdom from One Acre Fund:

1

## LET A BOLD VISION GUIDE YOU.

Early in our founding, we established an audacious goal: to serve one million farmers by 2020, helping them to dramatically increase their income. While we had a solution that we were testing, we framed our scaling goals around the problem—not around the particular solution or our organization. This bold vision drove the refinement of our core model—our eventual partnership and advocacy work—and helped us remain focused on the scale and urgency of the problem that we wanted to address.

2

## AN EARNED INCOME MODEL CAN BE POWERFUL.

We were founded with the idea that earned income would be an important component of our model. Many donors were drawn to our approach since we could sustain pieces of our program through earned income and their donor dollars could go farther—so they were essentially co-investing with the farmers, in a productive asset for farmers. We can invest donor funds in innovation and advocacy rather than solely programmatic costs. The model has also had a major impact on the robustness of our product and relationship with farmers; as our founder Andrew Youn has said, “a revenue model charging people for what you do really dignifies them...and it really helps us listen to them and learn from them.”

3

## TAKE PAUSES WHEN NEEDED.

At certain points in our history, we have made difficult—but ultimately good—decisions to slow down scale in certain markets when our SROI was lagging. We are achieving scale but are not constantly entering new places and adding new services; we have taken a number of pauses to get our impact and cost equation right before we grow further. We have made it a priority to communicate any pauses—and the rationale for them—candidly with funders, who have greatly appreciated our transparency.

4

## OVERINVEST IN MEASUREMENT.

We have always invested heavily in measurement and believe it has played a significant role in our ability to scale. That investment was a difficult sell in our early days, when we faced pressure to steer all resources toward our program. But it was the right decision as it has allowed us to quickly course-correct when a site is underperforming, to understand which trainings yield the most impact, and to attract more funding over the long run. We do have a balanced approach to measurement, though; for example, we believe that randomized-control trials (RCTs) are important, but not sufficient. RCTs can be done only periodically and in a limited area, but our internal measurement systems allow us to conduct high-quality evaluations every year and collect a wide-range of data points across diverse areas. We can then undertake narrower, gold-standard external evaluations—like RCTs—every few years to validate our internal findings and methodology.

5

## IT'S OK TO SAY “NO.”

Saying “no” to partnerships in our early days and maintaining our focus was critical to our ability to scale. It allowed us to have a singular focus on agriculture—as opposed to creeping into related areas such as health, water, and sanitation—and gave us the opportunity to iterate and create a robust core model that we could scale. Now that we have developed strong relationships, proven our core model, and strengthened client retention in our communities, we are more open to partnerships and pursuing different and complementary approaches that will help us achieve our vision of healthy families.



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