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Before the House Foreign Affairs Committee Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations

**Hearing: *Subcommittee Hearing: Food Security and Nutrition Programs in Africa*
October 7, 2015**

Feeding a population of nine billion people by 2050 is one of the greatest – if not *the* greatest – challenge facing humanity. We will need to produce at least 60 percent more food than we do today. Most of that increased production will need to come from the 2.5 billion people that work on small farms around the world. Today, these smallholder farmers are the single largest group of the world’s population living in poverty. They live in remote areas, and do not have access to basic agricultural tools and trainings. As a result, they struggle to grow enough to feed their families and face an annual “hunger season” of meal skipping and meal substitution.

In the future, these hungry farmers have the potential to dramatically increase their yields, not just to feed themselves and their families, but to feed the world. Agriculture yields in Africa for most staple food crops could be 2-4 times what they are today. And best of all, we know exactly what we need to do to help smallholder farmers achieve these yield increases.

One Acre Fund is an agriculture organization that has developed an operating model to help smallholder farmers run profitable businesses. We are unique in several ways. First, we only serve smallholder farmers – primarily in East Africa – who typically farm on one acre of land or less. Second, we’re technically a nonprofit, but we operate like a business. Farmers pay for our products and services. Third, we’ve intentionally built a scalable model and we’re growing fast. We serve over 300,000 smallholder farmers in Kenya, Rwanda, Burundi, and Tanzania – and we plan to serve one million farmers by 2020.

We offer farmers a simple four-part operating model:

- First, we offer financing for farm inputs such as hybrid seed and fertilizer. We only finance productive assets. Farmers organize themselves into groups and are jointly liable to repay their loans, similar to microfinance.
- Second, we distribute seed, fertilizer, and other products such as tree seeds and solar lights within walking distance. Smallholder farmers live in remote and isolated areas, so getting products and services close to where they live is critical.
- Third, we offer training on modern agricultural techniques. Many farmers don’t know how to apply fertilizer, or how to plant in rows with the correct spacing. We offer interactive, in-person trainings throughout the agriculture season.
- Fourth, we offer market facilitation to help farmers maximize their profits from harvest sales. Just after harvest, the market is flooded with crop surpluses, driving prices down.

With proper training on safe storage, farmers can wait to sell their crops until market prices increase.

This operating model has proven impact. On average, farmers working with One Acre Fund increase their profits on supported activities by 57 percent, or about \$128. For a farmer living on less than \$2 a day, this is a significant amount of money. According to our data, farmers invest their income gains in new businesses, productive assets for the farm such as livestock, and school fees for their children.

An important aspect of our model is our flexible repayment system. Farmers can repay their loan, at any time, in any amount throughout the entire growing season, as long as they repay in full by harvest. In 2014, I'm pleased to report that the average repayment rate was 99% – and in two countries, 100% of clients repaid their loans.

Farmer repayment enables us to move toward financial sustainability in our field operations. 74 percent of our field expenses were covered by farmer repayment in 2014 and the nature of our business model stretches donor dollars to achieve more impact. Every dollar in grant funding that we receive generates approximately \$3 in additional farmer income.

In a constrained budget environment, it's even more critical for development organizations to maximize efficiency and impact. We're working hard to achieve financial sustainability in our field operations so that we can use donor resources to leverage even greater impact at a global scale. For example, in 2012 USAID Kenya awarded One Acre Fund with \$3.5 million to significantly scale up our Kenya operations. Over a three-year period we delivered agriculture loans to nearly 277,000 farm families, the majority of whom were women. We achieved repayment rates of 99%.

One Acre Fund has demonstrated that it's possible to help hungry farmers become successful businesspeople, with surplus production that they can bring to local markets. Smallholder farmers are the answer to our global food security challenge. When they have access to basic tools and technologies, they thrive.

Thank you Chairman Smith, Ranking Member Bass, and subcommittee members for the opportunity to discuss our work and for putting global food security high on the development agenda. As you know, making progress on agriculture, food security, and nutrition is imperative to the health and wellbeing of future generations – may we not let them down.