One (Private) Ring to Rule Them All: A Case Study of One Acre Fund

By Christine Mungai

In Yala, Siaya County, Friday is market day. Wares of all kinds – farm produce, household goods, plastic knick-knacks and second-hand clothing – are lain out, the place is buzzing with activity. We arrive on Friday around 1pm, with the sun high in the sky and just as Friday prayers are concluding at Yala mosque. But just around the corner from the mosque and the market is Yala's NCPB (National Cereal and Produce Board) depot. The place is still and eerie, the warehouses seem deserted, a railway track that runs through the depot has long rusted.

The only sign of life here is at one warehouse, which has been hired by One Acre Fund, a non-profit organization that supplies smallholder farmers with assets including seeds and fertilizer on credit, which are then paid back at the end of the season. One Acre Fund says it works with 400,000 farmers in Kenya – the majority in western Kenya, though it is now venturing further afield into other regions — providing not just financing for the critical assets, but also agricultural extension, training, support and crop insurance. Its loan repayment rates, going by its own data, are at 98% — extremely solid for any financial service provider, and especially one that directly serves rural, smallholder farmers, a constituency that is considered risky or otherwise unattractive to investors.

I first heard about One Acre Fund six years ago, when a book was delivered to my desk for review while I was a reporter at *The East African* newspaper. The book was titled *The Last Hunger Season*, written by American journalist Roger Thurow who spent a year in western Kenya chronicling the lives and seasons of four Kenyan farmers who had signed up to One Acre Fund.

The book was a beautiful piece of non-fiction: quite soon into the narrative, one gets invested in the stories of these four farmers, and far from merely being a glowing puff piece for the organization, Thurow handled the story with nuance and particularly brought out the risks and uncertainties that rural smallholders are constantly grappling with. Because of low prices of maize at harvest time, and a lack of proper storage, most maize farmers end up selling their maize at almost throwaway prices at harvest time, only to become net buyers of maize through the course of the year. In fact, as Thurow notes, the maize farmers in his story were actually food insecure and battled hunger at certain times of the year.

This, combined with the vagaries of nature and various unexpected costs, such as an illness in the family or an unforeseen expenditure at a child's school, means that whatever benefit they received from One Acre Fund's activities were ultimately tenuous: there were just too many moving pieces in their lives to contend with.

Still, during my recent visit to the western region at least, the positive testimonies of One Acre Fund's activities in the region are many. In Bungoma, Kakamega and Vihiga, nearly all the farmers we spoke to had heard of One Acre Fund, and many gave us effusive accounts of how since signing up to organization's programs, land that was producing measly yields or had even been abandoned altogether quickly started turning around.

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Winnifred Akiso, a communications officer at One Acre Fund, tells me that to join the program, farmers must be part of a group of about 16 farmers, and pay Ksh500 ($5). With that payment, they get a loan equivalent of about KSh8,000 ($80) worth of certified seed, fertilizer, pesticide and crop insurance; the company provides extension services such as soil testing and planting advice, drawn from a treasure trove of crop, weather and soil data. The organization has now expanded to Rwanda, Tanzania, Burundi and Ethiopia.

I meet Benson Manyonyi, who runs One Acre Fund's *duka* in Bungoma town, a repurposed 40-ft container that serves as a shop where farmers can come and buy all kinds of inputs – not just seed and fertilizer, but also chicken feeders, pesticide backpack sprayers and even the humble panga. Although not a farmer himself, Benson tells us of the travails at his parents' two-acre piece of land, not far from the town centre.

"They had totally given up on farming," he tells me. "On that two-acre piece of land, they would till half an acre, and the most they could get was a mere two bags of maize."

"My parents would buy inputs from local agrovet shops, but the seed would either yield very little, or even not germinate altogether. Fertilizer was often adulterated with gravel and sand, and there was really nothing they could do. They might complain to the shop owner, but then they didn't really have options. It was very discouraging, and I told myself I would never be a farmer if this is what it meant – constantly throwing money away."

He tells me that since joining One Acre Fund's program, his parents harvested 37 bags on two acres at the end of last season. "It's really unbelievable that it's the very same land that I saw causing them so much pain."

Wilbroda Wangila is another farmer in Bungoma, who owns half an acre on which she grows maize, beans and groundnuts (*njugu*). Until a few years ago she had given up on farming too – it was taking too much of her time, energy and money – she was earning an income by working on other people's land as a casual day labourer, or *kibarua*. On that half-acre, it would be a good season if she got two bags of maize on it; often it was less, one-and-a-half or even just one bag of maize.

"I signed on to One Acre Fund in 2010, and today I'm harvesting seven bags of maize on that same piece of land," she tells me. "Two bags are usually enough to feed my family through the season, so last year I sold five bags of maize. I bought *mabati* (iron sheets) and finally finished building this permanent house," she says as she proudly shows off her living room, pouring us copious amounts of tea and insisting we eat more *njugu.*

Stories like these abound in the homes we visited, and most farmers complained angrily about faceless, shadowy "cartels" that had ensnared the supply chains for seed, fertilizer and inputs of all kinds. The land in western Kenya is fertile but underperforming, they tell me, because of the poor quality inputs and the agrovet cartels that they believed were politically protected.

"How can someone supply fake seed and fertilizer year after year, you report them to the police and the local chief and nothing happens?" Benson says. "They always walked around here like there was nothing you could do to them. And that's what most people believe – they are untouchable. And you know rural people are sometimes a little docile and they learn to live with such situations. People like my parents don't want to stir up trouble."

But even as the upbeat stories abound on the ground in western Kenya, among a more urban, middle-class constituency things are different. One Acre Fund's headquarters is in Kakamega, a purpose-built facility which ticks all the right boxes for eco-features (its internal walls are made of maize stalks!), and hosts over 500 office staff – including agronomists, soil scientists, and weather specialists, and even in-house artists and graphic designers. The organization has more than 3,000 employees in total, the majority being field staff, extension officers and supply chain/ logistics managers. The staff roll has been expanding rapidly, and the company frequently posts job vacancies on various online platforms.

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However, every now and then complaints bubble up on social media, especially Twitter, of the company seemingly re-advertising the same jobs over and over again, and taking applicants through a rigorous process that includes answering extensive case studies and test scenarios. Some suspect that the company is harvesting data and extracting labour from prospective job applicants as a form of "free" market research. There are also recurring complaints of huge pay gaps between local and expatriate staff, a grievance replicated in many organizations in Nairobi, a city whose reputation of opportunity – "Silicon Savannah" – has attracted investors and expatriates from far and wide, but has also ended up rapidly gentrifying certain parts of the city and deepening resentment among qualified locals who sense their value, labour and expertise is diminished simply because they are not expatriates.

One Acre Fund responded to these complaints – including a #SomeoneTellOneAcreFund hashtag – with a blog post published by the company's co-founder and executive director Andrew Youn saying that their hiring process is "fairly unique" and that they are working on making the hiring process shorter and putting out better feedback, but iterating they "never reuse candidate exercises or share them beyond the hiring committee."

I speak to Maurice Otieno, general manager of Mettā, a members' club that supports entrepreneurs, connecting them with investors and creating spaces to collaborate. He highlights more structural challenges that have led to companies like One Acre Fund – and a handful of others in the tech space including Twiga Foods, Tala, Branch and a few more – taking up the bulk start-up and investment funds. For its part, One Acre Fund has received numerous grants, including $100,000 from the John Deere Foundation, $300,000 from the Draper Richards Kaplan Foundation, $765,000 from the Skoll Foundation, $10.5 million from the Perishing Square Foundation, and more in partnerships with the MasterCard Foundation ($10 million), the Bill & Melinda Gates Foundation ($11.6 million) and others.

"The reality is if you are dealing with foreign investors, they really want to hear the 'we-are-saving-Africa' story. As a local entrepreneur you are entering a space with certain narratives firmly in place," he tells me.

"It's understandable we are angry [about the apparent racism in the space] but the question is, how do we navigate these realities? Local individuals and companies have the money, but we have found it to be a real struggle to get them to invest in great local ideas. Most of it goes into real estate. Perhaps it has to do with how many of these people made their money – if it is through unorthodox means, then they hold on tighter to it."

Maurice adds: "This might be unpopular to say, but I think there's also some reluctance by local investors to invest in sectors that most foreign money is going to – such as AgriTech, EdTech and HealthTech. Local investors tend to want to put their money in the shiny, glamorous, business-to-business solutions, especially FinTech which is the hot new thing today," he tells me.

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But Phares Kariuki, CEO of Node Africa, an information management firm, strongly disagrees with this view. "This is a very problematic statement," he says. "First of all, new innovations struggle to find capital in all economies. Tech companies took a while to become an attractive sector for investment, even in the US."

Phares adds that secondly, local Kenyan investors have been putting their money in 'boring' businesses that folks haven't heard of; it's literally the foreigners going into the shiny spaces.

"It was local investors, knowledge, developers and government policy that made Kenya one of the most connected countries in Africa and made it the attractive place it is now for immigrants and expats. And about not wanting to serve the poor — look at companies like Equity Bank that brought banking services down to the villages, where people had long been overlooked. Safaricom's 'Please Call Me' and Sambaza features, were all ways of servicing the needs of the poor. It is not only foreigners that want to help poor people – they just monopolize the narratives and make it seem like they are the only ones doing so; they are good at storytelling."

I see the gaps even more starkly on the ground in western Kenya. When you consider that a whole swathe of smallholder farmers were basically abandoned to their own devices by Kenyan authorities, left to contend with substandard seed and fertilizer and lack of credit, to the point where they had given up on farming, then entities such as One Acre Fund can come in and fill a gap that has been allowed to fester. The silent NCPB depot in Yala is proof of this — One Acre Fund is able to find warehouses to rent because NCPB is not working the way it used to. And the reason for this is, to some extent, neoliberal policies in the agricultural sector that diverted government investment away from places like western Kenya.

It didn't have to be this way – with private (neoliberal, foreign-funded) solutions to public problems. And the gaps are so stark, and the bar so low, that even small interventions – only reliable seed, for example – can have such a huge impact.

The question though, is how One Acre Fund is managing to make such big gains in a bandit economy, as former Chief Justice Willy Mutunga described Kenya. How is the organization able to circumvent the cartels? Is it just a case of swapping one cartel out for the other?

"I no longer believe that the people who caused this structural inequality through colonialism, racial segregation, exploitation and more, are the ones who can resolve it," Phares concludes. "Author Anand Giridharadas speaks about this phenomenon in his book *Winners Take All.* In Kenya, people who have privilege in the largest economy in the world – the US – come to Africa and many times capitalise on the very structural problems that they claim to be solving. These companies are, in fact, exploitative – they exploit local talent and labour, as well as taking advantage of the 'white saviour' narratives."

But I obviously couldn't say this to Wilbroda that day. She was just really happy about her new house and the progress she has made in her life. "You know, I only went to school until Standard 8," she tells me. "*Lakini sasa ninaheshimika, kama mtu anafanya kazi ya mshahara*." I'm respected in the community, like someone with a salaried job. That strikes me in a way that I can't quite explain, and I keep sipping my tea.

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