

FARM AFRICA LIMITED

England & Wales · Charity number 326901

Details

Other names	FOOD AND AGRICULTURAL RESEARCH MANAGEMENT, FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED, FARM-AFRICA
Status	Registered
Legal form	Charitable company
Company number	01926828
Registered	1985-08-02
Register	View on the Charity Commission register

Contact

Address	Farm Africa Ltd 1 St John's Lane London EC1M 4BL
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Website	www.farmafrica.org

Activities

Objects: (1) TO RELIEVE THE POVERTY OF FARMERS, AGRICULTURAL WORKERS AND HERDERS BY ENABLING THEM TO IMPROVE THE EFFECTIVE MANAGEMENT OF THEIR NATURAL RESOURCES (2) TO PROMOTE THE IMPROVEMENT OF AGRICULTURE, HORTICULTURE, FOOD PRODUCTION, STORAGE AND DISTRIBUTION AND CONDUCT RESEARCH AND TO DISSEMINATE KNOWLEDGE FOR THE BENEFIT OF THE PUBLIC TO ENCOURAGE SKILL AND INDUSTRY IN HUSBANDRY. (3) TO PROMOTE THE IMPROVEMENT OF LIVESTOCK AND POULTRY AND THE PREVENTION AND ERADICATION OF DISEASE THEREIN. (4) TO PROMOTE THE EDUCATION OF THE PUBLIC IN, AND THE FURTHERING OF THE INTERESTS OF AGRICULTURE, HORTICULTURE, AGRICULTURE, ANIMAL HUSBANDRY AND INDUSTRIES ALLIED THERETO. (FOR FURTHER DETAILS SEE MEMORANDUM AND ARTICLES).

Activities: Farm Africa is an international non-governmental organisation whose vision is of a prosperous rural Africa. Our aim is to reduce poverty permanently by unleashing African farmers' abilities to grow their incomes and manage their natural resources sustainably.

Classification

- **How:** Makes Grants To Organisations, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Other Charitable Activities
- **What:** The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Environment/conservation/heritage
- **Who:** Other Defined Groups

Geography

- Congo (Democratic Republic)
- Ethiopia
- Kenya
- Tanzania
- Uganda

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£16,877,000	£16,467,000	£3,744,000	246
2023-12-31	£11,025,000	£14,247,000	£3,159,000	226
2022-12-31	£14,716,000	£14,609,000	£6,308,000	185
2021-12-31	£12,362,000	£11,704,000	£6,225,000	200
2020-12-31	£10,368,000	£12,531,000	£5,567,000	223

Trustees

Name	Role	Appointed
Amar Inamdar		2025-07-18
Anna Olivia Akinyi Onyango		2023-09-01
Caroline Maisie Miller Smith		2022-09-09
Francois Jay		2023-09-01
Jane Ngige		2018-07-04
Julian David Marks		2022-09-09
Keith William Pickard		2024-09-06
Kenneth Mathieson Caldwell		2021-07-23
Nick Allen		2018-05-31
Victoria Unwin		2022-09-09

FARM AFRICA LIMITED

England & Wales - Charity number 326901

Accounts



2024 Annual Report and Financial Statements

Farm Africa Limited
Company Number: 01926828



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Part 1

Trustees' report

Report of the Chair

As I step down as Chair of Trustees, I reflect on the extraordinary journey we've shared since I joined as a trustee ten years ago.

I joined Farm Africa due to my belief that agriculture is the sector with the most potential to transform the lives of people living in Africa. Ten years on, I remain convinced of this. Today, our mission is all the more important due to the escalating challenges facing rural communities including climate change, migration and geopolitical instability.

In 2024, Farm Africa reached 770,000 people, an increase of more than 150,000 people from 2023. As you'll read in this report, our support varies from helping displaced refugees to become self-sufficient, to supporting smallholder farmers to adopt climate-resilient practices, to working with mothers to improve their children's nutrition.

Core to all our work is a focus on increasing incomes, improving access to markets, conserving the environment and boosting communities' resilience to shocks, taking care to ensure that our support reaches those who need it most.

Whether you've donated, fundraised or partnered with us, you've made our work possible. Fundraising highlights in 2024 included a Farm Africa promotion on the sale of green beans by the retailer Sainsbury's, a new partnership with the restaurant chain Farmer J, and the GROW for Good challenge, which saw 12 women leaders from the UK food industry camp, cycle and work on regenerative agriculture farms in Kenya to raise funds for our work.

We also celebrated launches of our Giving Circle, with Sabrina Dhowre Elba as patron, and our engaging new website, which was subsequently nominated for a prestigious Webby award.

My thanks go to my fellow trustees, including Serena Brown who stepped down this year and Laketch Mikael who is also retiring from the board. I am delighted that longstanding trustee Jan Bonde Nielsen, who also stepped down this year, agreed to become President of Farm Africa. On a sadder note, we mourned the loss of our Tanzania Country Director Tunsime Kyando and former board chair Michael Collinson, who both died this year.

I end with thanks to Farm Africa's staff, whose expertise, commitment and passion underpin the organisation's impact. Serving alongside you has been a true honour. I will remain a champion of Farm Africa and the communities we serve. I welcome Amar Inamdar to the board. He is ably qualified to be the next Chair of Farm Africa.



John Reizenstein

Chair of Trustees, Farm Africa

10 June 2025

Report of the Chief Executive

As I write this letter in the spring of 2025, Farm Africa celebrates our 40th anniversary. Back in 1985, the charity's founders held the firm belief that developing small-scale agriculture was the key to reducing rural poverty.

Today, Farm Africa remains true to our roots, and would still be very recognisable to the founders and earliest project participants, staff and supporters. But we're also proud of our growth and development.

As you'll read on page 9, our largest ever project is now underway, working with the Mastercard Foundation to unlock work opportunities for 150,000 young entrepreneurs in the fish farming sector in Kenya. On page 13 you can find out how we help smallholder farmers earn money not just from selling crops, but also from carbon credits earned by planting trees. On page 14 you can read how we are supporting forest communities in Ethiopia to sell coffee to a large Japanese food company.

At the COP 29 climate change conference in December 2024, we were proud to be awarded a grant by the Global Environment Facility to scale up efforts to ensure finance for climate adaptation reaches those who need it most: smallholder farmers.

This year we amplified the voices of those we serve on an international stage including at the Oxford Farming Conference, New York Climate Week and the UK Parliament. We achieve the most impact when practices that deliver results are replicated by others. This year, we were pleased to see the Embu and Tharaka Nithi county governments in Kenya start to use private sector Village-based Advisors to promote regenerative agriculture practices, an approach key to our work with AGRA there.

I thank our outgoing Chair of Trustees, John Reizenstein, for guiding Farm Africa through a period of growth and resilience. I look forward to working with our new Chair Amar Inamdar as we enter the organisation's fifth decade.

To all our supporters: thank you. Together, we are enabling farmers in eastern Africa to grow more, sell more, and sell for more, while protecting the environment for generations to come.



Dan Collison

Chief Executive

10 June 2025

Strategic report

This section presents Farm Africa’s mission, values and strategic goals, including the priorities outlined in the strategic plan (2021-2025), and the mid-term review of the strategy that took place in 2023. This section also summarises Farm Africa’s achievements in 2024, and outlines our goals for 2025.

Vision

Farm Africa’s vision is of a resilient rural Africa where people and the environment thrive.

Effective agriculture transforms lives, underpins resilient food systems and protects natural resources. Farm Africa supports a just rural transition for farmers and farming communities in eastern Africa, which improves yields, improves food quality and safety, and increases household incomes.

Our technical approaches to sustainable agriculture, market engagement and protecting the environment have the greatest impact when they are integrated into a holistic effort, connecting smallholder farmers to thriving markets and transforming subsistence agriculture into a sustainable business.

We are ambitious to expand our work and increase our impact: to lift more communities out of poverty; to open up more agricultural markets; to provide more expertise and help safeguard natural resources.

Our mission

To promote sustainable agricultural practices, strengthen markets and protect the environment in rural Africa.

Our values

- **Expert:** Expertise and insightful evidence-based solutions are at the heart of everything Farm Africa does.
- **Grounded:** Our teams and partners work closely with local communities, engaging them in every level of decision-making.
- **Impactful:** We deliver long-lasting change for farmers, their families and the environments they live in.
- **Bold:** We model innovative approaches and are not afraid to challenge strategies that are failing.

2021 – 2025 strategy

In 2021 we concluded a participatory process to develop a strategic plan for Farm Africa (2021-2025).

The great strength of our strategy is the clear articulation of Farm Africa’s three thematic priorities: agriculture, market engagement and environment.

In agriculture, our programmes continue to support farmers to transition to commercial livelihoods. Access to better inputs, technology and information improves incomes and makes livelihoods more resilient to shocks. Our projects improve yields and quality across multiple value chains, including coffee, sorghum, livestock, edible oil seeds and horticulture. Our climate-smart approaches help mitigate the effects of climate change.

Market engagement improves farmers’ linkages to local and international markets, emphasising business development, access to financial services and support to the small and medium-sized enterprises that are a crucial intermediary between producers and markets. Our links with food industry partners have strengthened our offer in corporate social responsibility.

Our work on protecting the environment builds on Farm Africa’s experience in landscape management, including participatory forest management and payment for ecosystem services. Progress in avoiding deforestation has developed our role in carbon sequestering, promoted alternative livelihoods for forest communities, and we have seen our approaches endorsed and supported by governments in the region for replication at scale.

Our strategy is underpinned by five cross-cutting themes:

- **Climate action:** We will work to reduce greenhouse gas emissions and strengthen the resilience and adaptive capacity of communities to climate change.
- **Gender equality:** We will design projects to be gender-sensitive and include meaningful outcomes for women’s economic empowerment.

- **Youth employment:** We will emphasise the creation of job opportunities for young people throughout the value chain.
- **Resilience:** We will enhance communities', enterprises' and ecosystems' ability to mitigate and adapt to shocks.
- **Agri-tech:** We will embrace the use of technology at all stages of the value chain.

The concept of food systems – describing the connections between producers, consumers, the environment and policy – provides a useful way of integrating the approaches and is the lens through which our approaches, interventions and programmes are analysed. Understanding Farm Africa's work in the context of food systems opens up new relationships with corporate partners, strengthens our connection to markets and business development, and provides a strong platform for scaling our work through advocacy.

The strategy not only sets out our programmatic directions, it is a plan for the whole organisation. It commits the organisation to a culture of 'One Farm Africa' – emphasising transparent communication, accountability in decision making, and learning across teams. The code of conduct, safeguarding policy and our security measures are prominent in this.

The plan also steers Farm Africa to a sustainable financial future, which maintains strong reserve levels and delivers steady growth in restricted and unrestricted income. International aid flows are shifting as donors change priorities, with the UK's decreasing aid budget a clear indicator of this. We are building new funding relationships to realise the strategy, including engaging with global climate funds and developing new ways of working with corporate partner organisations.

2023 mid-term strategy review

In 2023, we conducted a mid-point assessment of the current strategy. This involved extensive consultation with staff, partners and external advisors to understand the achievements of the strategy, updating our understanding of the regional and sector context, and determine priorities and objectives for the remaining strategy period.

Our initial assessment shows significant progress has been made against the strategic objectives even though there were major macro-economic challenges in the post-COVID external environment.

The review noted good progress in developing our programme strategies and results in areas such as

regenerative agriculture, climate-smart agriculture, landscape management and coffee cultivation. We've seen encouraging growth in our Kenya and Tanzania programmes, the development of our opportunities in eastern DRC, and a building on our experience of carbon markets. We have experienced challenges in the development of our Uganda programme and our work in livestock. We also noted good progress in steering Farm Africa to a sustainable financial future, including updating target reserves to appropriately reflect the level of risk in operations and the external environment.

The mid-term review highlighted the long-term decline in some of our critical fundraising channels, particularly our individual giving supporter base, a reflection of both the cost of living crisis and the natural attrition of charity givers. The Board of Trustees agreed to a series of investments aimed at building high-value giving, slowing the decline in individual giving, and building our brand, and we are looking forward to seeing a return on these investments during the second half of the strategy period. These investments are starting to bear fruit, in particular through relationships with a new group of major donors whose generous support has significantly advanced our mission. Their commitment reflects a shared belief in the impact of our work and strengthens the foundation for future growth.

Our activities and achievements

In 2024 we managed projects across five countries in eastern Africa, reaching 770,000 people.

The following six case studies outline highlights from various projects across Ethiopia, Tanzania, Uganda and Kenya, all united in aiming to support communities working in the agricultural sector to grow their incomes while also protecting their local environment for generations to come.

Growing together

In southeastern Ethiopia, nature-based solutions are bringing communities together in pursuit of a better future.

In 2024, Madina changed her life story from one of displaced refugee to self-reliant farmer. Her story speaks to the transformative power of inclusive, nature-based solutions.

"I am a refugee woman. I fled from civil war in Somalia in 2010 and transferred to Melkadida refugee camp," explains Madina. "Life was difficult,

and the humanitarian assistance provided, such as wheat and oil, was not enough,” she recalls of the life she and her children led there for 13 years.

Change came in 2023, when Farm Africa invited Madina and 39 other refugees to take part in a sustainable farming initiative. Together with 40 residents of Kalmasago kebele, a rural community that had agreed to host the project, the group formed a farming cooperative that would work towards inclusivity and shared prosperity for those living in this remote and arid landscape.

Accepting the offer, Madina and her children, left the refugee camp and started a new life in Kalmasago. “It was a good new day for my family,” she recalls. “The community welcomed us warmly.”

From aid to earning

The 80 members of the cooperative are just a few of the 65,000 people reached by Farm Africa’s Nature-based Solutions for Sustainable and Inclusive Development (NSSID) programme in 2024. The four-year programme, which is funded by the Swedish Embassy in Ethiopia, is working across Ethiopia to reduce poverty, build communities’ resilience to climate change and protect the environment with an aim to benefit more than 87,000 households.

At Kalmasago, Farm Africa provided training and start-up resources to help the cooperative members overcome their dry conditions with nature-friendly techniques such as small-scale irrigation, minimum tillage, mulching and use of drought-tolerant crop varieties. With that support, the farmers achieved two high-yield growing cycles in a row. By the end of 2024, they were covering their costs independently, relying on Farm Africa only for technical guidance.

“In this third season, we are self-sustaining,” says Madina proudly.

For Madina and her fellow cooperative members, the shift is a major milestone. With the income she has earned from the harvest, Madina has been able to improve her family’s living conditions, move into a larger home, enrol her children in school and ensure they receive adequate healthcare.

She’s also purchased poultry and 15 goats. “I sell some of the goats’ milk and eggs for daily income while keeping some for my children,” she explains.

Madina’s experience is shared by many. In 2024, the NSSID programme helped 11,646 people improve their food security.

From earning to providing

The members have named their cooperative Himilo, meaning ‘vision’. They aim to scale up their operations and export their produce, increasing their own income and providing livelihood opportunities for others.

“Our plan is to become a large cooperative of crop producers and export our yields. This will enable me to support my refugee brothers,” says Madina determinedly.

With Farm Africa well-placed to support with market linkages, it’s an achievable dream.

“It was a good new day for my family when we joined the Farm Africa farming programme. The community welcomed us warmly.”

Madina
Farmer and refugee, southeastern Ethiopia



Growing better, together

Through inclusive, nature-based solutions like those used by the Himilo Cooperative, the NSSID programme is sowing the seeds of a future where refugees and host communities thrive together, even in challenging landscapes. Our approach combines immediate livelihood support with long-term strategies for sustainable livelihood development, ensuring gender equality in economic opportunities.

The success of this approach is evident in the thriving cooperative Madina now leads. As their elected chairperson, she represents 80 farmers from both refugee and host communities. “Through the project, I have enjoyed good integration, synergy and peaceful coexistence with my fellow cooperative members,” she says.

When communities come together to cultivate not just crops but also trust, the harvest is a brighter future for all.

65,000

people reached through the NSSID programme in 2024.

24,903

(including 9,682 women) people supported by the NSSID programme to improve farm productivity through climate-smart agriculture in 2024.

Creating waves for young people

Farm Africa and partners are inspiring thousands of young women and men in Kenya to develop thriving careers in the fish farming sector.

Demand for fish in Kenya is increasing rapidly. The fish farming sector has huge potential to boost youth employment and food security, but is often overlooked by young job hunters. In late 2023, the Mastercard Foundation joined forces with Farm Africa and partners to launch the Youth in Sustainable Aquaculture (YISA) programme, which is redefining what opportunity looks like in rural areas where youth unemployment is stubbornly high.

YISA is no small undertaking. Implemented with our partners Echo Network Africa, Lattice, Aquarech, Ramogi Institute of Advanced Technology (RIAT), Hydro Victoria and Livingwood Consultants, the five-year programme aims to create 150,000 dignified and sustainable jobs in aquaculture across six counties in Kenya by November 2028. But it's not just about the numbers — it's about who's being reached.

Opportunities for women

In 2024 alone, over 10,000 YISA participants secured employment in the fish farming value chain. Notably, women made up more than 70% of programme participants. In a traditionally male-dominated industry, that's revolutionary.

“Through the programme’s revolving loan fund, our group was able to acquire a motorised fishing boat,” says Bettina, chair of a women’s group in Homa Bay County. “This has allowed us to access fish independently without relying on exploitative arrangements with male fishermen.”

She’s referring to *Jaboya*, a transactional practice at Lake Victoria’s fisheries where women are coerced into exchanging sex for access to fish. YISA tackles this exploitation head-on by empowering women to manage their own supply chains and become financially independent.



Economic empowerment is central to the YISA model. Over 5,400 young people, 83% of them women, have accessed catalytic funds to launch or expand their aquaculture enterprises. This capital has made successes possible such as 215 young women setting up 12 large fish cages stocked with over 420,000 fingerlings (young fish), anticipated to yield over 130 metric tonnes of fish in just seven months.

Black Soldier Fly farming

For others, innovation has come through unconventional but promising avenues, like farming maggots. Specifically, Black Soldier Fly (BSF) larvae, which are rich in protein and now in high demand as fish feed. Once viewed as dirty and unhygienic, BSF farming is being rebranded as a low-cost, high-yield solution that supports circular agriculture and reduces dependency on commercial fish feeds. It's cost-efficient, sustainable — and now, thanks to YISA, a business venture for 670 enterprises owned by young women and men.

An inclusive approach

For persons with disabilities, the project has been just as transformative. In Alupe in western Kenya, the Chakol and Amase Persons with Disabilities (PWD)

groups are now active players in the aquaculture sector. With support from YISA and Kenya’s agricultural research institutes, they’ve both planted 30 acres of soybeans, an ingredient in fish feed.

“Our group has 45 members, most of whom are unable to secure employment due to their disability status,” said Agnes Auma, chairperson of Chakol. “Following our partnership with Farm Africa, we have received comprehensive training that has enabled us to take up the journey of successful soybean cultivation.”

Business training

The programme’s training modules cover topics including financial literacy, business planning and practical techniques in fish feed production and farming. The training, which has been praised by participants for its interactive and hands-on design, is helping young people build not just businesses, but confidence.

“The process was seamless, and the expertise provided was invaluable. The business development curriculum in YISA is a game-changer, you see your business plan on paper and then implement it step by step,” said Frank Thoya, one young entrepreneur.

As a digital platform prepares to link entrepreneurs across the aquaculture value chain, YISA’s vision is clear: sustainable fish farming isn’t just about food. It’s about addressing youth unemployment, gender inequality and exclusion.

10,274

young people in work in the aquaculture value chain in 2024.

5,265

young people received US\$ 966,041 investment from the revolving fund.

6,725

young people producing soybeans for fish feed in 2024.

Improving nutrition for rural families

Climate-smart farming practices and access to markets are boosting incomes and nutrition in Tanzania.

The soil is dry and cracked, the sun relentless. Farmers in rural Tanzania face an ongoing battle against nature, planting seeds in fields that yield too little, waiting for rains that come too late or not at all. Malnutrition is a major challenge.

In central-northern Tanzania, more than 40% of the population face food insecurity. In the Southern Highlands, approximately 500,000 children under five years old suffer from stunted growth. But a quiet transformation is underway.

After learning about climate-smart agriculture practices like proper seed spacing and applying the right amount of fertiliser, Damaris Machite, a farmer from the Dodoma Region, now stands a better chance of producing a good yield of nutritious food crops, whatever the weather. Best of all, as a lead farmer she’s sharing this knowledge with the other farmers in her village.



Damaris is a participant in our NOURISH project, which works to equip smallholder farmers across Tanzania with the tools and knowledge to escape poverty and food insecurity. Launched in 2024, the project, funded by the Norwegian Agency for Development Cooperation (NORAD) and implemented in partnership with SNV, aims to reach 123,000 households by 2028.

Addressing systemic challenges

The problem facing Tanzanian farmers isn’t just

unpredictable weather. It's also markets that work against them.

Farmers struggle to obtain high-quality seeds, leaving them with low yields. Without proper soil testing, they often overuse or underuse fertiliser. And when they do produce a surplus, access to buyers remains a challenge - many are forced to sell their crops to middlemen at rock-bottom prices.

Female farmers face additional barriers. Many do not own the land they farm, and without land titles, securing loans for better equipment or seeds is nearly impossible.

NOURISH is training farmers in agriculture techniques that boost productivity and resilience to climate change, such as agroforestry, crop rotation, crop diversification, use of soil cover, soil and water management, nutrient management and integrated pest management. These techniques help to improve soil fertility and protect land from degradation. NOURISH is also strengthening market connections, ensuring that farmers can buy drought-tolerant seeds and sell their produce at fair prices.

The project encourages farmers to grow common beans, sunflowers, sorghum and vegetables, all selected for their nutritional benefits, climate resilience and strong market demand.

“Today, I have the opportunity to share knowledge with this group of farmers through a demonstration plot, hoping for positive results.”

Noema
Lead farmer, Songwe, Tanzania



Improving nutrition

In the Manyara region, small-scale farmer Loseku Saning'o's family diet never used to include fresh produce. But after attending a NOURISH nutrition training session, he planted vegetables in a kitchen garden.

“As a Maasai, we never valued vegetables,” recounted Loseku. “After receiving nutrition education, my family and I started incorporating vegetables into our meals. I also changed the snacks I give my children. Instead of bringing home bottled juice or soda, I now bring fresh fruits.”

Saning'o's experience highlights one of the project's key goals: improving nutrition. Many farming families in Tanzania lack dietary diversity, leading to widespread malnutrition. By encouraging farmers to grow and consume a variety of vegetables, NOURISH helps communities fight hidden hunger.

Signs of progress

Early results demonstrate NOURISH's scalable impact. By the end of 2024, a total of 477 lead farmers and 206 agricultural extension officers had been trained in climate-smart farming techniques. And 106 of these lead farmers had shared their learning with 817 smallholder farmers, creating a knowledge network that will grow and grow. More than 290 demonstration plots had been set up to showcase best practices. Nearly 10,000 agroforestry trees seedlings had been planted in nurseries to combat soil infertility and erosion.

Access to agricultural inputs is also improving. Through supply chains supported by the project, farmers purchased over 23 metric tons of quality sorghum seed and nearly 23 kg of vegetable seeds.

Women are at the forefront of this shift. They are receiving agricultural training, gaining access to financing and adopting farming methods that increase their productivity. They are stepping into leadership roles. NOURISH is showing that change is possible through investment in skills, knowledge and access to resources.

477

lead farmers trained in climate-smart agriculture practices.

10,000

trees planted to combat soil erosion and improve soil health.

A female focus from farm to fork

In eastern Uganda we've worked with CARE to support female farmers to grow, sell, prepare and consume healthy foods.

In the remote drylands of eastern Uganda's Karamoja sub-region, two thirds of people live in poverty¹. Rural communities' heavy reliance on natural resources renders livelihoods sensitive to ever more frequent climate extremes, such as droughts, heavy rains and high winds.

Caring for children largely falls on women in Karamoja, yet many of these women lack ownership of property and do not earn income. When extreme weather events devastate their crops, mothers are left with minimal access to both nutrition and money, and face significant challenges in providing food for their children.

Low awareness about the importance of eating a balanced diet, coupled with lack of access to nutritious foods, mean most families eat a limited diet of cereal grains and wild leaves. Chronic malnutrition is prevalent, particularly amongst women and children.

CASCADE

With funding from the Dutch Government, last year Farm Africa worked in partnership with CARE's CAlyzing Strengthened policy aCTION for heALTHY Diets and resilieNCE (CASCADE) programme to put women in Karamoja in the driving seat of improving the diets of their young children and themselves, even in the face of climate shocks.

The six-month pilot project, which launched in July 2024, helped rural women in four districts (Moroto, Napak, Abim and Kotido) to grow a range of nutritious foods, learn about healthy eating and overcome some of the cultural barriers holding them back.

Climate-smart farming

Using an approach called Farmer Field and Business Schools, we helped a total of 12,388 farmers, 75% of whom were women, to learn about the production, consumption and marketing of foods that are both climate-resilient and nutritious. The participants, who

were organised into 546 groups, attended demonstrations at 174 learning sites to find out more about producing crops such as vegetables, iron-rich beans and orange-fleshed sweet potatoes using affordable technologies, such as crop rotation and watering of crops from nearby water points.

Community-based facilitators also visited the farmers in their own fields to recap the lessons learnt at the learning sites and encourage adoption of the practices. Lessons covered not just growing, but also how to safely harvest, dry and store crops to preserve their freshness.

Access to seeds

High-quality seeds are essential for healthy harvests, but remain scarce in rural Uganda. We put the farmers' groups in touch with two private sector dealers selling quality seeds. We also helped eight of the farmers' groups to establish businesses producing and selling Quality Declared Seeds for iron-rich beans and orange-fleshed sweet potatoes, helping ensure the other groups benefited from easier access to high-quality, reliable and affordable seeds.

Christine now farms orange-fleshed sweet potatoes and maize rich in vitamin A. At home she grows a variety of vegetables. She's also planted fruit trees and started to rear chickens.



Healthy eating

From holding food and cooking demonstrations to working with Village Health Teams to taking part in radio talk shows, we worked to spread the word far and wide about the benefits of healthy, nutritious diets for children, mothers, adolescents and babies. Emphasis was put on making use of locally available foods to create meals including carbohydrates, proteins, fats, vitamins and minerals. Sources of carbohydrate included millet flour, maize flour, rice

¹ <https://reliefweb.int/report/uganda/uganda-karamoja-region-ipc-food-security-nutrition-snapshot-march-july-2022-published-may-31-2022>

and orange-fleshed sweet potatoes. Protein could come from beef, silver fish, groundnuts, beans and eggs, while fruits and green vegetables are a good source of vitamins and minerals.

We also engaged men and boys in discussions on the need to challenge the social norms, beliefs and practices that restrict women and children’s access to nutritious foods. This has led to more husbands sharing household duties with their wives and involving them in decision making.

12,388

farmers trained in climate-smart agriculture practices.

56

cooking demonstrations conducted, reaching 2,387 people.

Growing green

By planting trees on their farms and entering carbon markets, farmers in central Kenya are growing a greener future for us all.

In Embu and Tharaka Nithi counties, farmers once struggling with declining harvests are improving productivity, creating job opportunities and protecting the local environment, all while mitigating climate change.

The catalyst for the change has come through Farm Africa’s agroforestry project, an extension of the regenerative agriculture project, which we’ve been running in partnership with AGRA since 2020.

Agroforestry for security and sustainability

Through the project, farmers have been supported to adopt agroforestry across 14,175 hectares of land. Agroforestry is a technique that integrates trees into traditional farming systems to enhance soil health, conserve water, increase biodiversity and improve crop productivity. At the same time, the trees yield high-value crops like fruit and nuts to diversify diets and income.

Farmers adopting the method have improved soil water retention by 30-50%, a crucial factor in this drought-prone area. Seeing a 30-50% boost in soil organic matter, they’ve also been able to reduce their use of fertiliser by 20-40%. “My family is financially and food secure, based on the number of fruit trees that I have planted alongside the cash crops”, says seasoned farmer Peter Kabuthe, who has planted over 100 trees.

Capturing carbon to grow livelihoods

Although the improved productivity has been welcomed by farmers, the real game-changer came in 2023, when the project integrated with carbon markets, enabling 21,000 farmers to earn extra income through Rabobank’s Acorn programme for the tree seedlings they planted.

How does it work? Trees capture carbon, and the Acorn programme provides a system for farmers to quantify the carbon they are capturing as Carbon Removal Units (CRUs), with each unit representing one tonne of carbon removed. Acorn then provides a market platform for selling the CRUs to corporations for emission offsetting, returning 80% of the revenue generated to the farmers.

So far, the farmers in Tharaka Nithi and Embu have reduced carbon emissions by a total of 24,945 tonnes of carbon dioxide and earned income through the sale of an equivalent number of CRUs.

As an experienced local farmer who doubles as a community advisor for the regenerative agriculture programme, Rosebeth has personally educated more than 1,000 farmers on the importance of planting trees alongside other crops. This move has seen the majority of farmers from her region earn income from carbon credits. She relates the impact for her family and her community:

“When I was paid the first amount, I paid school fees for my child - now she cannot stay out of school! My other child was joining campus when another payment was made. I used all that money to purchase a laptop for her. The other money that will come in soon will be used to pay school fees for my children who are in primary school.

“I have received success stories from many farmers who were paid carbon credits and managed to pay school fees for their children. This has motivated them to plant more trees and has also inspired those who were not recruited into the programme to seek recruitment.”

Creating jobs while fighting climate change

The opportunity presented through carbon credits has been strong enough to prompt Simon, a computer scientist from Embu, to pursue his long-standing passion for climate action and establish a nursery. Still in its first year, the nursery already hosts 46 varieties of trees, with more than 160,000 seedlings in production, and demand is high.

“In the next five years, I see myself employing close to 100 people with tree nurseries spread across five sub-counties,” he predicts.

The future is green

As Peter, Rosebeth and Simon continue to nurture their trees and reap the rewards of their efforts, they feel optimistic about the future. Peter aspires to motivate more young people in the region to plant trees, and Rosebeth has observed “that the farmers themselves go round telling others about the benefits of trees and not cutting them down.”

As for Simon, he is following his passion. “I’m sure I am playing a big role in the fight against climate change, and feel very motivated when people purchase tree seedlings from me. I am convinced that they have the desire to make the county greener and better.”

“In the next five years, I see myself employing close to 100 people with tree nurseries spread across five sub-counties.”

Simon
Owner, Vuma Tree Nursery



Find out more about the programme in our report Growing Green at www.farmafrica.org/growinggreen

Change is brewing

A landmark partnership is opening international markets for forest coffee cooperatives protecting Ethiopia’s Harena Forest.

Last year, we reported on the impressive progress of forest management cooperatives in Ethiopia’s Harena Forest, where we are working with local communities to protect trees and biodiversity while creating economic opportunities. This year, we celebrate another big step forward.

In 2024 the Garen Bale Forest Cooperative Union entered a green business partnership with Zensho Trading Co Ltd, a move that facilitated the export of 19,200kg of specialty grade organic forest coffee and lays the groundwork for consistent, high-volume exports in the years ahead.

Local impact

How did Harena Forest’s coffee farmers benefit? The Union represents 40 forest management cooperatives operating in the Bale Eco-region: a robust network established with support from Farm Africa. The coffee sold was supplied by three of the member cooperatives who are working closely with Farm Africa and Forests of the World on a project aiming to improve forest conservation by improving the profitability of forest-friendly coffee farming.

It is the second international export sale for these three cooperatives and the first time the farmers have negotiated directly with the buyer, who agreed to pay a premium price if the coffee could obtain Japanese Agricultural Standard certification.

The 55 farmers who supplied coffee for the three cooperatives to sell have earned a net average of ETB 544,624 (£3,208) each.

The three cooperatives have also each earned a net average of ETB 600,682 (£3,538) in commission, which will be invested in local livelihood development and conservation.

One of the benefitting farmers is Abdurahman Kul, a founding member of Gutiti cooperative. He supplied 4,000 kg of coffee for the sale.

“We formed the forest management cooperative to grow together. The cooperative is for all—the poor as well as the rich”, he says, encapsulating in 21 words the vision that’s driven over a decade of collaborative effort to reach this milestone.

Charting a course for sustainability

Earlier Farm Africa initiatives laid the groundwork. With support from the European Union and the Norwegian Embassy in Addis Ababa, we've strengthened coffee cooperatives and established a robust network of Participatory Forest Management Cooperatives, who now protect the forest and promote forest-friendly enterprise within their designated zones.

Building on those foundations, in partnership with the local government agricultural office, Farm Africa has been working closely with selected cooperatives on a targeted project to improve the quality and quantity of Bale's forest coffee. Once graded at levels four and five, the coffee is now being recognised at grades one and two - internationally sought-after standards.

The transformation was made possible through extensive training, access to post-harvest materials, the determined commitment of coop members and ongoing support from Forests of the World, financed by Danida.

"The training opened my eyes", says Abdurahman. "Because of it, I've learnt to produce high-quality coffee and improve my post-harvest handling. With the money I've earned, I plan to buy furniture and send my children to school. The more training I receive, the more changes I can make to my life."



Establishing the green export partnership with Zensho, a Japanese-based company, called for a different type of collaboration. Farm Africa helped navigate the complex certification processes by supporting the three cooperatives to obtain Japanese Agricultural Standard (JAS)

certification for organic coffee. We also facilitated the acquisition of an export licence for the Garen Bale Forest Cooperative Union, enabling smooth transactions and long-term market engagement.



Scrupulous attention to post-harvest handling has transformed the quality of forest coffee. Photo: Farm Africa

Global reach

The financial success of these coffee farmers has implications beyond individual prosperity. It strengthens the local economy, provides resources to improve local education and infrastructure, and incentivises conservation efforts. By proving that sustainable practices can lead to significant economic gains, the project is setting a precedent for ethical and environmentally friendly coffee farming worldwide.

As partnerships grow and appreciation of their specialty forest coffee spreads, the future holds even greater promise for the farmers of Bale. For now, they can take pride in knowing that their dedication and hard work have placed their coffee on the global stage.

"We formed the forest management cooperative to grow together. The cooperative is for all—the poor as well as the rich."

£3,208

Average net income earned per farmer contributing to the sale.

£3,538

Average commission earned by each of the three forest management to invest in local livelihood development and conservation.

Our Key Performance Indicators

Farm Africa collected its second year of six project Key Performance Indicators (KPIs), directly linked to Farm Africa's work and thematic implementation strategies. They are viewed as organisational performance metrics that help convey a snapshot of the results to a wider audience.

The KPIs complement other impact, knowledge and learning products produced by Farm Africa such as donor reports, annual reports, case studies etc. The indicators are not meant to be exhaustive of Farm Africa's work, but they provide a relatively good picture of the performance of a critical mass of Farm Africa projects.

KPI	2024
KPI1: Total number of people supported to improve their resilience to effects of climate change.	340,158
KPI2: Total number of people supported to improve access to agri-technologies, inputs and services per year.	188,915
KPI3: Total number of people supported to enhance their production practices per year.	265,929
KPI4: Total number of enterprises supported to enhance their operations for growth and sustainability (SMEs, MSMEs, coops etc).	8,427
KPI5: Total number of people and enterprises supported to improve their access to financial services (Savings and Loans)	46,579
KPI6: Total amount of financing extended to supported people and businesses/ enterprises.	\$3,365,921

They only capture unique participant engagements as per the definition of the KPI and to avoid 'double counting' they cannot be added together.

For example, if stakeholder A was trained on good agricultural practices (GAP) and issued with drought-resistant seeds, in addition to accessing a loan via being a member of a project-supported village savings and loan association (VSLA) then stakeholder A is reported in KPI 2 (access to inputs), in KPI 3 (access to capacity building trainings), and also in KPI 5 (access to financial services). Adding together the numbers reported in KPI 2, KPI 3 and KPI 5 would result in certain stakeholders being 'double counted'.

Performance against objectives

To aid our planning we have broken down the strategic objectives into a set of annual goals. These goals are more specific and time-bound than the strategic objectives. The table below sets out how we performed against our key goals for 2024.

Strategic objective	Annual goal	Outcome
Achieve growth through diversity in funding	We will raise £15.9 million of restricted grant funding for 2024, including extending relationships with key strategic donors, diversifying our grant funding portfolio geographically and thematically with a key focus on DRC.	Grant expenditure in 2024 was £14.4 million. This represents 91% of the target for the programme portfolio, despite climate, insecurity and political risk in the geographies concerned. The shortfall against the target was driven by delays to projects in Ethiopia and DRC in particular. The strategic aim of diversification continued with growth in the Kenyan portfolio, successful start-up and delivery of the NORAD food security grant in Tanzania, and successes in building the Uganda programme, which secured funding from CARE and AGRA by year end. The DRC focus continued with the completion of a proposal for the Central African Forest Initiative but this is likely to be delayed well into 2025/26 pending insecurity in North & South Kivu.
	We will raise £2.0 million of unrestricted funding in 2024, including from the growth of our major giving programme and campaigns to acquire a new cadre of individual donors.	<p>Total unrestricted income raised in 2024 was £2.8m. The competitive UK fundraising market, combined with the ongoing cost of living crisis, has made it increasingly challenging to raise unrestricted funds across our fundraising portfolio.</p> <p>We are thankful to our supporters who have included a contribution to Farm Africa in their will. Farm Africa received £1.3m of legacy income in 2024.</p> <p>Farm Africa supporters continued to respond generously to appeals, but natural donor attrition has resulted in reduction of overall income from individual giving. Plans to test digital acquisition were postponed, delaying progress to rebuild the individual supporter base until 2025.</p> <p>We have also seen promising growth in our major giving programme and with a strong pipeline in place, further growth is expected in 2025.</p> <p>Events income performed well, with fundraising efforts driven by the London Marathon, employee fundraising by company United Molasses, and our first London to Paris cycle challenge.</p> <p>Sainsbury's ran a successful instore promotion raising funds for Farm Africa in September 2024. We launched a partnership with Farmer J and the GROW challenge to Kenya performed well, boosting income from corporate partnerships and partially offsetting a reduction in the number of Food for Good membership renewals.</p>

Strategic objective	Annual goal	Outcome
	<p>We plan for our new website to be live by the end of July 2024.</p>	<p>The new Farm Africa website launched in August, with refreshed branding and messaging. The site has been well received and we are seeing increases in engagement and online income. This lays a solid foundation for growth as we build our online presence and drive more traffic to the site.</p>
	<p>We will participate for the first time in New York Climate week in September 2024, aiming to grow our network in the USA and spotlight the role of Farm Africa USA.</p>	<p>Farm Africa's presence at New York Climate Week was well received, raising Farm Africa's profile and growing our network in the US.</p> <p>Farm Africa's showcase event, hosted by the law firm White & Case, has opened up promising conversations with a number of prospective supporters, and secured a new member of the US Board of Trustees.</p>
Transforming rural livelihoods	<p>We will continue to build on the positive impact of our forestry projects by completing the sale of carbon credits on behalf of partners in Ethiopia.</p>	<p>In 2024 Farm Africa successfully registered 2.8 million tonnes of carbon credits on the VERRA carbon registry. This was a protracted process following changes in monitoring standards and developments within the voluntary carbon market. Our REDD+ project in Ethiopia was the first to receive a Letter of Authorisation from the Ethiopian authorities in relation to Article Six of the Paris Climate Agreements, and to be included within the wider jurisdictional REDD+ programme. With these credits registered the next step is to secure sales on behalf of the partners and communities in Ethiopia.</p>
	<p>DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project.</p>	<p>The year saw the full development and submission of the Coffee and Agroforestry proposal to the DRC FONAREDD Secretariat in October 2024. Additionally, Farm Africa secured a \$0.1m grant to ensure that all 12 cooperatives now are registered and to ensure traceability for the forthcoming EU Deforestation Regulations.</p> <p>Given the recent insecurity that has affected North and South Kivu, Farm Africa has now submitted a continuity plan to consider what could be authorised for implementation once the security situation has fully stabilised.</p>
	<p>We will demonstrate impact for 750,000+ community members in 2024.</p>	<p>A total of 771,721 people were reached through our programmes in 2024.</p> <p>This number incorporates people directly targeted by our programmes; farmers, agro-pastoralists, livestock herders, fish farmers, MSMEs, cooperatives, local county government, extension workers, agro-dealers, traders and the household members of certain stakeholders.</p> <p>The number of people reached has exceeded our target, and is 26% higher than in 2023.</p>

Strategic objective	Annual goal	Outcome
<p>Technical leadership and advocacy</p>	<p>Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management.</p>	<p>All programme packages were reviewed and updated in August 2024, these include Climate Resilience and Recovery; Regenerative Agriculture, Ecosystems (forestry/rangeland); Market Value Chains; Coffee, Business Advisory and Supply Chains. New Gender Youth Inclusion & Agroforestry packages were also developed.</p> <p>Agri-insurance was framed in a paper for the Programme Advisory Committee in June 2024, and then progressed further in the GEF (Global Environment Facility) application and the new partnership with Humanity Insured.</p> <p>Advocacy work continued in Kenya and Ethiopia on issues of scaling regenerative agriculture and participatory forest management policy, including a partnership with Tree Aid in Ethiopia with a shared advocacy resource that will frame a shared country advocacy strategy.</p>
<p>Deepen our partnerships</p>	<p>We will establish new partnerships to further explore the potential of Farm Africa projects to access carbon markets.</p>	<p>The year 2024 saw new partnerships established, and some existing partnerships growing.</p> <p>In the carbon and climate space Farm Africa extended its relationship with Rabobank on the ACORN agroforestry and carbon project, developing plans to expand this work to new communities in Kenya and Tanzania</p>
	<p>We will build on our programme expertise and reputation to extend our technical and funding networks.</p>	<p>Farm Africa participated in several key technical and networking forums in 2024. The first was the Global Evergreening Alliance where Farm Africa presented on the REDD+ model in the Bale Eco-region in Ethiopia, gaining partnership with SCI Ventures, Tree Aid, Cross Boundary and confirming the idea for a community adaptation fund. In September 2024, a small delegation represented Farm Africa at the AGRA Food Systems Summit in Kigali, firming up partnerships with FCDO, World Veg Centre, Farm to Market Alliance, Acumen Capital, as well supporting two Village-based Advisors to attend courtesy of AGRA funding.</p> <p>Farm Africa built on its relationship with the UBS Optimus Foundation to achieve the prestigious breakthrough of an award from the Global Environment Facility (GEF) at COP29 for our work in smallholder farmers' access to finance for climate resilience. We also started a new programme in Ethiopia on gender and climate resilience with the African Development Bank under the African Climate Change Fund, and established a new partnership with Care International in Uganda with a focus on healthy diets and tackling malnutrition. We built on our relationship with AGRA in Kenya to expand to new work in Uganda and Ethiopia, and in Kenya a new relationship with a Danish partner Access 2 Innovation successfully piloted work in biochar for soil improvement.</p>

Strategic objective	Annual goal	Outcome
		In the UK retail sector our partnership with the Waitrose Foundation on the horticulture supply chain in Kenya continued to flourish, and Sainsbury's held a successful instore promotion for Farm Africa in October 2024.
One Farm Africa	Develop and implement staff survey actions.	Actions from the 2023 staff survey were implemented, the most significant of which was the review and benchmarking of remuneration against the market. Salaries were reviewed in Kenya, Tanzania and the UK. Action was taken for a number of roles that were notably out of step with the market.
	Continue to build our culture of regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings.	We have continued to build our culture of 'One Farm Africa' through using internal communication channels to share news and learning across the organisation. This includes our regular internal newsletter, and also our series of 'project learning exchanges', which create the opportunity for staff to share one or two current project case studies, outlining successes and challenges and offering learning points for other teams. All-staff meetings have been held twice a year for the purposes of sharing important information such as annual accounts and budgets.
	Refresh our staff handbooks to ensure legal compliance and people management best practice.	The refresh of staff handbooks was delayed due to the prioritisation of a cost savings project in Q3 and Q4 2024. This work is now set to be carried out in Q3 of 2025.
A sustainable financial future	Our Fit for Purpose exercise shows the need for investment in core systems and processes in Farm Africa. We lack an integrated HR system across the organisation, and would benefit from investment in IT and knowledge management.	There have been continued improvements in systems and processes, including an upgrade of our finance system in November 2024, and we have identified opportunities to increase efficiency through automation in our procurement system. The challenge of matching rising costs with income, which has been felt across the entire charity sector, has continued to put pressure on financial sustainability, and in response to that Farm Africa introduced a number of cost-saving measures at the end of 2024, including an office move in the UK.

Outlook for 2025

Farm Africa's 40th year, 2025, presents a mix of opportunity and challenge for the organisation. The external environment is expected to become more complicated and unpredictable. Rapid and deep cuts to the international aid system, in particular to USAID, will make competition for resources more intense, UK government and other European governments continue to reduce their own aid budgets, and CSR commitments from the corporate sector are under similar pressure. In the eastern Africa region insecurity in eastern DRC continues to delay the long-awaited start-up of the new coffee cooperatives programme.

In light of uncertainty in the external environment, our Board of Trustees has decided to extend our current strategy (2021-2025) for an extra year through to the end of 2026. This provides the organisation with time to focus on adjusting Farm Africa's business model to new realities as well as to new opportunities.

Farm Africa’s grants pipeline is well developed for 2025 and 2026. At the end of Q1 2025 we have secured 100% of the grants budget for the year, with good progress made for 2026 and beyond. New sources of multi-year unrestricted income have been secured through our philanthropy network, and new and interesting opportunities in the carbon and sustainable supply sectors are being explored, including sales of high-quality Ethiopian coffee directly to buyers in east Asia.

Strategic objective	Annual goal
Achieve growth through diversity in funding	We will raise £14.8 million of restricted grant funding for 2025, including extending relationships with key strategic donors, diversifying our grant funding portfolio geographically and thematically.
	We will raise £1.9 million of unrestricted funding in 2025, including from the growth of our major giving programme, our relationships in philanthropy and campaigns to acquire a new cadre of individual donors.
	Global Environment Facility (GEF) programme development advances Farm Africa’s advocacy agenda on access to climate finance as well as relationships with new partners.
	Deliver plans for Farm Africa’s 40 th year including: BBC Radio Four Appeal, Staff Conference and a Supporter Event in the summer.
Transforming rural livelihoods	We will continue to build on the positive impact of our forestry projects by completing the sale of carbon credits on behalf of partners in Ethiopia and supporting the scale up of the jurisdictional REDD+ work through the Oromia Forest Landscape Programme.
	We will demonstrate impact for 800,000 community members in 2025.
Technical leadership and advocacy	Further refine programme offers on gender, agri-tech, living income and agri-insurance with thematic focus on participatory rangeland management.
Deepen our partnerships	Strengthen our partnerships in carbon projects, including work with Tree Aid, including leading to new programme investment and technical cooperation in Tanzania as well as in sustainable supply including a focus on coffee exports from Ethiopia.
	Strengthen relationships with corporate partners in the UK to raise brand awareness and income and build on previous success.
One Farm Africa	Carry out the bi-annual staff survey.
	Continue to strengthen our structure, governance and culture, including recruitment of a new Chair for the Farm Africa board, establishment of a new board of trustees for Farm Africa in Uganda and expansion of our US board membership.
	Refresh our staff handbooks to ensure legal compliance and people management best practice.
A sustainable financial future	Agree a two-year transition plan to achieve organisational sustainability and resilience, including Cost Recovery Improvement Plan, Fundraising Strategy Review and an evaluation of commercial opportunities that could be complementary to Farm Africa’s charitable objectives.

Financial report

In this section we set out the financial performance of Farm Africa Limited and its subsidiaries ('Farm Africa') in 2024 and review its position at the end of the year. This year we pay particular attention to the growth in our programmes, with the launch of the YISA (Youth in sustainable aquaculture) project in Kenya, and the significant contribution to income by supporters in the form of legacies. The resulting increase in unrestricted income has enabled Farm Africa to launch a schedule of investments agreed by trustees as part of the Mid-Term Strategy Review in 2023. We continue to see pressures on income and cost driven by economic factors, which put pressure on Farm Africa's reserves. We highlight here the implications for the trustees' assessment of the organisation's going concern status.

Financial performance

Income

Farm Africa receives income principally from three sources:

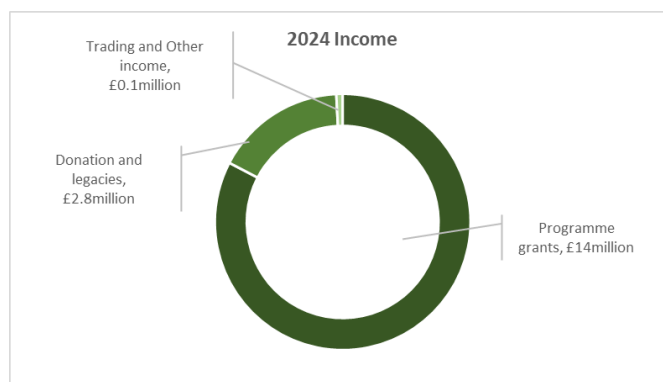
- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding);
- Donations, legacies and other fundraising activities (unrestricted funding).

Total income in 2024 was £16.9m (2023: £11.0m). This was due mainly to an increase in the value of programme grants received from donors and the timing of receipts according to the terms of new grants signed. This also reflects an increase in legacy income.

Programme grants remained the largest funding stream at £14.0m (2023: £9.0m). This included income on three projects: YISA (Kenya), funded by the Mastercard Foundation, Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy to Ethiopia and Nature-Based Solutions for Sustainable and Inclusive Development (NSSID), funded by the Swedish International Development Agency in Ethiopia (Sida).

Donations and legacies increased to £2.8m (2023: £1.8m), due to the receipt of several significant legacies totalling £1.3m (2023: £0.4m).

The chart following shows the breakdown of income between the principal sources:



Expenditure

Farm Africa's expenditure falls into three main categories:

- Direct costs of implementing programmes in Africa;
- Fundraising costs;
- Support costs, including head office staff and governance.

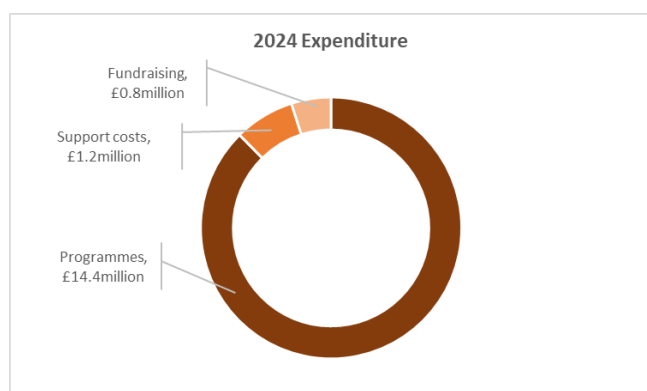
Total expenditure in 2024 increased to £16.5m (2023: £14.3m).

Programme spend increased by £1.9m to £14.4m (2023: £12.5m) with the launch of the YISA project in Kenya and the maturation of projects in Ethiopia. There has also been an increase in programme expenditure in Uganda as we continue to build the country programmes and diversify Farm Africa's grant funding portfolio.

Support costs increased by £0.12m to £1.23m (2023: £1.11m). This was due to inflation and investment in country office and programme support capacity required to manage the growing project portfolio.

Fundraising costs increased to £0.8m (2023: £0.7m), which included investment in donor acquisition and development of a new Farm Africa website.

The chart following shows the breakdown of expenditure between the main categories:



In the Statement of Financial Activities support costs are allocated to spend on charitable activities (programmes) and fundraising, but in this analysis, these are shown separately.

Financial results and closing reserves

Farm Africa reported a surplus of £0.4m for 2024 (2023: deficit £3.2m). This is made of a surplus on restricted funds of £0.4m (2023: deficit £2.7m) and a breakeven position on unrestricted funds (2023: deficit £0.5m).

Unrestricted funds comprise income from general fundraising activities and income earned by our trading subsidiary. This funds the organisation’s operating and programme support costs.

The results for the year was a break-even position due to an increase in legacy income amid pressure on a number of fundraising income streams, a shortfall in cost recovery, cost pressures and the launch of investment plans. Additionally, devaluation of East African currencies has affected cost recovery targets and given rise to foreign exchange losses.

In respect to the surplus on restricted reserves of £0.4m (2023: deficit £2.7m), the level of restricted fund surplus or deficit fluctuates from year to year due to the differences in timings between the receipt of grant income and the corresponding project expenditure. In 2024 this figure is a surplus having received funds during the year. Under charity accounting rules and our accounting policies, income is recognised in full

when certain recognition criteria are met, even if the corresponding expenditure is incurred in a different accounting period. Such timing differences may result in restricted fund deficits in some years and surpluses in other years.

Farm Africa has a closing restricted fund balance of £2.3m (2023: £1.8m).

The unrestricted reserves of Farm Africa of £1.4m compares to our target for unrestricted reserves of £2.5m. The process by which the reserves target is set is explained in the section below, “Reserves policy”.

Farm Africa’s unrestricted reserves have risen from £1m at 2021 to their current level of £1.4m. Farm Africa continues to be in transition to a sustainable financial model in which unrestricted income and expenditure are in balance. It has not been possible to build reserves in 2024, however steps have been taken in 2024 to reduce Farm Africa’s cost base with a view to achieving this goal.

The annual budget for 2025 plans a small deficit before investments and one-off costs associated with cost savings plans. Management and trustees have agreed a transition plan with actions to be taken across 2025-6 to modify Farm Africa’s business model. The goal of the transition plan is to move to a business model which generates a surplus from 2027, thereby enabling the organisation to build reserves to £2.5m and restore financial resilience.

The organisation’s forecast and financial sustainability is considered further in the section below, “Going concern”.

Reserves policy

The Board of Trustees has determined that in addition to the minimum unrestricted reserves of £0.6m to cover cost of closure, Farm Africa needs unrestricted reserves of £1.6m to provide financial security through:

- Providing working capital to manage seasonality of income and for the effective running of the organisation;
- Protecting against unrestricted income fluctuations;
- Protecting against unforeseen project expenditure due to working in inherently risky situations and to manage foreign exchange volatility.

In addition, the trustees aim to build designated reserves of £0.3m to enable Farm Africa to invest in unforeseen funding and growth opportunities.

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts for a period of 12 months from the date of signing the accounts, including cash flows, the level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations and legacies, and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure and recovery of core costs. Responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country. Furthermore, security and economic factors such as inflation present challenges for project delivery, thereby limiting recovery of core costs.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2024. The entity is on track to achieve programme funding targets in 2025 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of the programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £53m worth of proposals covering multiple years. The pipeline also ensures diversity of country portfolios in line with Farm Africa's strategic aim to achieve geographic spread of programmatic impact.

Cash management controls are in place to ensure sufficient working capital at all times. Additionally, Farm Africa would expect to be able to secure an overdraft facility to cover the expected period of heightened liquidity risk.

The actual 2024 closing unrestricted reserve is £1.4m and is forecasted to increase to £1.6m by the end of 2025. This is mainly due to a receipt of income from carbon sales. This reserve balance is expected to further increase to the £2.5m target through implementation of the plan to transition to a new strategy in 2027.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Structure, governance and management

In this section we set out how Farm Africa is governed, its charitable objects and how it delivers public benefit. We also describe several key policies regarding the operations of the charity.

Statement of trustees' responsibilities

The trustees (who are also the directors for the purposes for company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the

assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Governance and organisational structure

Farm Africa's officers and advisors are as shown on page 30 of this report.

Sir Michael Palin CBE kindly agreed to continue as patron of Farm Africa during 2024.

Farm Africa is governed by a board of trustees and authority is delegated by them to the chief executive to manage the organisation. Changes to the board of trustees are shared in the officers and advisors section on page 30.

Trustee recruitment is undertaken through a range of routes dependent on the identified needs. For example, when seeking a trustee with audit experience, we have targeted advertising through selected accountancy firms. This is followed by an interview process with a panel of trustees and approval by the board. The trustees are then formally elected by the members at the next annual general meeting. New trustees receive a personalised induction, including briefings from the chair, chief executive and other senior management team members. They are encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board

meetings and as and when specific training needs are identified.

The Finance, Risk and Audit Committee (FRAC) met regularly throughout 2024. Nick Allen stepped down as treasurer during the period, with Keith Pickard assuming the role in July 2024. FRAC normally comprises at least two trustees, together with external members as required. FRAC reviews and agrees the external audit plan, reviews the external auditor's management letter and monitors the implementation of resulting actions. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register, the annual report and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports.

The Programme Advisory Committee (PAC) met throughout 2024 under the chairmanship of Laketch Mikael. PAC comprises at least two trustee members and external members from a wide range of disciplines. PAC has two objectives:

- to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit
- to provide management with advice and a sounding-board on aspects of its programme work.

The nomination committee continued its work during the year, chaired by John Reizenstein. It comprises no fewer than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development.

A separate Remuneration Committee was formed with responsibility for considering salary increments for senior staff, cost of living increases for UK staff and salary increments for the chief executive. The Committee puts forward recommendations on these matters for Board approval. The Remuneration Committee is also responsible for the consideration and approval of pay policy and any ex-gratia or similar payments. We are supported by Farm Africa USA Inc, which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

Charitable objects

While there has been huge progress in bringing global poverty levels down, sub-Saharan Africa has benefitted the least. Today, more than half of the

world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. We tackle the three big challenges trapping people in rural Africa in poverty: ineffective agriculture, environmental destruction and their lack of access to markets.

This work is guided by our charitable objects:

- to relieve the poverty of farmers, agricultural workers and herders, enabling them to improve the effective management of their natural resources
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects. To publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein
- to promote the education of the public in, and the furthering of, the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and related industries.

We implement these objects through pursuing our organisational mission, values and strategy.

Public benefit statement

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

- *The benefits generated by the activities of the charity are clear.* This report sets out in some detail the activities which Farm Africa has carried out in the year to further each of our strategic benefits;
- *The benefits generated relate to the objectives of the charity.* All activities undertaken are intended to further Farm Africa's charitable objectives
- *The people who receive support are entitled to do so according to criteria set out in the charity's objectives.* All Farm Africa projects are centred around African farmers (pastoralists, agro-pastoralists, smallholders and forest-dwellers), the target beneficiary group specified in our first charitable object

The trustees have therefore satisfied themselves that Farm Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

Legal structure

Farm Africa Limited is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828) approved and adopted on 29 May 1985 and last updated by special resolution on 23 June 2004. Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities are included in note 12 to the accounts.

Tax status

Farm Africa Limited has charitable status and is exempt from corporation tax because all of its income is charitable and is applied for charitable purposes. Tax charges may arise in the trading subsidiary, in relation to any taxable profits not gifted to the parent charity in the year.

Auditor appointment

A resolution confirming the reappointment of Crowe UK LLP as auditors will be proposed at the Farm Africa annual general meeting.

Subsidiaries

During 2024, Farm Africa Limited had one directly owned and active subsidiary, Farm Africa Trading Limited, which enables us to receive sponsorship income from corporate partners in a tax efficient manner.

Farm Africa Trading Limited made a profit for the year before taxation of £45,623 (2023: loss of £29,426). Our corporate sponsorship income is variable as it is dependent on the number of high-profile events in a particular year and thus results can differ from one year to another.

Risk management

The board is responsible for ensuring that there is an appropriate process for risk management in Farm Africa. Assisted by senior staff, the board regularly reviews and assesses the major risks to which Farm Africa is exposed, in particular those relating to the operations and finances of the organisation. Risks are recorded and monitored on an organisational risk register that includes an assessment of the likelihood and potential severity of impact of each risk. Farm Africa's risks are reviewed every month by the senior management team. The Finance, Risk and Audit Committee review the risk register periodically in detail with the senior management to monitor the status of those risks, the mitigating actions and controls that are in place. The board receives a report on the top risks and any issues that require attention of the board.

Farm Africa's current risks are reviewed and managed by the board of trustees include the following:

i) Farm Africa fails to address financial sustainability

Farm Africa continues to experience pressures on income and cost driven by economic factors, which have presented challenges for financial sustainability, making it difficult to build reserves to the £2.5m target. This risk is further exacerbated by global trends in development funding.

Farm Africa continues to be in transition to a sustainable financial model in which unrestricted income and expenditure are in balance. It has not been possible to build reserves in 2024, however steps have been taken in 2024 to reduce Farm Africa's cost base with a view to achieving this goal.

Management and trustees have agreed a transition plan with actions to be taken across 2025-6 to modify Farm Africa's business model. The aim of the transition plan is to move to a business model that generates a surplus from 2027, thereby enabling the organisation to build reserves to £2.5m and restore financial resilience.

ii) Organisational capacity and capability during a period of growth

Farm Africa is experiencing a period of growth and this presents the risk that organisational capacity and capability cannot support the scale of programmes. Management and the board of trustees have agreed an initial set of investments to build capacity in fundraising, communications and programme funding. A capacity gap assessment has been done, and a prioritised set of further investments agreed, some of which were actioned in 2024. There remains a risk of overstretch in core teams and an independent 'fit for purpose' review of structure and resource allocation is underway to guide management action over the rest of the strategy period and beyond.

iii) Risk of shortfall in fundraising income

The competitive UK fundraising market, combined with the ongoing cost of living crisis, has made it increasingly challenging to raise unrestricted funds across our fundraising portfolio.

Farm Africa supporters continue to respond generously to appeals, but natural donor attrition has resulted in reduction of overall income. Plans to test digital acquisition are in progress in 2025 and the team continues to focus on diversification of our unrestricted income streams, including through building our network of major donors and philanthropic funders.

iv) Security risk

Farm Africa maintains a global security management policy, a stand-by crisis management plan, and country level security plans. During 2024 security risks and incidents were actively and effectively managed in Ethiopia and DRC. Team communication is facilitated and movement control is enforced where necessary with robust usage of security protocols. Careful monitoring and clear action on staff security kept Farm Africa teams and partners safe during this period.

v) Slower programme spend impacting cost recovery

Like any other development organisation, the risk of lower cost recovery remains due to programme spending impacted by multiple factors, for example, delays in key delivery of processes (recruitment, procurement) and the economic, political and security situation in Ethiopia causing disruption and logistical challenges for Farm Africa and its partners. To mitigate this risk, Farm Africa’s management team and board conduct periodic reviews of programme performance. The Programmes and Finance teams review detailed cost recovery at the project level every month, and take corrective actions where necessary. Country teams also repeat the same at country level to ensure phasing of spend (including partner spend) is adequately monitored.

Farm Africa’s overall approach is to recognise and accept an appropriate level of risk, in particular ensuring that risk management does not deter innovation and learning. The board fully supports this strategy, and is satisfied that the management systems in place provide reasonable assurance that identifiable risks are managed appropriately.

Grant-making policy

Farm Africa works with a number of delivery or implementation partners where generally Farm Africa is the lead grant recipient and the delivery partners act as sub-grant recipients.

Partner selection is done on a grant-by-grant basis. The criteria for partner selection include specialist expertise that will broaden Farm Africa’s technical expertise (for example, the International Water Management Institute, which works alongside us on natural resource management projects), geographical reach to enable more effective programme delivery (for example, SOS Sahel in Ethiopia), and a complementary core competence.

Before a formal grant agreement is signed all potential grantees are subject to a due diligence process based upon the OCAT (Organisational Capacity Assessment Tool).

A signed grant agreement is put in place with all partners, which covers joint ways of working, delivery criteria and reporting requirements. Grant reporting requirements are generally governed by Farm Africa’s grant agreement with the primary donor.

Remuneration policy

Farm Africa does not compete with salaries in the private sector but our salaries are pitched at a level to allow us to attract effective, energetic and innovative leaders who will enable us to increase our impact and achieve our vision of a resilient rural Africa where people and the environment thrive.

Farm Africa has a track record of world class technical expertise and delivery and around 200 staff internationally. This provides the organisational context in which to set our remuneration policy.

Farm Africa aims to pay around the median level for a charity of our size; for this purpose we benchmark all salaries in the UK and internationally annually against sector-specific salary surveys and cross-reference them against local cost of living indices. This data is translated into salary scales for the UK and each operational country and approved by Farm Africa’s senior team. All staff are paid in line with these salary scales.

The remuneration committee uses the benchmark data to review and fix annual senior salary increases. We believe that our senior salaries paid as a result of this process are a proper reflection of the skills, knowledge and experience required to run an organisation like ours. The bandings for senior staff remuneration are disclosed in Note 10.

Fundraising disclosure

In 2024 Farm Africa conducted all of its fundraising practices “in house” and did not engage any agency to provide fundraising acquisition on its behalf. Farm Africa raises funds from individuals, events, corporate partners, trusts and foundations. All fundraising activity was overseen by the Director of External Relations and all activity was compliant with the Fundraising Regulator.

Farm Africa is a voluntary member of the Fundraising Regulator and as such ensures compliance with the Fundraising Code of Conduct.

Farm Africa did not receive any formal complaints in relation to its fundraising in 2024 (2023: nil) but does have a complaints procedure in place, which can be actioned if required to do so.

In order to protect vulnerable people, Farm Africa ensures that all communication with donors is

recorded on a secure database. Should there be any concerns that a supporter is vulnerable, as per Farm Africa's safeguarding policy, appropriate action is taken to prevent requests for donations from these supporters.

Investment policy

Farm Africa has an agreed investment policy covering both programme-related investments and assets held to fund planned expenditure. As the majority of Farm Africa's funds are held to support planned expenditure the aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

Statement of compliance with Charity Governance Code

The Charity Governance Code consists of seven key principles. These are underpinned by the core role and responsibility of the trustees:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

In 2021 Farm Africa comprehensively updated the Board Guide, providing a clear induction for new and existing trustees on the specific responsibilities of board members.

Farm Africa considers that it is compliant with the Charity Governance Code.

Safeguarding

Farm Africa's approach to safeguarding is codified in our Safeguarding Policy. Farm Africa is committed to:

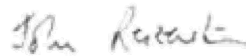
- Promoting good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensuring that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Taking any action within our powers to stop abuse occurring and ensure the person who has experienced the abuse receives appropriate support;
- Being transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries Farm Africa will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the wellbeing of the people we work with;
- Manage our work in a way that promotes safety and prevents abuse.

The board has appointed a designated Safeguarding Lead who acts on behalf of the trustees to monitor adherence to Farm Africa's safeguarding policy and procedures, participate in the investigation and resolution of any reported incidents, and act as a source of guidance for other trustees on safeguarding matters.

Approved by the board of Trustees of Farm Africa Limited on 10 June 2025 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



John Reizenstein, Chair

Reference and administrative details

Patron

Sir Michael Palin CBE

Chair

John Reizenstein

Trustees

John Reizenstein (Chair)
Keith Pickard (appointed as Treasurer on 1 July 2024)
Nick Allen (resigned as Treasurer on 30 June 2024)
Serena Brown (retired 6 September 2024)
Ken Caldwell
François Jay
Julian Marks
Laketch Mikael
Caroline Miller Smith
Jan Bonde Nielsen (retired 6 September 2024)
Jane Ngige
Anna Onyango
Victoria Sekitoleko (retired 9 June 2025)
Vicky Unwin

Ambassadors

Kate Adie OBE
Judith Batchelar OBE
Baroness Minette Batters DL
General Sir Peter de la Billière KCB KBE DSO MC DL
Ashley Palmer-Watts
Charles Reed

Registered Charity Number

326901

Registered Company Number

01926828

Registered Office and Principal Office

1 St John's Lane
London EC1M 4BL

Auditors

Crowe UK LLP
Chartered Accountants and Registered Auditor
55 Ludgate Hill
London EC4M 7JW

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Lawyers

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

Part 2

Independent auditor's report

Independent auditor's report to the members of Farm Africa

Opinion

We have audited the financial statements of Farm Africa Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 25, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to

operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.


Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of voluntary and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jayne Rowe
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 4 July 2025

Part 3

Financial statements

Consolidated statement of financial activities

(incorporating income and expenditure account) for the year ended 31 December 2024

	Note	2024 Unrestricted funds £'000	2024 Restricted funds £'000	2024 Total funds £'000	2023 Unrestricted funds £'000	2023 Restricted funds £'000	2023 Total funds £'000
Income from							
Donations and legacies	2	2,795	-	2,795	1,813	-	1,813
Charitable activities							
General		-	13,947	13,947	-	9,043	9,043
Total income from general charitable activities	3	-	13,947	13,947	-	9,043	9,043
Other trading activities	4	51	-	51	87	-	87
Investments	4	44	6	50	42	-	42
Other income	4	30	4	34	36	4	40
Total income		2,920	13,957	16,877	1,978	9,047	11,025
Expenditure on							
Raising funds	6	811	-	811	677	-	677
Charitable activities							
Agriculture		651	4,154	4,805	482	3,135	3,617
Market Engagement		876	5,599	6,475	644	4,192	4,836
Environment		592	3,784	4,376	682	4,435	5,117
Total expenditure on charitable activities	7	2,119	13,537	15,656	1,808	11,762	13,570
Total expenditure		2,930	13,537	16,467	2,485	11,762	14,247
Net income/(expenditure) for the year	5	(10)	420	410	(507)	(2,715)	(3,222)
Other recognised gain		3	172	175	-	73	73
Total funds brought forward		1,408	1,751	3,159	1,915	4,393	6,308
Total funds carried forward	16	1,401	2,343	3,744	1,408	1,751	3,159

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 39 to 54 form an integral part of these financial statements.

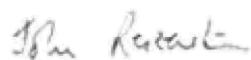
Consolidated and charity balance sheets

As at 31 December 2024

	Note	2024 Group £'000	2024 Charity £'000	2023 Group £'000	2023 Charity £'000
Fixed assets					
Tangible assets	11	93	93	115	115
Intangible assets		67	67	20	20
		160	160	135	135
Current assets					
Debtors	13	1,684	1,748	737	938
Cash at bank and in hand		2,999	2,993	2,754	2,628
		4,683	4,741	3,491	3,566
Creditors					
Amounts falling due within one year	14	(948)	(920)	(435)	(418)
Net current assets		3,735	3,821	3,056	3,148
Total assets less current liabilities					
		3,895	3,981	3,191	3,283
Provisions for liabilities and charges					
	15	(151)	(151)	(32)	(32)
Net assets		3,744	3,830	3,159	3,251
The funds of the group and charity					
Restricted funds	16	2,343	2,343	1,751	1,751
Unrestricted funds - general	16	1,401	1,487	1,408	1,499
Total funds	16	3,744	3,830	3,159	3,250

The surplus for the financial year dealt with in the financial statements of the parent company was £538,000.

Approved by the Board and authorised for issue on 10 June 2025 and signed on their behalf by:



John Reizenstein
Chair



Keith Pickard
Treasurer

Registered Company No.: 01926828

The notes on pages 39 to 55 form an integral part of these financial statements.

Consolidated statement of cashflows

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	A	282	(3,440)
Cash flows from investing activities:			
Dividends, interest and rent from investments		50	42
Disposal of tangible fixed assets and capital grants		-	5
Purchase of tangible fixed assets and capital grants		(87)	(66)
Net cash used in investing activities		(37)	(19)
Change in cash and cash equivalents in the reporting period		245	(3,459)
Cash and cash equivalents at the beginning of the reporting period		2,754	6,213
Cash and cash equivalents at the end of the reporting period		2,999	2,754

	At the start of the year £'000	Cashflows £'000	Foreign Exchange Movements £'000	At the end of the year £'000
Cash	2,754	354	(109)	2,999
Cash equivalents	-	-	-	-
Total	2,754	354	(109)	2,999

Notes to the statement of cash flows

A. Reconciliation of cash flows from operating activities

	2024 £'000	2023 £'000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	585	(3,149)
Adjustments for:		
Depreciation	58	69
Profit on the disposal of fixed assets	-	(5)
(Increase) in debtors	(948)	(57)
Increase/(Decrease) in creditors falling due within one year	513	(116)
Increase/(Decrease) in provisions	119	(156)
Dividends, interest and rents from investments	(50)	(42)
Other adjustments	5	16
Net cash provided by/(used in) operating activities	282	(3,440)

B. Analysis of cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand in the UK and overseas	2,999	2,754
	2,999	2,754

Notes to the consolidated financial statements

1. Accounting policies

Farm Africa Limited ('the charity' or 'the charitable company') is a private limited company (registered number 1926828) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 1 St John's Lane, London, England, EC1M 4BL. The charity is a public benefit entity. More detail on how the trustees have satisfied themselves that Farm Africa has met the public benefit requirements is given in the trustees' report on page 26.

Basis of accounting

The consolidated financial statements of Farm Africa Limited and its subsidiaries ('the group' or 'Farm Africa') have been prepared under the historical cost convention and in accordance with the charities SORP (FRS102), applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's subsidiaries have been consolidated on a line-by-line basis and have the same accounting reference date as the charity. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

No statement of financial activities is presented for the charitable company alone because the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under s408 Companies Act 2006. The net surplus of the charitable company was £636,000 (2023: deficit £3,072,000).

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts for a period of 12 months from the date of signing the accounts, including cash flows, the level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations and legacies, and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure and recovery of core costs. Responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country. Furthermore, security and economic factors such as inflation present challenges for project delivery, thereby limiting recovery of core costs.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2024. The entity is on track to achieve programme funding targets in 2025 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of the programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £53m worth of proposals covering multiple years. The pipeline also ensures diversity of country portfolios in line with Farm Africa's strategic aim to achieve geographic spread of programmatic impact.

Cash management controls are in place to ensure sufficient working capital at all times. Additionally, Farm Africa would expect to be able to secure an overdraft facility to cover the expected period of heightened liquidity risk.

The 2024 closing unrestricted reserve is £1.4m and is forecasted to increase to £1.6m by the end of 2025. This is mainly due to a receipt of income from carbon sales. This reserve balance is expected to further increase to the £2.5m through implementation of the plan to transition to a new strategy in 2027.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Key areas of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a

material adjustment to their carrying amounts in the next financial year.

Fund accounting

Funds held by the charitable company are:

- restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes, and
- unrestricted funds: general – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Income

Income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt and the amount is measurable.

In respect of legacy income we consider this to be the earlier of (a) receipt of the income; and (b) grant of probate, confirmation from the executors that there are sufficient assets in the estate (after settling any liabilities) to pay the legacy, and that any conditions attached to the legacy are either within the control of the charity or have been met. Additionally with regard to residuary legacies we consider the amount is measurable where it has been calculated independently by the executors and the estate's assets can be measured with sufficient reliability.

Tax recovered from income received under Gift Aid is recognised when the related income is recognised and is allocated to the income category to which the income relates. Where income is received in advance of the point of recognition it is deferred.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate market value at the date of receipt. No amount has been included in the financial statements for services donated by volunteers.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Expenditure

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

Expenditure on charitable activities is reported as a functional analysis of the work undertaken by Farm Africa, against our three thematic priorities of our strategy: agriculture, market engagement (previously 'business') and environment. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs. These costs include salaries and associated

employment costs including pensions and any termination payments required.

Grants payable to other institutions for development projects are included in the statement of financial activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK-based staff who promote fundraising from all sources including institutional donors, trusts, companies and individuals.

Support costs include UK central functions, and have been allocated to cost categories on a basis consistent with the level of activity.

Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

Foreign currencies

The functional currency of Farm Africa is considered to be the pound sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in pounds sterling.

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling current assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised but are written off on acquisition as direct project expenditure. This policy is employed because ownership of the property does not always pass to Farm Africa upon project completion. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 11.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Intangible assets	33% per annum
Equipment & machinery	25% per annum

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortisation and impairment losses. Website and software development costs are capitalised as intangible assets and amortised on a straight-line basis over a three-year period from the date of operation.

Individually acquired software assets costing less than £1,000 are written off in the period of acquisition. Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. Any impairment value is recognised immediately in the Statement of Financial Activities.

Provisions

Provisions are recognised when Farm Africa has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Financial instruments

Farm Africa has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits, trade and other debtors. Financial liabilities include trade and other creditors and loans. Basic financial instruments are recognised at transaction value and subsequently measured at amortised cost. Details and carrying value of these financial assets and liabilities are given in notes 13 to 15.

2. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
General				
Committed giving	394	-	394	412
Appeals and donations	522	-	522	515
Legacies	1,312	-	1,312	383
Fundraising events	146	-	146	305
Corporate donations	80	-	80	4
Gifts in kind: donated services (legal and digital)	249	-	249	66
	2,703	-	2,703	1,685
Grants				
Trusts and foundations	92	-	92	128
	92	-	92	128
Total donations and legacies	2,795	-	2,795	1,813

3. Income from charitable activities

	Restricted funds 2024 £'000	Restricted funds 2023 £'000
Grants from government, institutional and other similar donors		
Agricultural Markets Development Trust	-	99
Africa Climate Change funds	90	-
A&O Shearman	50	50
Agriculture Business Initiative Trust	13	-
AGRA	275	259
CARE International	171	-
Danida	32	35
European Union	540	1,215
Forests of the World	101	109
Hartree Environmental Development	-	24
Jersey Overseas Aid Commission	-	198
Mastercard Foundation	4,410	11
Medicor Foundation	10	100
Norwegian Agency for Development Cooperation	352	102
Rabobank Foundation	358	287
Royal Norwegian Embassy in Addis Ababa	2,039	1,661
Swedish International Development Co-operation Agency	3,138	2,004
The Deutsche Gesellschaft für Internationale Zusammenarbeit	26	144
Virunga Foundation	-	65
Vitol Foundation	77	-
Waitrose Foundation	659	783
World Food Programme	723	1,419
Vi Agroforestry	136	-
UN Women	-	51
Other international agencies and other donors	747	427
Total grants from government, institutional and other similar donors	13,947	9,043
Total income from charitable activities	13,947	9,043

4. Other income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
Other trading activities				
Trading	149	-	149	87
Trading adjustment*	(98)	-	(98)	-
Total other trading activities	51	-	51	87
Investment income				
Deposit interest	44	6	50	42
Total investment income	44	6	50	42
Other income				
Sub-lease of office space and other miscellaneous income	30	4	34	35
Profit on sale of assets	-	-	-	5
Total other income	30	4	34	40
Total	125	10	135	169

* adjustment relates to difference in accounting treatment of a prior year adjustment included within the Farm Africa Trading accounts in 2023.

5. Net income for the year

This is stated after charging:	Total	Total
	2024	2023
	£'000	£'000
Depreciation and amortisation	58	69
Payments under operating leases	156	147
Tax advisory	5	5
Audit fee - Country offices	24	52
Auditor's remuneration for the annual statutory audit:		
Charitable company	40	37
Subsidiary companies	2	2

6. Expenditure on raising funds

	2024	2023
	£'000	£'000
Donations and legacies		
Fundraising costs	713	503
Support costs allocated (note 9)	61	45
	774	548
Charitable activities		
Fundraising costs	20	16
Support costs allocated (note 9)	2	2
	22	18
Other trading activities		
Fundraising costs	14	102
Support costs allocated (note 9)	1	9
	15	111
Total	811	677

7. Expenditure on charitable activities

	Operational programmes	Grants payable	Support costs*	Total	Total
	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000
		(note 8)	(note 9)		
Agriculture	2,800	1,628	377	4,805	3,617
Market Engagement	4,194	1,773	508	6,475	4,836
Environment	2,900	1,132	344	4,376	5,117
Total	9,894	4,533	1,229	15,656	13,570

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

8. Grants to partner organisations (note 7)

	2024	2023
	£'000	£'000
Ethiopia projects		
Frankfurt Zoological Society	62	489
International Water Management Institute	161	256
Melca – Ethiopia	128	79
Mercy Corps	-	(45)
Organization for Rehabilitation and Development in Amhara	152	109
PHE Ethiopia Consortium	253	601
SOS Sahel	596	1,739
Sustainable Environment and Development Action	120	111
TechnoServe	-	7
Union of Ethiopian Women Charitable Association	79	158
Environment and Coffee Forest Forum	99	189
KIT - Royal Tropical Institute	12	1
Kenya projects		
Aquarech Limited	147	-
Echo Network Africa	1,249	-
Hydro Victoria Farm Ltd	154	-
Livingwood Consultants	46	-
Ramogi Institute of Advanced Technology	139	-
Lattice Aquaculture Ltd	1,136	-
Tanzania projects		
TCCIA Manyara	-	2
MEZZANINE	-	13
Biztech	-	114
	4,533	3,823

Grants were payable during the year to partners working on restricted projects. At year end there were seven payments totalling £520,000 outstanding SOS Sahel, International Water Management Institute, PHE Ethiopia, Frankfurt Zoological Society and Lattice Aquaculture Ltd (2023: £32,000 outstanding to partners).

9. Analysis of support costs

	Management costs	Office costs	Finance & IT costs	HR costs	Governance costs	Total	Total
	2024	2024	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities (note 7)							
Agriculture	43	83	143	34	75	378	296
Market Engagement	57	112	192	45	101	507	395
Environment	39	76	130	31	68	344	419
	139	271	465	110	244	1,229	1,110
Expenditure on raising funds (note 6)							
Donations and legacies	7	14	23	6	13	63	46
Charitable activities	-	-	2	-	-	2	1
Other trading activities	-	-	1	-	-	1	9
	7	14	26	6	13	66	56
	146	285	491	116	257	1,295	1,166

Support costs allocated are UK costs only. They have been apportioned proportionally to activity. Overseas office costs have been directly attributed to the costs of delivering charitable activities in country.

10. Employees

	2024	2023
	£'000	£'000
Staff costs		
Wages and salaries (including life assurance)		
Overseas contracted staff	4,535	3,945
UK contracted staff	1,760	1,601
	6,295	5,546
Social security costs	145	135
Pension costs	108	98
	6,548	5,779

Wages and salaries include £15,000 redundancy (2023: £15,000) and termination payments which are paid out in accordance with our redundancy policy and the legal requirements of each country in which we work.

The key management personnel of the charitable company comprise the Chief Executive, the Director of Resources, the Director of Fundraising, the Director of Programmes, the Director of Finance, the Head of Human Resources, Country Directors and Country Representative. The total employee benefits paid to these individuals (including employer's pension and national insurance) was £907,000 (2023: £887,000).

	2024	2023
	No.	No.
Employees with remuneration in the range of £60,001 to £70,000	1	-
Employees with remuneration in the range of £70,001 to £80,000	-	2
Employees with remuneration in the range of £80,001 to £90,000	2	-
Employees with remuneration in the range of £90,001 to £100,000	1	1
Employees with remuneration in the range of £100,001 to £110,000	1	3
Employees with remuneration in the range of £110,001 to £120,000	1	-

The average number of employees for the group during the year analysed by function were:

	2024	2023
	No.	No.
Overseas contracted staff		
Farm Africa	220	200
UK contracted staff		
Fundraising and communications	14	13
Programmes support	4	3
Management and administration of charity	8	10
	246	226

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

One Trustee was reimbursed £200 in travel expenses incurred on behalf of the organisation. In addition, £3,015 travel cost was paid directly to suppliers in respect of trustees travelling to board meetings and programmes. The cost incurred by the charity for the trustee indemnity insurance was £3,800 in 2024 (2023: £3,800).

Farm Africa makes contributions for its employees to various defined contribution schemes. The amount of contributions due to these schemes at the year ended 31 December 2024 was £27,950 (2023: £17,550).

11. Fixed assets**Group and charity**

	Leasehold improvements £'000	Vehicles £'000	Machinery & equipment £'000	Computer equipment £'000	Intangible assets £'000	Total £'000
Cost						
At 1 January 2024	27	187	41	153	20	428
Additions	-	-	2	32	53	87
Disposals	-	-	-	-	-	-
At 31 December 2024	27	187	43	185	73	515
Depreciation						
At 1 January 2024	(17)	(111)	(37)	(127)	-	(292)
Charge for the year	(8)	(25)	(2)	(17)	(6)	(58)
Disposals	-	-	-	(5)	-	(5)
At 31 December 2024	(25)	(136)	(39)	(149)	(6)	(355)
Net book value						
At 31 December 2024	2	51	4	36	67	160
At 31 December 2023	10	76	5	24	20	135

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £306,000 (2023: £168,000). The accounting policy relating to fixed assets is referred to in note 1(i).

Intangible asset consists of website and software development cost.

	Intangible Assets 2024 £'000	Total 2024 £'000	Total 2023 £'000
Website development	44	44	20
Software development	23	23	-
Total	67	67	20

12. Investments

The table below shows the charity's interests in subsidiaries and investments at 31 December 2024:

Company	Company Status	Investment classification	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited (company number: 7398449)*	Active	Subsidiary	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited (company number: 9359340)*	Dormant	Subsidiary	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited (company number: 7401279)*	Dormant	Subsidiary	UK	100% owned by Farm Africa	IP and registered trade marks

* Registered office: 1 St John's Lane, London, EC1M 4BL

The results for the year of the active subsidiaries are shown below.

Farm Africa Trading Limited		
	2024 £'000	2023 £'000
Total incoming resources	80	94
Total resources expended	(34)	(123)
Retained surplus / (deficit) for the year	46	(29)
Total assets	12	139
Total liabilities	(98)	(270)
	(86)	(131)

13. Debtors

	2024 Group £'000	2024 Charity £'000	2023 Group £'000	2023 Charity £'000
Amounts owed by subsidiary undertakings	-	69	-	214
Trade debtors	157	152	92	79
Other debtors	90	90	55	55
Prepayments	145	145	178	178
Accrued income – other	102	102	22	22
Accrued income – project grants	1,190	1,190	390	390
	1,684	1,748	737	938

14. Creditors: Amounts falling due within one year

	2024	2024	2023	2023
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Trade creditors	46	46	36	21
Deferred income	24	-	13	13
Other creditors and accruals	358	354	353	351
Grant obligations	520	520	33	33
	948	920	435	418

Charity and group – Grant Obligations

	2024	2023
	£'000	£'000
At 1 January	33	128
Grants paid to partners in settlement of obligations at year-end	(33)	(128)
New grant obligations	520	33
As at 31 December	520	33

15. Provisions for liabilities and charges
Group and charity

	Severance	Dilapidations	Potential non-recoverable project costs	Redundancies	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	3	5	24	-	32	189
Amounts charged to the statement of financial activities	112	-	-	15	127	15
Amounts used during the year	(8)	-	-	-	(8)	(172)
As at 31 December	107	5	24	15	151	32

Provisions comprise the following:

- Contract severance provisions for staff on non-UK contracts. Under employment law in some of the countries where Farm Africa operates there is an entitlement to severance payments when an employee leave. The amount payable is determined by the salary and length of service of each employee. The provision represents the accumulated entitlements of all such employees. The provision is released when payments are made to employees upon their departure from Farm Africa. Provision was increased in 2024 to account for the under provision created by the devaluation of the Ethiopian Birr. Farm Africa's liability is based on the prevailing Pound Sterling equivalent, when an employee leaves the organisation.
- Dilapidation provisions to cover estimated future costs of restoring properties to their required condition at the end of their lease. The provision will be released at the end of the lease, based on dilapidation costs required, provided the lease is not renewed.
- Non-recoverable project costs provision made related to a programme due to translational impact between reporting currency (US dollar) and pound sterling.

16. Movements in funds

	At 1 January 2024	Income	Expenditure	At 31 December 2024
	£'000	£'000	£'000	£'000
Ethiopian programmes	498	6,447	(5,353)	1,592
Kenyan programmes	1,378	6,010	(6,632)	756
Tanzanian programmes	(22)	1,106	(1,157)	(73)
Ugandan programmes	14	319	(298)	35
UK programmes	(158)	75	(96)	(179)
Other miscellaneous restricted funds	(8)	-	(1)	(9)
Movement on restricted funds	1,702	13,957	(13,537)	2,122
Other recognised gains	49	-	172	221
General funds	1,408	2,920	(2,927)	1,401
Total movement on reserves	3,159	16,877	(16,292)	3,744

The movement on restricted reserves represents the net of monies received and expended on projects that are funded by grants from specific donors. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request. Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs incurred.

The movements in funds in 2023 are presented below.

	At 1 January 2023	Income	Expenditure	At 31 December 2023
	£'000	£'000	£'000	£'000
Ethiopian programmes	3,458	5,409	(8,369)	498
Kenyan programmes	909	1,753	(1,284)	1,378
Tanzanian programmes	82	1,712	(1,816)	(22)
Ugandan programmes	10	107	(103)	14
UK programmes	(143)	64	(79)	(158)
Forestry programme	59	(59)	-	-
Other miscellaneous restricted funds	42	61	(111)	(8)
Movement on restricted funds	4,417	9,047	(11,762)	1,702
Other recognised gains	(24)	88	(15)	49
General funds	1,915	1,978	(2,485)	1,408
Total movement on reserves	6,308	11,113	(14,262)	3,159

17. Net assets analysis (Group)

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 December 2024 are represented by:			
Tangible and intangible fixed assets	160	-	160
Net current assets	1,241	2,343	3,584
Total	1,401	2,343	3,744
Fund balances at 31 December 2023 are represented by:			
Tangible and intangible fixed assets	135	-	135
Net current assets	1,273	1,751	3,024
Total	1,408	1,751	3,159

18. Constitution

The charitable company, which is limited by guarantee, does not have share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

19. Commitments: Operating leases

At 31 December 2024 Farm Africa has the following commitments under non-cancellable operating leases:

	Equipment £'000	Property £'000	Total 2024 £'000	Total 2023 £'000
In less than one year	25	90	115	133
Between one and five years	26	164	190	46
Later than five years	-	-	-	-
	51	254	305	179

20. Related party transactions

Trustees donated £17,450 to Farm Africa in 2024. There were no other related party transactions requiring disclosure other than transactions with subsidiaries (2023: Nil).

During the year, the charity received legal services, free of charge, from White & Case LLP, valued at £122,331. One of the partners of the firm, is also a trustee of the charity. The trustee was not involved in the decision to engage the law firm and did not take part in any discussions or decisions relating to the provision of services, in accordance with the charity's conflict of interest policy. The estimated value of these donated services has been recognised in the financial statements as both income (Gifts in Kind) and an equivalent expenditure.

Farm Africa Limited charged a management fee of £18,840 (2023: £18,937) to Farm Africa Trading Limited. At 31 December 2024, Farm Africa Trading owed £70,000 (2023: £214,000) to Farm Africa Limited.

21. Parent company result

The parent company generated a surplus £636,000 (2023: deficit £3,072,000).

The overall result of the charitable company is a combination of the unrestricted and restricted fund surplus or deficit. The nature of the restricted grants and timing of income recognition of restricted income vary significantly year by year. For example, in some years restricted grant funding is received in advance on a number of grants and in others the income already received is spent. Therefore, there are significant variations in the overall surplus or deficit of the charitable company.

22. Pension costs

As at 31 December 2024, Farm Africa operated one defined contribution scheme in the UK, provided by Friends Life part of the Aviva Group. It also makes contributions into other individual employee pension schemes. Farm Africa paid contributions at a rate of 8% of employee salary during the accounting period.

The pension cost included in the statement of financial activities for UK employees was £108,000 (2023: £98,000).

23. Legacies

The estimated value of legacies notified but neither received, nor for which we had received confirmation from the executors that a payment could be made as at the year end, and so not included in income is £370,000 (2023: £1,104,000).

24. Capital commitments

There were no capital commitments outstanding as at 31 December 2024 (2023: none).

25. Acting as agent

Farm Africa acted as an agent during the reporting period. The charity received £nil (2023: £nil) and paid £7,510 (2023: £14,600) as agent during the period, with a balance as at 31 December 2024 of £nil (2023: £nil).

FARM AFRICA LIMITED

England & Wales - Charity number 326901

Accounts



**2023 Annual Report
and
Financial Statements**

**Farm Africa Limited
Company Number: 01926828**

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Part 1

Trustees' report

Report of the Chair

Welcome to Farm Africa's 2023 Annual Report, which showcases some of the highlights of our work supporting rural communities in eastern Africa to improve the quality, quantity and value of their produce, while farming in harmony with nature.

Across the region, the challenges of extreme poverty, food insecurity and biodiversity loss are being intensified by climate change, global economic instability and political disruption. The good news is that there is potential for farming communities to build more resilient livelihoods. Working together, Farm Africa and farmers are unlocking this potential, enabling farmers to both grow their incomes and restore biodiversity.

Longer term, we recognise that Africa has the ability to feed not only its own growing population but to be a major exporter to the rest of the world. As Bill Gates recently told the Financial Times "Africa can be a net food exporter, even in the face of climate change."

At the heart of our programmes is the inclusion of women. Mary Temu, a smallholder farmer from Tanzania, explains why this is important: "In Africa, women, we tend to keep quiet. Men are those who are able to make a decision. But when you go to the field, women are the ones who are supposed to do a lot of work in the field."

By supporting women to gain access to land and finance or take up leadership positions in cooperatives, we work to increase gender equity, which helps women boost not just their incomes but also their status.

This year, we were proud to see the quality of our programmes recognised through awards, including 'Food & Beverage Charity Partnership of the Year' at the Third Sector Business Charity Awards for our work with the Waitrose Foundation improving the lives of vegetable and flower farmers and workers on farms in the Waitrose supply chain in Kenya and Tanzania.

Fundraising highlights included our biggest ever team running the London Marathon; the incredible Mahale Mountains Trek, which raised more than £200,000; and our first year as the official charity of the London Coffee Festival; as well as some substantial legacy gifts and a networking reception in Dar es Salaam.

Our thanks go to Tim Smith and Charles Reed, who stepped down from the Board of Trustees this year. We are delighted that Charles remains with us as a new Ambassador, and we are pleased to welcome Keith Pickard as a new trustee.

The trustees would like to thank the Farm Africa team for their great commitment as well as everyone who supports our work towards realising our vision of a resilient rural Africa, where people and the environment thrive.



John Reizenstein

Chair

6 June 2024

Report of the Chief Executive

This time last year, I reflected on the severity of the unprecedented drought affecting eastern Africa. Towards the end of 2023, the region began finally experiencing wetter conditions, particularly in eastern and northern Kenya and southern Ethiopia, which are critical in reducing food insecurity. However, the rains brought by the El Niño phenomenon were too heavy in places, bringing challenges of flooding.

Extreme weather events remain a severe challenge for farmers in eastern Africa, who are bearing the brunt of the climate crisis, with very little support to adapt. The percentage of global climate finance reaching smallholder farmers is falling, and is now just 0.8%.

At Farm Africa, we are scaling up our support to help communities affected by the climate crisis build more resilient livelihoods. In 2023 we embarked upon three of our largest ever programmes.

In Kenya, we started work with the Mastercard Foundation on a \$20million project that will create 150,000 sustainable, dignified jobs for young women and men, internally displaced persons and people with disabilities in the aquaculture and mariculture sectors.

In Ethiopia, we built on previous success working with Sida to launch a new four-year programme sustainably managing forests, conserving biodiversity, building communities' resilience to climate change and developing sustainable livelihoods through holistic nature-based solutions.

In Tanzania, we started work with the Dutch NGO SNV on a four-year programme that aims to boost the food security and nutrition of 168,000 households and support 100 small and medium-sized enterprises.

Last year also brought us opportunities to highlight to policy-makers why a food-secure future means focusing on smallholder farmers. Farm Africa submitted evidence to the UK government to inform the development of a new white paper on international development, which set out their vision for tackling extreme poverty and climate change. In November, I was pleased to attend the Global Food Security Summit convened by the UK Government.

As we scale up Farm Africa's work and impact, we are grateful to all those who support us and make this growth possible. I'm also encouraged that as we expand our work we remain on track to strengthen our financial reserves within this strategy period, creating the foundations for future stability and investment in the organisation.



Dan Collison

Chief Executive

6 June 2024

Strategic report

This section presents Farm Africa's mission, values and strategic goals, including the priorities outlined in the strategic plan (2021-2025), and the mid-term review of the strategy that took place in 2023. This section also summarises Farm Africa's achievements in 2023, and outlines our goals for 2024.

Vision, mission and values

Farm Africa's vision is of a resilient rural Africa where people and the environment thrive.

Effective agriculture transforms lives, underpins resilient food systems, and protects natural resources. Farm Africa supports a just rural transition for farmers and farming communities in eastern Africa, which improves yields, improves food quality and safety, and increases household incomes.

Our technical approaches to sustainable agriculture, market engagement and protecting the environment have the greatest impact when they are integrated into a holistic effort, connecting smallholder farmers to thriving markets and transforming subsistence agriculture into a sustainable business.

We are ambitious to expand our work and increase our impact: to lift more communities out of poverty; to open up more agricultural markets; to provide more expertise and help safeguard natural resources.

Our mission

To promote sustainable agricultural practices, strengthen markets and protect the environment in rural Africa.

Our values

- **Expert:** Expertise and insightful evidence based solutions are at the heart of everything Farm Africa does;
- **Grounded:** Our teams and partners work closely with local communities, engaging them in every level of decision-making;
- **Impactful:** We deliver long-lasting change for farmers, their families and the environments they live in;

- **Bold:** We model innovative approaches and are not afraid to challenge strategies that are failing

2021 – 2025 strategy

In 2021 we concluded a participatory process to develop a strategic plan for Farm Africa (2021-2025).

The great strength of our strategy is the clear articulation of Farm Africa's three thematic priorities: agriculture, market engagement and environment.

In agriculture, our programmes continue to support farmers to transition to commercial livelihoods. Access to better inputs, technology and information improves incomes and makes livelihoods more resilient to shocks. Our projects improve yields and quality across multiple value chains, including coffee, sorghum, livestock and edible oil seeds and horticulture. Our climate-smart approaches help mitigate the effects of climate change.

Market engagement improves farmers' linkages to local and international markets, emphasising business development, access to financial services and support to the small and medium-sized enterprises that are a crucial intermediary between producers and markets. Our links with food industry partners have strengthened our offer in corporate social responsibility.

Our work on protecting the environment builds on Farm Africa's experience in landscape management, including participatory forest management and payment for ecosystem services. Progress in avoiding deforestation has developed our role in carbon sequestering, promoted alternative livelihoods for forest communities, and we have seen our approaches endorsed and supported by governments in the region for replication at scale.

Our strategy is underpinned by five cross-cutting themes:

- **Climate action:** We will work to reduce greenhouse gas emissions and strengthen

the resilience and adaptive capacity of communities to climate change.

- **Gender equality:** We will design projects to be gender-sensitive and include meaningful outcomes for women’s economic empowerment.
- **Youth employment:** We will emphasise the creation of job opportunities for young people throughout the value chain.
- **Resilience:** We will enhance communities’, enterprises’ and ecosystems’ ability to mitigate and adapt to shocks.
- **Agri-tech:** We will embrace the use of technology at all stages of the value chain.

The concept of food systems – describing the connections between producers, consumers, the environment and policy – provides a useful way of integrating the approaches and is the lens through which our approaches, interventions and programmes are analysed. Understanding Farm Africa’s work in the context of food systems opens up new relationships with corporate partners, strengthens our connection to markets and business development, and provides a strong platform for scaling our work through advocacy.

The strategy not only sets out our programmatic directions, it is a plan for the whole organisation. It commits the organisation to a culture of ‘One Farm Africa’ – emphasising transparent communication, accountability in decision making, and learning across teams. The code of conduct, safeguarding policy and our security measures are prominent in this.

The plan also steers Farm Africa to a sustainable financial future, which maintains strong reserve levels and delivers steady growth in restricted and unrestricted income. International aid flows are shifting as donors change priorities, with the UK’s decreasing aid budget a clear indicator of this. We are building new funding relationships to realise the strategy, including engaging with global climate funds and developing new ways of working with corporate partner organisations.

2023 Mid-term strategy review

In 2023, we conducted a mid-point assessment of the current strategy. This involved extensive consultation with staff, partners and external advisors to understand the achievements of the strategy, updating our understanding of the regional and sector context, and determine priorities and objectives for the remaining strategy period.

Our initial assessment shows significant progress has been made against the strategic objectives even though there were major macro-economic challenges in the post-COVID external environment.

The review noted good progress in developing our programme strategies and results in areas such as regenerative agriculture, climate-smart agriculture, landscape management and coffee cultivation. We’ve seen encouraging growth in our Kenya and Tanzania programmes, the development of our opportunities in eastern DRC, and a building on our experience of carbon markets. We have experienced challenges in the development of our Uganda programme and our work in livestock. We also noted good progress in steering Farm Africa to a sustainable financial future, including updating target reserves to appropriately reflect the level of risk in operations and the external environment.

The mid-term review highlighted the long-term decline in some of our critical fundraising channels, particularly our individual giving supporter base, a reflection of both the cost of living crisis and the natural attrition of charity givers. The Board of Trustees agreed to a series of investments aimed at building high value giving, slowing the decline in individual giving, and building our brand, and we are looking forward to seeing a return on these investments during the second half of the strategy period.

Our activities and achievements

In 2023 we managed projects across five countries in eastern Africa, reaching 613,000 people. With our support, communities working in the agricultural sector across eastern Africa have been able to grow their incomes while also protecting their local environment for generations to come.

The following highlights our project ‘Enhance Viability of participatory forest management’, being delivered in the Harena Forest in Ethiopia. This project focuses on increasing the quality and quantity of Arabica coffee being produced in the region, whilst working with communities to reverse the decline in forest biodiversity.

SECURING A BRIGHT FUTURE FOR THE HARENA FOREST

With a little recalibration, traditional forest management systems can play a powerful role in meeting the needs of a changing world.

Rolling across the southern Bale Mountains, the Harena Forest is Ethiopia’s largest remaining montane tropical moist forest. It is known for its many

endemic plant and animal species and for being one of the last places on Earth where Coffee Arabica still grows in the wild.

One of Ethiopia's few intact forests, many people rely upon its resources for their survival. Wild-growing forest coffee is an important source of subsistence income for local people, and wood gathered from the forest is a primary source of fuel. The forest also serves as a vital refuge in times of conflict, drought or natural disaster, providing shelter, shade, water and nourishment for people and livestock. Long-standing traditions govern usage of forest resources and cutting of live trees is prohibited without special permission from community elders.

However, times are changing.

Historically, the landscape that surrounds the Harena forest has been sparsely populated, but in recent decades many people have migrated to the area, clearing trees for intensive coffee production, livestock grazing and subsistence agriculture. While mature trees in the forest are still respected, in many areas the undergrowth shrubs and tree seedlings are being cleared to encourage the growth of wild coffee. The depletion of grazing lands is also causing more livestock to be driven into the forest in search of forage.

The changes of land use and increased population density are putting unsustainable demands on forest resources. To reverse the decline in forest biodiversity, there is urgent need to sustainably evolve livelihood strategies for local people.

EVOLVING TOGETHER

Already working collaboratively in the area since 2019, in 2021 Farm Africa and Forests of the World embarked on a two-year project to improve forest conservation in two communities that have experienced high population growth.

The project aimed to support community-based organisations in Harena Buluk and Dello Mena woredas to produce and sell more high-quality coffee, improve livestock productivity in a sustainable way and generate knowledge that could guide further livelihood and conservation activity.

The project provided training in forest-friendly farming techniques, fodder production, business skills, biodiversity monitoring and biogas technology to over 1,900 people, who went on to train and assist at least over 5,300 others. If household members are included, it is estimated that over 28,000 people have benefitted overall.

REVERSING DESTRUCTIVE TRENDS

Especially encouraging has been the uptake of coffee-based agroforestry systems. By planting wild coffee seedlings, along with a range of income-generating multipurpose trees and shrubs, from animal fodder and vegetable crops to fruit trees and fast-growing timber trees, farmers can realise a higher economic return. By the end of 2023, 147 farmers had converted a total of 24.1 hectares of farmland to agroforestry – that's the equivalent of reforesting 45 football fields!

Improving access to water for lowland communities has also reduced the need to drive livestock into the forest for forage. A network of water points, canals, ponds, roof water harvesting structures and pumps have been constructed to irrigate land and provide water for livestock and people. Over 230 households have benefitted.

MAKING CONSERVATION PROFITABLE

Great strides have been made in increasing the profitability of forest management cooperatives. Following the delivery of business development training to the delegates of 12 cooperatives, four have already formed business plans and are trading profitably.

There is widespread improvement in the quality and quantity of coffee being produced, and although the coffee market has been challenging in recent months, progress is being made in securing better access to markets.

Livelihood improvements aren't the only benefit to be unlocked. Community forest management cooperative members are now regularly monitoring biodiversity levels across the forest.

The need for smallholder farmers to collect evidence of their sustainability is greater than ever. For example, in June 2023 the EU implemented a new regulation for a deforestation-free supply chain that requires smallholder coffee farmers to provide evidence of deforestation-free production.



"I had been drying my coffee for many years on a soil-based floor, and this had always reduced the quality of my coffee. After the project provided me with training and material support, I have been able to produce a high quality and quantity of coffee. Our main problem was not getting a fair price for our products. For many years, our coffee was priced by brokers and traders, but now with the support of this project I have been able to supply my coffee to international markets directly."

--Sheikh Hussein H/ Temam, coffee producer

Performance against objectives

To aid our planning we have broken down the strategic objectives into a set of annual goals. These goals are more specific and time-bound than the strategic objectives. The table below sets out how we performed against our key goals for 2023.

Strategic objective	Annual goal	Outcome
Achieve growth through diversity in funding	We will raise £14.4 million of restricted grant funding for 2023, including extending relationships with key strategic donors in Norway and Sweden, expanding our work in integrated landscape management and diversifying our grant funding portfolio.	Grant expenditure in 2023 was £12.5 million. The shortfall against the target was driven by delays to projects in Ethiopia as a result of the security situation caused by conflict, and pound sterling strengthening against local currencies. We are successfully diversifying our grant funding portfolio, extending relationships with the Swedish Embassy in Ethiopia, the Norwegian Embassy in Ethiopia and building relationships with new donors, including the Mastercard Foundation who have awarded Farm Africa a five year market-led aquaculture initiative that seeks to create 150,000 jobs for young women and men in Kenya. Additionally, new grant income was secured with The Norwegian Agency for Development Cooperation (NORAD) in a joint proposal with the Dutch development agency SNV for a food security initiative in Tanzania.
	We will raise £1.8 million of unrestricted funding in 2023 with a diversified fundraising portfolio, including new relationships in the food sector, with high net worth partners, and reinstating the Farm Africa Trek.	<p>Unrestricted income for 2023 was £2.0 million. In the context of a very competitive UK fundraising market, and an acute cost of living crisis, we did well to achieve and exceed our income target. As in previous years, Farm Africa’s supporters have responded consistently and generously to our appeals, and individual giving remains the cornerstone of our unrestricted income.</p> <p>Corporate partnerships income also exceeded expectations, thanks to brilliant fundraising efforts associated with the Mahale Mountains trek, although corporate giving overall has been impacted by high inflation and cost of living pressures.</p> <p>Events income also performed well, with our runners in the London Marathon exceeding their fundraising targets overall.</p>
	Digital strategy agreed in support of fundraising, communications and knowledge management.	<p>Resources were allocated to support Farm Africa’s wider digital ambition in 2023, with investment in digital acquisition and a new website, to be launched in 2024, being approved by the Board of Trustees. Furthermore, the communications strategy was finalised and approved in 2023, with three strategic objectives:</p> <ol style="list-style-type: none"> 1. Build Farm Africa’s online profile, reach and engagement amongst priority audiences in the UK and US. 2. Develop a steady stream of engaging content that communicates the impact of Farm Africa’s work.

Strategic objective	Annual goal	Outcome
		<p>3. Strengthen Farm Africa’s reputation as a thought leader in sustainable agriculture.</p>
<p>Transforming rural livelihoods</p>	<p>We will continue to build on the positive impact of our forestry projects by completing the sale of carbon credits on behalf of partners in Ethiopia.</p>	<p>Partners in Ethiopia requested Farm Africa support them in the sale of up to 2.8 million tonnes of carbon credits in 2023. These credits are derived from forest protection work in the Bale Mountains and are owned by the local forest management committees and the forest authorities. We expect to complete registration and sales during 2024-25.</p>
	<p>DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project.</p>	<p>Throughout 2023 Farm Africa’s worked with a donor consortium and government ministries to plan to expand our work with 10 coffee cooperatives in eastern DRC. There were delays in decision making which meant work to develop the full proposal and prepare for an operational Farm Africa presence was on hold for much of the year. However, by the end of 2023 we had received a positive indication from the donor consortium to proceed with the full proposal development, and we now hope to commence this ambitious project by Q4 of 2024. In developing this work we have had to take careful consideration of the continuing security challenges in North Kivu province.</p>
	<p>We will demonstrate impact for 500,000+ community members in 2023.</p>	<p>613,000 people were reached through our programmes during 2023.</p> <p>This number incorporates people directly targeted by our programmes; farmers, agro-pastoralists, livestock herders, fish farmers, MSMEs, cooperatives, local county government, extension workers, agro-dealers, traders and the household members of certain stakeholders.</p> <p>The number of people reached has exceeded our target, but is 15% lower than in 2022 due to the fact that the majority of projects were in start-up or close phases, with some projects in Ethiopia, for example, facing challenges in start-up due to insecurity and staffing.</p>
<p>Technical leadership and advocacy</p>	<p>Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management.</p>	<p>Programme offers were clearly articulated on gender, agri-tech and a living wage study. These were reviewed and approved by Farm Africa’s expert Programme Advisory Committee. The living wage study was done across the main Waitrose Foundation supplier farms and the agri-tech programme offer utilised external learning from the Annual AGRI-FIN Learning event held in Nairobi in October 2023. Articulation of our agri-insurance programme offer was moved into 2024 in order to allow for internal and external learning collection.</p> <p>Further country advocacy work was conducted on the Biosphere Reserve Policy in Ethiopia, and the Village-</p>

Strategic objective	Annual goal	Outcome
		<p>Based Advisor model in Kenya. The technical and senior management team also framed a climate resilience paper, and this was used for Farm Africa’s submission to the FCDO White Paper <i>International Development in a Contested World: Ending Extreme Poverty and Tackling Climate Change</i>. The FCDO Cabinet Secretary personally communicated with the CEO on Farm Africa’s contribution, and Farm Africa was subsequently invited to participate in Global Food Security and Nutrition Summit hosted by the UK government.</p> <p>Farm Africa also substantially contributed to the ICAI learning event in Glasgow on aid to agriculture in a time of climate change, and the review of FCDO’s agriculture policy over August and September 2023.</p>
Deepen our partnerships	We will establish new partnerships to further explore the potential of Farm Africa projects to access carbon markets.	Extensive partnership continued with the Rabobank ACORN initiative in Kenya, which received two rounds of Carbon Removal Units (CRUs) for the agro-forestry work in Embu in Mount Kenya region. Talks with McKinsey on a new rangeland management scheme also continued, with discussions also taking place with Finance Earth on a REDD+ scheme in Tanzania. The payment for environmental services (PES) component of the Central African Forestry Initiative (CAFI) was also refined.
	We will build on our programme expertise and reputation to extend our technical and funding networks.	<p>Farm Africa built extensively on its programme expertise and reputation in technical and funding networks with the following key pieces of networking over 2023: the Blue Innovation initiative and extensive participation and panel presentations at the Africa Food System Forum in Dar es Salaam in September, including hosting an event for over 80 donors, partners and corporate partners.</p> <p>Additionally, Farm Africa was invited to present its regenerative agriculture models to a corporate supplier audience in October in Nairobi, including to Diageo, Coca-Cola and Kakuzi among others. This led to hosting the suppliers in the field in Embu to see Farm Africa’s work first hand. This also led to a direct consultation on Diageo’s double materiality risk assessment on their draft environment, social and governance (ESG) strategy.</p>
One Farm Africa	Carry out the 2023 staff survey.	<p>Farm Africa carried out our sixth biennial staff survey. We typically have high levels of participation in the survey, but last year we achieved our highest level of participation with 87% of employees taking part. We also achieved our highest ever total engagement/satisfaction rate of 81%.</p> <p>There are still areas where we want to improve and action planning around these areas will happen in 2024. Actions and initiatives will then be built into organisational and team annual goals.</p>

Strategic objective	Annual goal	Outcome
	Continue regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings.	We have continued to build our culture of 'One Farm Africa' through using internal communication channels to share news and learning across the organisation. This includes our regular internal newsletter, and also our series of 'project learning exchanges' - a monthly opportunity for staff to share one or two current project case studies, outlining successes and challenges and offering learning points for other teams. All-staff meetings have been held twice a year for the purposes of sharing important information such as annual accounts and budgets. In 2023 there were also some notable cross-region visits, including Ethiopia project teams and partners travelling to both Kenya and Tanzania.
	Develop and implement a framework of inclusive language that is appropriate to the context our staff are operating in.	The work to develop a framework of inclusive language progressed well in 2023, with us working collaboratively across the team to consider how the framework could be used to guide communications in different countries and cultures. The work to finalise and roll out the inclusive language guide took place in early 2024.
A sustainable financial future	Timesheet system agreed and implemented for Farm Africa.	A new timesheet process was devised within the finance team and rolled out to the organisation. There is further work to do to embed the new process in 2024, but it provides a good basis for continuing to improve our cost recovery methods.

2024 outlook

Goals for 2024 are informed by our long-term strategic priorities, as well as the immediate challenges facing farming communities in eastern Africa:

- The long drought in the Horn of Africa has impacted much of the region, devastating livestock numbers and reducing yields. Towards the end of 2023, the region began finally experiencing wetter conditions, with heavy rainfall causing destructive floods in many areas.
- Insecurity continues to impact eastern DRC and parts of Ethiopia, including the Amhara and Oromia regions.
- The cost of living and inflation increases present a challenge for households and businesses, particularly in Ethiopia.

2024 is set to be Farm Africa's biggest ever year, with a budget of over £18 million. While this lays the ground for us to work with more farmers and communities, and grow the impact and scale of our programmes, it brings with it the challenges of managing the risks attached to growth, such as quality and compliance. So, a priority for 2024 is understanding the needs across Farm Africa in institutional strengthening around team capacity and organisational systems. This "Fit for Purpose" exercise will provide the basis for investment decisions over the rest of the strategy period and beyond.

Programme delivery will focus on the smooth start-up of our new grants, specifically the large Mastercard Foundation fisheries programme in Kenya, and the new food security programme with SNV in Tanzania. And we are optimistic that by Q4 of 2024 we will be starting work on the long-planned coffee and forest project with 10

coffee cooperatives in eastern DRC, taking into account the serious implications of continuing insecurity and conflict in North Kivu.

Advocacy and policy engagement continues to build, and our long-standing relationship with the National Farmers Union includes a jointly hosted parliamentary event in the UK and contributions to the government committee inquiry into UK aid spending. In Ethiopia we will develop a joint advocacy strategy with Tree Aid.

We'll continue to explore opportunities to engage with climate and carbon financing and build on a very promising opportunity to deepen our relationship with a major UK retailer.

Strategic objective	Annual goal
Achieve growth through diversity in funding	We will raise £15.9 million of restricted grant funding for 2024, including extending relationships with key strategic donors, diversifying our grant funding portfolio geographically and thematically with a key focus on DRC.
	We will raise £2.0 million of unrestricted funding in 2024, including from the growth of our major giving programme and campaigns to acquire a new cadre of individual donors.
	We plan for our new website to be live by the end of July 2024.
	We will participate for the first time in New York Climate week in September 2024, aiming to grow our network in the USA and spotlight the role of our Farm Africa US entity.
Transforming rural livelihoods	We will continue to build on the positive impact of our forestry projects by completing the sale of carbon credits on behalf of partners in Ethiopia.
	DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project.
	We will demonstrate impact for 750,000+ community members in 2024.
Technical leadership and advocacy	Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management.
Deepen our partnerships	Farm Africa continues to have opportunities to engage in carbon markets and climate financing. We are cautious about gearing our project funding too far towards the carbon space because of the uncertainty and complexity of that market, however we see new openings in 2024 to pursue new carbon-related funding in Tanzania (forestry) and Kenya (rangeland).
	In other partnerships we are excited to commence our new food security programme in Tanzania with the Dutch organisation SNV, and we have a good opportunity to embark on some joint advocacy work in Ethiopia in partnership with Tree Aid.
	In the UK, building on our extensive network across the food and farming sectors, we have an excellent opportunity to enter into a new fundraising partnership with a major UK retailer.
	We will build on our programme expertise and reputation to extend our technical and funding networks.
One Farm Africa	Develop and implement staff survey actions.

Strategic objective	Annual goal
	Continue to build our culture of regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings.
	Refresh our staff handbooks to ensure legal compliance and people management best practice.
A sustainable financial future	Our Fit for Purpose exercise shows the need for investment in core systems and processes in Farm Africa. We lack an integrated HR system across the organisation, and would benefit from investment in IT and knowledge management.

Financial report

In this section we set out the financial performance of Farm Africa Limited and its subsidiaries ('Farm Africa') in 2023 and review its position at the end of the year. We continue to monitor the impact of inflation and other economic factors, which continue to present challenges for project delivery and on Farm Africa's reserves and its management of financial risk, including implications for the trustees' assessment of the organisation's going concern status.

Financial performance

Income

Farm Africa receives income principally from three sources:

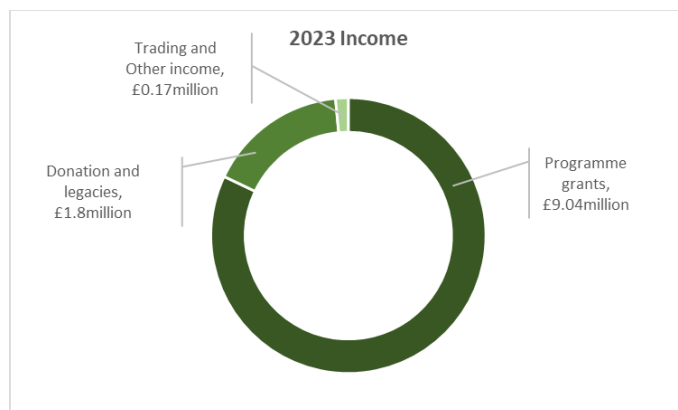
- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding);
- Donations, legacies, and other fundraising activities (unrestricted funding).

Total income in 2023 was £11m (2022: £14.72m). This reflects some of the large grants coming to an end and the timing of receipts according to the terms of new grants signed, with a significant amount of new grant income expected to be recognised in 2024. This also reflects a reduction in legacy income, as in 2022 several significant legacies were received and so legacy income was exceptionally high.

Programme grants remained the largest funding stream at £9m (2022: £11.9m). This included income on four projects including: the new Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy in Ethiopia; new funds secured towards Nature-Based Solutions for Sustainable and Inclusive Development (NSSID) from the Swedish International Development Agency (Sida); ongoing multi-sector eco-regional approach in Bale Eco-region in Ethiopia, funded by the European Union and funding from the Waitrose Foundation and the World Food Programme.

Donations and legacies decreased to £1.8m (2022: £2.6m), with our committed giving and responses to appeals falling, and the receipt of several significant legacies in 2022. The decrease driven by these income streams was partially offset by an increase in income from fundraising events, including a very successful Mahale Mountains Trek in Tanzania.

The chart following shows the breakdown of income between the principal sources:



Expenditure

Farm Africa's expenditure falls into three main categories:

- Direct costs of implementing programmes in Africa;
- Fundraising costs;
- Support costs, including head office staff and governance.

Total expenditure in 2023 was £14.3m (2022: £14.6m).

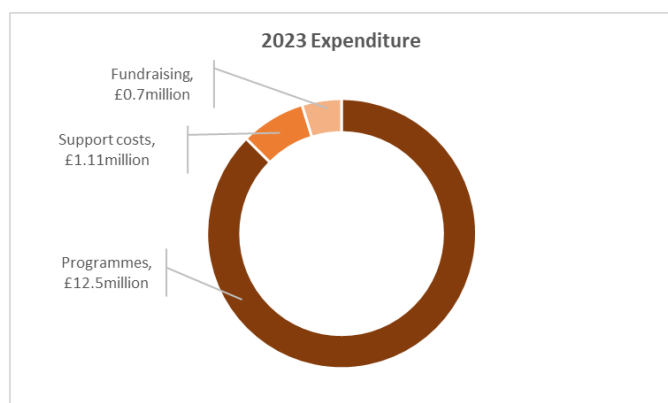
Programme spend decreased by £0.7m to £12.5m (2022: £13.2m) as major projects in Ethiopia came to an end and the country programme started work on new grants. Furthermore, disruption and security issues as a result of conflict in Ethiopia caused projects in the affected areas to underspend and other projects saw underspends as the pound sterling strengthened against local currencies. There has been an increase in programme expenditure in Kenya and

Tanzania, as we continue to build the country programmes and diversify Farm Africa’s grant funding portfolio.

Support costs increased by £0.36m to £1.11m (2022: £0.75m). This was due to inflation and investment in several much-needed roles in countries and programme support, as part of the mid-point strategy review.

Fundraising costs remained at £0.7m (2022: £0.7m).

The chart following shows the breakdown of expenditure between the main categories:



In the Statement of Financial Activities support costs are allocated to spend on charitable activities (programmes) and fundraising, but in this analysis they are shown separately.

Financial results and closing reserves

Farm Africa reported a deficit of £3.2m for 2023 (2022: surplus £0.1m). This is made up of a £0.5m deficit on unrestricted funds (2022: surplus £0.9m) and a deficit on restricted funds of £2.7m (2022: deficit £0.8m).

Unrestricted funds comprise income from general fundraising activities and income earned by our trading subsidiary. This funds the organisation’s operating and programme support costs.

The results for the year have been lower than expected due to the increased cost pressure and investment plans as part of the mid-point strategy review. Additionally, cost recovery targets have been affected by the devaluation of local currencies. The transition to the new SIDA and Mastercard Foundation grants are testament to the returns on investment plans.

In respect to the deficit on restricted reserves of £2.7m (2022: deficit £0.8m), the level of restricted fund surplus or deficit fluctuates from year to year due to the differences in timings between the receipt of grant

income and the corresponding project expenditure. In 2023 this figure is a deficit having funds carried forward from 2022 on three major projects in advance (Bale Eco-region Phase II project funded by the European Union, Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy and Bridging fund from the Swedish International Development Agency (Sida), in Ethiopia. Under charity accounting rules and our accounting policies, income is recognised in full when certain recognition criteria are met, even if the corresponding expenditure is incurred in a different accounting period. Such timing differences may result in restricted fund deficits in some years and surpluses in other years.

Farm Africa has a closing restricted fund balance of £1.75m (2022: £4.4m).

The unrestricted reserves of Farm Africa of £1.4m compares to our target for unrestricted reserves of £2.5m. The process by which the reserves target is set is explained in the section below, “Reserves policy”.

Farm Africa’s unrestricted reserves has risen from £1m at 2021 to their current level of £1.4m. Over the last few years Farm Africa has been in transition to a new, sustainable financial model in which unrestricted income and expenditure are once again in balance. 2023 presented challenges for the organisation, with volatile exchange rates and cost pressures and therefore it has not been possible to build reserves in 2023, however it is anticipated target reserves will be reached by the end of 2025.

The annual budget for 2024 plans an operating deficit of £0.28m. Management have agreed to continue a recovery plan to build reserves back to the target of £2.5m, the latest forecasts indicate this is achievable in 2025 with additional legacy and other one-off income.

The organisation’s forecast and financial sustainability is considered further in the section below, “Going concern”.

Reserves policy

The Board of Trustees has determined that in addition to the minimum unrestricted reserves of £0.6m to cover cost of closure, Farm Africa needs unrestricted reserves of £1.6m to provide financial security through:

- Providing working capital to manage seasonality of income and for the effective running of the organisation;
- Protecting against unrestricted income fluctuations;
- Protecting against unforeseen project

expenditure due to working in inherently risky situations and to manage foreign exchange volatility.

In addition, the trustees aim to build designated reserves of £0.3m to enable Farm Africa to invest in unforeseen funding and growth opportunities.

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts for a period of 12 months from the date of signing the accounts, including cash flows, the level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations and legacies, and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure and recovery of core costs. Responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country. Furthermore, security and economic factors such as inflation present challenges for project delivery, thereby limiting recovery of core costs.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2023. The entity is on track to achieve programme funding targets in 2024 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of the programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £75m worth of proposals covering multiple years. The pipeline also ensures diversity of country portfolio in line with Farm Africa's strategic aim to achieve geographic spread of programmatic impact.

As the organisation experiences a period of growth, a number of pressures on cash flows have been identified due to the timing of forecast income and expenditure, increasing the organisation's liquidity risk in Q4 of 2024, with expected recovery in Q1 of 2025.

Cash management controls are in place to ensure sufficient working capital at all times. Additionally Farm Africa would expect to be able to secure an overdraft facility to cover the expected period of heightened liquidity risk.

The actual 2023 closing unrestricted reserve is £1.4m and is forecasted to increase to £1.9m by the end of 2024. This is mainly due to a receipt of a large legacy. This reserve balance is expected to further increase in 2025 to £2.5m with the final tranche of the same legacy and other one-off income.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Structure, governance and management

In this section we set out how Farm Africa is governed, its charitable objects and how it delivers public benefit. We also describe several key policies regarding the operations of the charity.

Statement of trustees' responsibilities

The trustees (who are also the directors for the purposes for company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the

assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Governance and organisational structure

Farm Africa's officers and advisors are as shown on page 24 of this report.

Sir Michael Palin CBE kindly agreed to continue as patron of Farm Africa during 2023.

Farm Africa is governed by a board of trustees and authority is delegated by them to the chief executive to manage the organisation. Changes to the board of trustees are shared in the officers and advisors section on page 24.

Trustee recruitment is undertaken through a range of routes dependent on the identified needs. For example, when seeking a trustee with audit experience, we have targeted advertising through selected accountancy firms. This is followed by an interview process with a panel of trustees and approval by the board. The trustees are then formally elected by the members at the next annual general meeting. New trustees receive a personalised induction, including briefings from the chair, chief executive and other senior management team members. They are encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board

meetings and as and when specific training needs are identified.

The Finance, Risk and Audit Committee (FRAC) met regularly throughout 2023 under the chairmanship of Nick Allen. FRAC normally comprises at least two trustees, together with external members as required. FRAC reviews and agrees the external audit plan, reviews the external auditor's management letter and monitors the implementation of resulting actions. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register, the annual report and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports.

The Programme Advisory Committee (PAC) met throughout 2023 under the chairmanship of Laketch Mikael. PAC comprises at least two trustee members and external members from a wide range of disciplines. PAC has two objectives:

- to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit
- to provide management with advice and a sounding-board on aspects of its programme work.

The nomination committee continued its work during the year, chaired by John Reizenstein. It comprises no fewer than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development.

A separate Remuneration Committee was formed with responsibility for considering salary increments for senior staff, cost of living increases for UK staff and salary increments for the chief executive. The Committee puts forward recommendations on these matters for Board approval. The Remuneration Committee is also responsible for the consideration and approval of pay policy and any ex-gratia or similar payments. We are supported by Farm Africa USA Inc, which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

Charitable objects

While there has been huge progress in bringing global poverty levels down, sub-Saharan Africa has benefitted the least. Today, more than half of the world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. We

tackle the three big challenges trapping people in rural Africa in poverty: ineffective agriculture, environmental destruction and their lack of access to markets.

This work is guided by our charitable objects:

- to relieve the poverty of farmers, agricultural workers and herders enabling them to improve the effective management of their natural resources
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects. To publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein
- to promote the education of the public in, and the furthering of, the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and related industries.

We implement these objects through pursuing our organisational mission, values and strategy.

Public benefit statement

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

- *The benefits generated by the activities of the charity are clear.* This report sets out in some detail the activities which Farm Africa has carried out in the year to further each of our strategic benefits;
- *The benefits generated relate to the objectives of the charity.* All activities undertaken are intended to further Farm Africa's charitable objectives
- *The people who receive support are entitled to do so according to criteria set out in the charity's objectives.* All Farm Africa projects are centred around African farmers (pastoralists, agro-pastoralists, smallholders and forest-dwellers), the target beneficiary group specified in our first charitable object

The trustees have therefore satisfied themselves that Farm Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

Legal structure

Farm Africa Limited is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828) approved and adopted on 29 May 1985 and last updated by special resolution on 23 June 2004. Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities are included in note 13 to the accounts.

Tax status

Farm Africa Limited has charitable status and is exempt from corporation tax because all of its income is charitable and is applied for charitable purposes. Tax charges may arise in the trading subsidiary, in relation to any taxable profits not gifted to the parent charity in the year.

Auditor appointment

A resolution confirming the reappointment of Crowe UK LLP as auditors will be proposed at the Farm Africa annual general meeting.

Subsidiaries

During 2023, Farm Africa Limited had one directly owned and active subsidiary, Farm Africa Trading Limited, which enables us to receive sponsorship income from corporate partners in a tax efficient manner.

Farm Africa Trading Limited made a loss for the year before taxation of £41,092 (2022: loss of £7,530). Our corporate sponsorship income is variable as it is dependent on the number of high-profile events in a particular year and thus results can differ from one year to another.

Farm Africa Limited no longer holds any shareholding in Sidai following the change of ownership in 2022. On 7 June 2022 the directors of Farm Africa Enterprises Limited approved the sale of the company's shareholding in Sidai Africa Limited to its shareholders for a nominal £5.23 consideration. The book value of the share was £1, resulting a nominal £4.23 profit on disposal.

Risk management

The board is responsible for ensuring that there is an appropriate process for risk management in Farm Africa. Assisted by senior staff, the board regularly reviews and assesses the major risks to which Farm Africa is exposed, in particular those relating to the operations and finances of the organisation. Risks are recorded and monitored on an organisational risk register that includes an assessment of the likelihood

and potential severity of impact of each risk. Farm Africa's risks are reviewed every month by the senior management team. The Finance, Risk and Audit Committee review the risk register periodically in detail with the senior management to monitor the status of those risks, the mitigating actions and controls that are in place. The board receives a report on the top risks and any issues that require attention of the board.

Farm Africa's current risks are reviewed and managed by the board of trustees include the following:

i) Slower programme spend impacting cost recovery

Like any other development organisation, the risk of lower cost recovery remains due to programme spending impacted by multiple factors, for example, delays in key delivery of processes (recruitment, procurement) and the economic, political and security situation in Ethiopia causing disruption and logistical challenges for Farm Africa and its partners. To mitigate this risk, Farm Africa's management team and board conduct periodic reviews of programme performance. The Programmes and Finance teams review detailed cost recovery at the project level every month, and take corrective actions where necessary. Country teams also repeat the same at country level to ensure phasing of spend (including partner spend) is adequately monitored.

ii) Organisational capacity and capability during a period of growth

Farm Africa is experiencing a period of growth and this presents the risk that organisational capacity and capability cannot support the scale of programmes. Management and the board of trustees have agreed an initial set of investments to build capacity in fundraising, communications and programme funding. A capacity gap assessment has been done, and a prioritised set of further investments agreed. There remains a risk of overstretch in core teams and an independent 'fit for purpose' review of structure and resource allocation is underway to guide management action over the rest of the strategy period and beyond.

iii) Security

Farm Africa maintains a global security management policy, a stand-by crisis management plan, and country level security plans. During 2023 security risks and incidents were actively and effectively managed in Ethiopia. Team communication is facilitated and movement control is enforced where necessary with robust usage of security protocols. Careful monitoring and clear action on staff security kept Farm Africa teams and partners safe during this period.

iv) Liquidity risk

As the organisation experiences a period of growth, a number of pressures on cash flows have been identified due to the timing of forecast income and expenditure, increasing the organisation's liquidity risk. Cash flow forecasting is updated quarterly and actuals versus forecast are monitored by management and the Finance Risk and Audit Committee (FRAC). Monthly management accounts are published and reviewed by budget holders, management and are shared with trustees quarterly. Budget controls are in place to manage expenditure. The financial risks and opportunities tracker is updated monthly and reviewed by management to ensure timely action is taken on any material overs and unders compared to budget. Cash management controls are in place to ensure sufficient working capital at all times.

v) Inflationary pressure reduces the value of Farm Africa's pay offer, reduces staff's ability to meet their living costs and impacts on wellbeing.

Inflationary pressure continues in the country operations due to the post-pandemic macro-economic environment and the impact of the Ukraine war. Ethiopia continues to be classified as a hyperinflationary economy by market analysts. In response to this pressure, Farm Africa was able to support staff with pay increases. As a result of this measure overall staff turnover remains lower than other entities in the development sector. Further work on pay policies, including the management of international staff is underway with an aim of reducing future risks.

Farm Africa's overall approach is to recognise and accept an appropriate level of risk, in particular ensuring that risk management does not deter innovation and learning. The board fully supports this strategy, and is satisfied that the management systems in place provide reasonable assurance that identifiable risks are managed appropriately.

Grant-making policy

Farm Africa works with a number of delivery or implementation partners where generally Farm Africa is the lead grant recipient and the delivery partners act as sub-grant recipients.

Partner selection is done on a grant-by-grant basis. The criteria for partner selection include specialist expertise that will broaden Farm Africa's technical expertise (for example, the International Water Management Institute, which works alongside us on natural resource management projects), geographical reach to enable more effective programme delivery (for

example, SOS Sahel in Ethiopia), and a complementary core competence.

Before a formal grant agreement is signed all potential grantees are subject to a due diligence process based upon the OCAT (Organisational Capacity Assessment Tool).

A signed grant agreement is put in place with all partners, which covers joint ways of working, delivery criteria and reporting requirements. Grant reporting requirements are generally governed by Farm Africa's grant agreement with the primary donor.

Remuneration policy

Farm Africa does not compete with salaries in the private sector but our salaries are pitched at a level to allow us to attract effective, energetic and innovative leaders who will enable us to increase our impact and achieve our vision of a resilient rural Africa where people and the environment thrive.

Farm Africa has a track record of world class technical expertise and delivery and around 200 staff internationally. This provides the organisational context in which to set our remuneration policy.

Farm Africa aims to pay around the median level for a charity of our size; for this purpose we benchmark all salaries in the UK and internationally annually against sector-specific salary surveys and cross-reference them against local cost of living indices. This data is translated into salary scales for the UK and each operational country and approved by Farm Africa's senior team. All staff are paid in line with these salary scales.

The remuneration committee uses the benchmark data to review and fix annual senior salary increases. We believe that our senior salaries paid as a result of this process are a proper reflection of the skills, knowledge and experience required to run an organisation like ours. The bandings for senior staff remuneration are disclosed in Note 11.

Fundraising disclosure

In 2023 Farm Africa conducted all of its fundraising practices "in house" and did not engage any agency to provide fundraising acquisition on its behalf. Farm Africa raises funds from individuals, events, corporate partners and trusts and foundations. All fundraising activity was overseen by the Director of External Relations and all activity was compliant with the Fundraising Regulator.

Farm Africa is a voluntary member of the Fundraising Regulator and as such ensures compliance with the Fundraising Code of Conduct.

Farm Africa did not receive any formal complaints in relation to its fundraising in 2023 (2022: nil) but does have a complaints procedure in place, which can be actioned if required to do so.

In order to protect vulnerable people, Farm Africa ensures that all communication with donors is recorded on a secure database. Should there be any concerns that a supporter is vulnerable, as per Farm Africa’s safeguarding policy, appropriate action is taken to prevent requests for donations from these supporters.

Investment policy

Farm Africa has an agreed investment policy covering both programme-related investments and assets held to fund planned expenditure. As the majority of Farm Africa’s funds are held to support planned expenditure the aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

Statement of compliance with Charity Governance Code

The Charity Governance Code consists of seven key principles. These are underpinned by the core role and responsibility of the trustees:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

In 2021 Farm Africa comprehensively updated the Board Guide, providing a clear induction for new and existing trustees on the specific responsibilities of board members.

Farm Africa considers that it is compliant with the Charity Governance Code.

Safeguarding

Farm Africa’s approach to safeguarding is codified in our Safeguarding Policy. Farm Africa is committed to:

- Promoting good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensuring that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Taking any action within our powers to stop abuse occurring and ensure the person who has

experienced the abuse receives appropriate support;

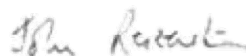
- Being transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries Farm Africa will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the wellbeing of the people we work with;
- Manage our work in a way that promotes safety and prevents abuse.

The board has appointed a designated Safeguarding Lead who acts on behalf of the trustees to monitor adherence to Farm Africa’s safeguarding policy and procedures, participate in the investigation and resolution of any reported incidents, and act as a source of guidance for other trustees on safeguarding matters.

Approved by the board of Trustees of Farm Africa Limited on 6 June 2024 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



John Reizenstein, Chair

Reference and administrative details

Patron

Sir Michael Palin CBE

Chair

John Reizenstein

Trustees

John Reizenstein (Chair)

Nick Allen (Treasurer)

Colin Brereton (Retired 1 September 2023)

Serena Brown

Ken Caldwell

François Jay (Appointed 1 September 2023)

Julian Marks

Laketch Mikael

Caroline Miller Smith

Jan Bonde Nielsen

Jane Ngige

Anna Onyango (Appointed 1 September 2023)

Keith Pickard (Appointed 1 November 2023)

Charles Reed (Retired 1 September 2023)

Victoria Sekitoleko (Appointed 1 September 2023)

Tim Smith CBE (resigned 14 December 2023)

Vicky Unwin

Ambassadors

Kate Adie OBE

Judith Batchelar OBE

Minette Batters

General Sir Peter de la Billière KCB KBE DSO MC DL

Ashley Palmer-Watts

Charles Reed

Registered Charity Number

326901

Registered Company Number

01926828

Registered Office and Principal Office

3-5 Bleeding Heart Yard

London EC1N 8SJ

Auditors

Crowe UK LLP

Chartered Accountants and Registered Auditor

55 Ludgate Hill

London EC4M 7JW

Bankers

Barclays Bank PLC

1 Churchill Place

London E14 5HP

Lawyers

Hogan Lovells International LLP

Atlantic House

Holborn Viaduct

London EC1A 2FG

Part 2

Independent auditor's report

Independent auditor's report to the members of Farm Africa

Opinion

We have audited the financial statements of Farm Africa Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to

operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.


Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of voluntary and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jayne Rowe
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 26th July 2024

Part 3

Financial statements

Consolidated statement of financial activities

(incorporating income and expenditure account) for the year ended 31 December 2023

	Note	2023 Unrestricted funds £'000	2023 Restricted funds £'000	Total funds £'000	2022 Unrestricted funds £'000	2022 Restricted funds £'000	Total funds £'000
Income from							
Donations and legacies	2	1,813	-	1,813	2,596	-	2,596
Charitable activities							
General		-	9,043	9,043	-	11,942	11,942
Total income from general charitable activities	3	-	9,043	9,043	-	11,942	11,942
Other trading activities	4	87	-	87	121	-	121
Investments	4	42	-	42	9	-	9
Other income	4	36	4	40	47	1	48
Total income		1,978	9,047	11,025	2,773	11,943	14,716
Expenditure on							
Raising funds	6	677	-	677	659	-	659
Charitable activities							
Agriculture		482	3,135	3,617	272	2,873	3,145
Market Engagement		644	4,192	4,836	474	4,996	5,470
Environment		682	4,435	5,117	462	4,873	5,335
Total expenditure on charitable activities	7	1,808	11,762	13,570	1,208	12,742	13,950
Total expenditure		2,485	11,762	14,247	1,867	12,742	14,609
Net income/(expenditure) for the year	5	(507)	(2,715)	(3,222)	906	(799)	107
Other recognised gain/(loss)		-	73	73	-	(24)	(24)
Total funds brought forward		1,915	4,393	6,308	1,009	5,216	6,225
Total funds carried forward	16	1,408	1,751	3,159	1,915	4,393	6,308

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 33 to 49 form an integral part of these financial statements.

Consolidated and charity balance sheets

As at 31 December 2023

	Note	2023 Group £'000	2023 Charity £'000	2022 Group £'000	2022 Charity £'000
Fixed assets					
Tangible assets	11	115	115	153	153
Intangible assets		20	20	-	-
		135	135	153	153
Current assets					
Debtors	13	737	938	680	890
Cash at bank and in hand		2,754	2,628	6,213	6,034
		3,491	3,566	6,893	6,924
Creditors					
Amounts falling due within one year	14	(435)	(418)	(549)	(529)
Net current assets		3,056	3,148	6,344	6,395
Total assets less current liabilities					
		3,191	3,283	6,497	6,547
Provisions for liabilities and charges					
Provisions for liabilities and charges	15	(32)	(32)	(189)	(189)
Net assets		3,159	3,251	6,308	6,358
The funds of the group and charity					
Restricted funds	16	1,751	1,751	4,393	4,393
Unrestricted funds - general	16	1,408	1,499	1,915	1,965
Total funds	16	3,159	3,250	6,308	6,358

The deficit for the financial year dealt with in the financial statements of the parent company was £3,072,000.

Approved by the Board and authorised for issue on 6 June 2024 and signed on their behalf by:



John Reizenstein
Chair



Nick Allen
Treasurer

Registered Company No.: 01926828

The notes on pages 33 to 49 form an integral part of these financial statements.

Consolidated statement of cashflows

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	(3,440)	474
Cash flows from investing activities:			
Dividends, interest, and rent from investments		42	9
Disposal of tangible fixed assets and capital grants		5	9
Purchase of tangible fixed assets and capital grants		(66)	(131)
Net cash used in investing activities		(19)	(113)
Change in cash and cash equivalents in the reporting period		(3,459)	361
Cash and cash equivalents at the beginning of the reporting period		6,213	5,852
Cash and cash equivalents at the end of the reporting period		2,754	6,213

	At the start of the year £'000	Cashflows £'000	Foreign Exchange Movements £'000	At the end of the year £'000
Cash	6,213	(3,625)	166	2,754
Cash equivalents	-	-	-	-
Total	6,213	(3,625)	166	2,754

Notes to the statement of cash flows

A. Reconciliation of cash flows from operating activities

	2023 £'000	2022 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(3,149)	83
Adjustments for:		
Depreciation	69	76
Profit on the disposal of fixed assets	(5)	(9)
(Increase)/Decrease in debtors	(57)	182
(Decrease)/Increase in creditors falling due within one year	(116)	51
(Decrease)/Increase in provisions	(156)	102
Dividends, interest and rents from investments	(42)	(9)
Other adjustments	16	-
Net cash used in operating activities	(3,440)	474

B. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand in the UK and overseas	2,754	6,213
	2,754	6,213

Notes to the consolidated financial statements

1. Accounting policies

Farm Africa Limited ('the charity' or 'the charitable company') is a private limited company (registered number 1926828) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 3-5 Bleeding Heart Yard, London, EC1N 8SJ. The charity is a public benefit entity. More detail on how the trustees have satisfied themselves that Farm Africa has met the public benefit requirements is given in the trustees' report on page 20.

Basis of accounting

The consolidated financial statements of Farm Africa Limited and its subsidiaries ('the group' or 'Farm Africa') have been prepared under the historical cost convention and in accordance with the charities SORP (FRS102), applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's subsidiaries have been consolidated on a line-by-line basis and have the same accounting reference date as the charity. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

No statement of financial activities is presented for the charitable company alone because the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under s408 Companies Act 2006. The net deficit of the charitable company was £3,072,000 (2022: surplus £88,000).

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts for a period of 12 months from the date of signing the accounts, including cash flows, the level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations and legacies, and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure and recovery of core costs. Responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country. Furthermore, security and economic factors such as inflation present challenges for project delivery, thereby limiting recovery of core costs.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2023. The entity is on track to achieve programme funding targets in 2024 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of the programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £75m worth of proposals covering multiple years. The pipeline also ensures diversity of country portfolio in line with Farm Africa's strategic aim to achieve geographic spread of programmatic impact.

As the organisation experiences a period of growth, a number of pressures on cash flows have been identified due to the timing of forecast income and expenditure, increasing the organisation's liquidity risk in Q4 of 2024, with expected recovery in Q1 of 2025.

Cash management controls are in place to ensure sufficient working capital at all times. Additionally Farm Africa would expect to be able to secure an overdraft facility to cover the expected period of heightened liquidity risk.

The actual 2023 closing unrestricted reserve is £1.4m and is forecasted to increase to £1.9m by the end of 2024. This is mainly due to a receipt of a large legacy. This reserve balance is expected to further increase in 2025 to £2.5m with the final tranche of the same legacy and other one-off income.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Key areas of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Funds held by the charitable company are:

- restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes,
- unrestricted funds: general – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees, and
- unrestricted funds: designated – these are funds which the trustees have designated for a particular use.

Income

Income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt and the amount is measurable.

In respect of legacy income we consider this to be the earlier of (a) receipt of the income; and (b) grant of probate, confirmation from the executors that there are sufficient assets in the estate (after settling any liabilities) to pay the legacy, and that any conditions attached to the legacy are either within the control of the charity or have been met. Additionally with regard to residuary legacies we consider the amount is measurable where it has been calculated independently by the executors and the estate's assets can be measured with sufficient reliability.

Tax recovered from income received under Gift Aid is recognised when the related income is recognised and is allocated to the income category to which the income relates. Where income is received in advance of the point of recognition it is deferred.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate market value at the date of receipt. No amount has been included in the financial statements for services donated by volunteers.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Expenditure

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

Expenditure on charitable activities is reported as a functional analysis of the work undertaken by Farm Africa, against our three thematic priorities of our strategy: agriculture, market engagement (previously 'business') and environment. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs. These costs include salaries and associated employment costs including pensions and any termination payments required.

Grants payable to other institutions for development projects are included in the statement of financial activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK-based staff who promote fundraising from all sources including institutional donors, trusts, companies and individuals.

Support costs include UK central functions, and have been allocated to cost categories on a basis consistent with the level of activity.

Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

Foreign currencies

The functional currency of Farm Africa is considered to be the pound sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in pounds sterling.

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling current assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised

but are written off on acquisition as direct project expenditure. This policy is employed because ownership of the property does not always pass to Farm Africa upon project completion. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 12.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Equipment & machinery	25% per annum

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortisation and impairment losses. Website and software development costs are capitalised as intangible assets and amortised on a straight-line basis over 3 year period from the date of operation.

Individually acquired software assets costing less than £1,000 are written off in the period of acquisition. Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. Any impairment value is recognised immediately in the Statement of Financial Activities.

Provisions

Provisions are recognised when Farm Africa has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Financial instruments

Farm Africa has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits, trade and other debtors. Financial liabilities include trade and other creditors and loans. Basic financial instruments are recognised at transaction value and subsequently measured at amortised cost. Details and carrying value of these financial assets and liabilities are given in notes 14 to 16.

2. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£'000	£'000	£'000	£'000
General				
Committed giving	412	-	412	435
Appeals and donations	515	-	515	781
Legacies	383	-	383	1,057
Fundraising events	305	-	305	51
Corporate donations	4	-	4	16
Gifts in kind: donated services (legal and digital)	66	-	66	31
Gifts in kind: donated assets	-	-	-	100
	1,685	-	1,685	2,471
Grants				
Trusts and Foundations	128	-	128	125
	128	-	128	125
Total donations and legacies	1,813	-	1,813	2,596

3. Income from charitable activities

	Restricted funds 2023 £'000	Restricted funds 2022 £'000
Grants from government, institutional and other similar donors		
Agriconsulting Europe	-	12
Agricultural Markets Development Trust	99	203
Agriculture Business Initiative Development Limited	-	17
Allen & Overy LLP	50	-
AGRA	259	135
Danida	35	-
European Union	1,215	1,953
Forests of the World	109	49
Hartree Environmental Development	24	-
Jersey Overseas Aid Commission	198	42
Mastercard Foundation	11	-
Medicor Foundation	100	190
Norwegian Agency for Development Cooperation	102	422
Open Society Foundations	-	75
The David and Lucile Packard Foundation	-	46
Rabobank Foundation	287	-
Royal Norwegian Embassy in Addis Ababa	1,661	2,089
Swedish International Development Co-operation Agency	2,004	3,993
The Deutsche Gesellschaft für Internationale Zusammenarbeit	144	36
UK aid from the FCDO (previously DFID) – Aid Match	-	1
UBS Optimus Foundation	-	208
Virunga Foundation	-	11
Vitol Foundation	65	-
Waitrose Foundation	783	935
World Food Programme	1,419	697
United Nations Development Programme	-	328
United Nation Office for Project Services	-	40
UN Women	51	162
Other international agencies and other donors	427	298
Total grants from government, institutional and other similar donors	9,043	11,942
Total income from charitable activities	9,043	11,942

4. Other income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£'000	£'000	£'000	£'000
Other trading activities				
Trading	87	-	87	121
Total other trading activities	87	-	87	121
Investment income				
Deposit interest	42	-	42	9
Total investment income	42	-	42	9
Other income				
Sub-lease of office space and other miscellaneous income	31	4	35	38
Profit on sale of assets	5	-	5	9
Total other income	36	4	40	47
Total	165	4	169	177

5. Net income for the year

This is stated after charging:	Total	Total
	2023	2022
	£'000	£'000
Depreciation and amortisation	69	76
Payments under operating leases	147	94
Tax advisory	5	3
Audit fee - Country offices	52	19
Auditor's remuneration for the annual statutory audit:		
Charitable company	37	38
Subsidiary companies	2	2

6. Expenditure on raising funds

	2023	2022
	£'000	£'000
Donations and legacies		
Fundraising costs	503	504
Support costs allocated (note 10)	45	28
	548	532
Charitable activities		
Fundraising costs	16	16
Support costs allocated (note 10)	2	1
	18	17
Other trading activities		
Fundraising costs	102	104
Support costs allocated (note 10)	9	6
	111	110
Total	677	659

7. Expenditure on charitable activities

	Operational programmes	Grants payable	Support costs*	Total	Total
	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000
		(note 9)	(note 10)		
Agriculture	2,429	892	296	3,617	3,145
Market Engagement	3,622	819	395	4,836	5,470
Environment	2,586	2,113	418	5,117	5,335
Total	8,637	3,824	1,109	13,570	13,950

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

8. Grants to partner organisations (note 7)

	2023	2022
	£'000	£'000
Ethiopia projects		
Frankfurt Zoological Society	489	378
International Water Management Institute	256	209
Melca – Ethiopia	79	369
Mercy Corps	(45)	332
Organization for Rehabilitation and Development in Amhara	109	212
PHE Ethiopia Consortium	601	492
SOS Sahel	1,739	1,222
Sustainable Environment and Development Action	111	292
TechnoServe	7	-
Union of Ethiopian Women Charitable Association	158	600
Environment and Coffee Forest Forum	189	278
KIT - Royal Tropical Institute	1	63
Kenya projects		
African Aquaculture Resource Centre	-	75
Tanzania projects		
Friends in Development	-	29
Tanzania Horticultural Association	-	-
TCCIA Manyara	2	20
MEZZANINE	13	-
Biztech	114	-
Uganda projects		
Africa Innovations Institute	-	5
Kahawatu	-	7
North Eastern Chilli Producers Association	-	(1)
	3,823	4,582

Grants were payable during the year to partners working on restricted projects. At year end there were three payments totalling £32,000 outstanding SOS Sahel, PHE Ethiopia and African Aquaculture Resource Centre (2022: £128,000 outstanding to partners).

9. Analysis of support costs

	Management costs	Office costs	Finance & IT costs	HR costs	Governance costs	Total	Total
	2023	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities (note 7)							
Agriculture	34	70	129	31	32	296	169
Market Engagement	45	93	173	42	42	395	292
Environment	47	99	183	45	45	419	287
	126	262	485	118	119	1,110	748
Expenditure on raising funds (note 6)							
Donations and legacies	5	11	20	5	5	46	30
Charitable activities	-	-	1	-	-	1	-
Other trading activities	1	2	4	1	1	9	6
	6	13	25	6	6	56	36
	132	275	510	124	125	1,166	784

Support costs allocated are UK costs only. They have been apportioned proportionally to activity. Overseas office costs have been directly attributed to the costs of delivering charitable activities in country.

10. Employees

	2023	2022
	£'000	£'000
Staff costs		
Wages and salaries (including life assurance)		
Overseas contracted staff	3,945	3,665
UK contracted staff	1,601	1,522
	5,546	5,187
Social security costs	135	128
Pension costs	98	91
	5,779	5,406

Wages and salaries includes £15,000 redundancy (2022: £nil) and termination payments, which are paid out in accordance with our redundancy policy and the legal requirements of each country in which we work.

The key management personnel of the charitable company comprise the Chief Executive, the Director of External Relations, the Director of Programmes, the Director of Finance, the Head of Human Resources and Country Directors. The total employee benefits paid to these individuals (including employer's pension and national insurance) was £887,000 (2022: £762,000).

	2023	2022
	No.	No.
Employees with remuneration in the range of £60,001 to £70,000	-	-
Employees with remuneration in the range of £70,001 to £80,000	2	2
Employees with remuneration in the range of £80,001 to £90,000	-	2
Employees with remuneration in the range of £90,001 to £100,000	1	-
Employees with remuneration in the range of £100,001 to £110,000	3	2

The average number of employees for the group during the year analysed by function were:

	2023	2022
	No.	No.
Overseas contracted staff		
Farm Africa	200	161
UK contracted staff		
Fundraising and communications	13	14
Programmes support	3	2
Management and administration of charity	10	8
	226	185

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

One Trustee was reimbursed £236 in travel expenses incurred on behalf of the organisation. In addition, £8,890 travel cost was paid directly to suppliers in respect of trustees travelling to board meetings and programmes. The cost incurred by the charity for the trustee indemnity insurance was £3,800 in 2023 (2022: £3,600).

Farm Africa makes contributions for its employees to various defined contribution schemes. The amount of contributions due to these schemes at the year ended 31 December 2023 was £17,550 (2022: £12,248).

11. Fixed assets**Group and charity**

	Leasehold improvements £'000	Vehicles £'000	Machinery & equipment £'000	Computer equipment £'000	Intangible Assets £'000	Total £'000
Cost						
At 1 January 2023	27	180	37	130	-	374
Additions	-	20	4	22	20	66
Disposals	-	(13)	-	-	-	(13)
At 31 December 2023	27	187	41	152	20	427
Depreciation						
At 1 January 2023	(9)	(76)	(34)	(104)	-	(223)
Charge for the year	(8)	(35)	(2)	(24)	-	(69)
Disposals	-	-	-	-	-	-
At 31 December 2023	(17)	(111)	(36)	(128)	-	(292)
Net book value						
At 31 December 2023	10	76	5	24	20	135
At 31 December 2022	19	103	3	28	-	153

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £168,000 (2022: £370,000). The accounting policy relating to fixed assets is referred to in note 1(i).

Intangible asset consists of website cost, which is planned to be launched in 2024.

	Intangible Assets 2023 £'000	Total 2023 £'000	Total 2022 £'000
Website development	20	20	-
Total	20	20	-

12. Investments

The table below shows the charity's interests in subsidiaries and investments at 31 December 2023:

Company	Company Status	Investment classification	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited (company number: 7398449)*	Active	Subsidiary	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited (company number: 9359340)*	Active	Subsidiary	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited (company number: 7401279)*	Dormant	Subsidiary	UK	100% owned by Farm Africa	IP and registered trade marks

* Registered office: 3 – 5 Bleeding Heart Yard, London EC1N 8SJ

The results for the year of the active subsidiaries are shown below.

	Farm Africa Trading Limited	
	2023	2022 (restated)
	£'000	£'000
Total incoming resources	94	66
Total resources expended	(123)	(124)
Retained deficit for the year	(29)	(58)
Total assets	139	184
Total liabilities	(270)	(286)
	(131)	(102)

13. Debtors

	2023 Group £'000	2023 Charity £'000	2022 Group £'000	2022 Charity £'000
Amounts owed by subsidiary undertakings	-	214	-	226
Trade debtors	92	79	88	71
Other debtors	55	55	63	63
Prepayments	178	178	175	175
Accrued income – other	22	22	9	9
Accrued income – project grants	390	390	346	346
		-		
	737	938	680	890

14. Creditors: Amounts falling due within one year

	2023 Group £'000	2023 Charity £'000	2022 Group £'000	2022 Charity £'000
Trade creditors	36	21	222	202
Deferred income	13	13	-	-
Other creditors and accruals	353	351	199	199
Grant obligations	33	33	128	128
	435	418	549	529

Charity and group

	2023 £'000	2022 £'000
At 1 January	128	143
Grants paid to partners in settlement of obligations at year-end	(128)	(143)
New grant obligations	33	128
As at 31 December	33	128

15. Provisions for liabilities and charges**Group and charity**

	Severance	Dilapidations	Potential non-recoverable project costs	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
At 1 January	160	5	24	189	87
Amounts charged to the statement of financial activities	15	-	-	15	132
Amounts used during the year	(172)	-	-	(172)	(30)
As at 31 December	3	5	24	32	189

Provisions comprise the following:

- Contract severance provisions for staff on non-UK contracts. Under employment law in some of the countries where Farm Africa operates there is an entitlement to severance payments when an employee leaves. The amount payable is determined by the salary and length of service of each employee. The provision represents the accumulated entitlements of all such employees. From 2023, the provisions are transferred to a restricted employee bank accounts. Farm Africa provides instruction to the bank, upon departure of an employee from Farm Africa and leavers can access the account to withdraw funds.
- Dilapidation provisions to cover estimated future costs of restoring properties to their required condition at the end of their lease. The provision will be released at the end of the lease, based on dilapidation costs required, provided the lease is not renewed.
- Non-recoverable project costs provision made related to a programme due to translational impact between reporting currency (US dollar) and pound sterling.

16. Movements in funds

	At 1 January 2023	Income	Expenditure	At 31 December 2023
	£'000	£'000	£'000	£'000
Ethiopian programmes	3,458	5,409	(8,369)	498
Kenyan programmes	909	1,753	(1,284)	1,378
Tanzanian programmes	82	1,712	(1,816)	(22)
Ugandan programmes	10	107	(103)	14
UK programmes	(143)	64	(79)	(158)
Forestry programme	59	(59)	-	-
Other miscellaneous restricted funds	42	61	(111)	(8)
Movement on restricted funds	4,417	9,047	(11,762)	1,702
Other recognised gains	(24)	88	(15)	49
General funds	1,915	1,978	(2,485)	1,408
Movement on unrestricted funds	1,915	1,978	(2,485)	1,408
Total movement on reserves	6,308	11,113	(14,262)	3,159

The movement on restricted reserves represents the net of monies received and expended on projects that are funded by grants from specific donors. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request. Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs incurred.

The movements in funds in 2022 are presented below.

	At 1 January 2022	Income	Expenditure	At 31 December 2022
	£'000	£'000	£'000	£'000
Ethiopian programmes	4,656	8,215	(9,414)	3,457
Kenyan programmes	436	1,609	(1,136)	909
Tanzanian programmes	14	1,569	(1,501)	82
Ugandan programmes	(4)	194	(180)	10
UK programmes	3	352	(498)	(143)
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	4	(13)	43
Movement on restricted funds	5,216	11,943	(12,742)	4,417
Other recognised losses	-	-	(24)	(24)
General funds	1,009	2,773	(1,867)	1,915
Movement on unrestricted funds	1,009	2,773	(1,867)	1,915
Total movement on reserves	6,225	14,716	(14,633)	6,308

17. Net assets analysis (Group)

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fund balances at 31 December 2023 are represented by:			
Tangible and intangible fixed assets	135	-	135
Net current assets	1,273	1,751	3,024
Total	1,408	1,751	3,159

Fund balances at 31 December 2022 are represented by:

Tangible and intangible fixed assets	153	-	153
Net current assets	1,762	4,393	6,155
Total	1,915	4,393	6,308

18. Constitution

The charitable company, which is limited by guarantee, does not have share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

19. Commitments: Operating leases

At 31 December 2023 Farm Africa has the following commitments under non-cancellable operating leases:

	Equipment	Property	Total 2023	Total 2022
	£'000	£'000	£'000	£'000
In less than one year	15	118	133	121
Between one and five years	46	-	46	93
Later than five years	-	-	-	27
	61	118	179	241

20. Related party transactions

There were no other related party transactions requiring disclosure other than transactions with subsidiaries (2022: £143,000).

Farm Africa Limited charged a management fee of £18,937 (2022: £18,612) to Farm Africa Trading Limited. At 31 December 2023, Farm Africa Trading owed £214,000 (2022: £226,000) to Farm Africa Limited.

21. Parent company result

The parent company generated a deficit of £3,072,000 (2022: surplus £88,000).

The overall result of the charitable company is a combination of the unrestricted and restricted fund surplus or deficit. The nature of the restricted grants and timing of income recognition of restricted income vary significantly year by year. For example, in some years restricted grant funding is received in advance on a number of grants and in others the income already received is spent. Therefore, there are significant variations in the overall surplus or deficit of the charitable company.

22. Pension costs

As at 31 December 2023, Farm Africa operated one defined contribution scheme in the UK, provided by Friends Life part of the Aviva Group. It also makes contributions into other individual employee pension schemes. Farm Africa paid contributions at a rate of 8% of employee salary during the accounting period.

The pension cost included in the statement of financial activities for UK employees was £98,000 (2022: £91,000).

23. Legacies

The estimated value of legacies notified but neither received, nor for which we had received confirmation from the executors that a payment could be made as at the year end, and so not included in income is £1,104,000 (2022: £937,000).

24. Capital commitments

There were no capital commitments outstanding as at 31 December 2023 (2022: none).

25. Acting as agent

Farm Africa acted as an agent during the reporting period. The charity received £nil (2022: £2,129,300) and paid £14,600 (2022: £5,940,700) as agent during the period, with a balance as at 31 December 2023 of £nil (2022: £12,989).

FARM AFRICA LIMITED

England & Wales - Charity number 326901

Accounts



**2022 Annual Report
and
Financial Statements**

**Farm Africa Limited
Company Number: 01926828**

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Part 1

Trustees' Report

Report of the Chair

Welcome to Farm Africa's 2022 Annual Report, in which we focus on how seven of our projects have supported communities across eastern Africa to grow more, sell more and sell for more, while protecting the environment for generations to come.

You'll read about a wide range of our work from helping young farmers in western Kenya sell French beans to the export market, to protecting biodiversity in national parks in Ethiopia, to supporting a small sunflower business in Tanzania.

Farm Africa has traditionally focused on rural areas, but we're excited to have undertaken a pilot urban agriculture project in Ethiopia's capital city Addis Ababa. Find out how urban farming can boost incomes and nutrition while also regreening cities on page 13.

In total, Farm Africa reached 718,000 people in eastern Africa in 2022. That's 718,000 stories of change, made possible thanks to the support of people like you. Stories of parents now earning enough to send their children to school. Stories of whole families able to eat better. And stories of wildlife flourishing in once barren landscapes.

We're particularly proud of our work to economically empower women. Many of our projects help to form village savings and loan associations, which enable women to diversify their incomes by investing in a variety of farming and non-farming businesses.

Here in the UK, we're proud to have two formidable women as new Ambassadors: Judith Batchelar OBE, former Director of Sainsbury's Brand at J Sainsbury plc, and Minette Batters, President of the National Farmers' Union. I'm also delighted to welcome as new Trustees François Jay, Anna Onyango and Victoria Sekitoleko, who joined our Board in early 2023.

On a sadder note, in December 2022, both David Campbell, Farm Africa's co-founder, and Professor John Mumford, a longstanding member of our Programmes Advisory Committee, died. In February 2023, the economist and livestock expert Stephen Sandford, who contributed much to our Ethiopia programme, also died. All three made a huge contribution to Farm Africa and we pass on our heartfelt condolences to their loved ones.

Many thanks to everyone who supports Farm Africa, and to all the staff across eastern Africa and in the UK who work towards achieving our vision of a resilient rural Africa where people and the environment thrive.



John Reizenstein

Chair

8 June 2023

Report of the Chief Executive

As we look back at 2022, one of the biggest issues affecting Farm Africa and the communities we serve is drought. The Horn of Africa continues to experience the longest and most severe drought ever recorded, threatening lives and livelihoods across the region.

While the impacts of climate change are being felt globally, they continue to disproportionately affect the most vulnerable people and fragile ecosystems. There is an urgent need to invest in climate change adaptation in Africa, and many adaptation measures are cost effective.

Climate action is a priority for Farm Africa, and in this report you will read many examples of our work to strengthen communities' resilience and adaptive capacity to climate change, as well as reduce greenhouse gas emissions.

By helping communities adopt climate-smart agriculture techniques we're helping them to grow, sell and earn more, even when the rains fail. Farmers taking part in our climate-smart agriculture project in the drought-prone Dodoma region of Tanzania, funded by the World Food Programme and Irish Aid, were able to increase their productivity of sorghum by 400% from two to three bags per acre to 10 to 12 bags per acre, and reduce post-harvest losses from 27% to 15%, leading to a 15% increase in household incomes.

In 2022, we launched a major new climate-focused four-year programme in the Oromia region of Ethiopia, in collaboration with SOS Sahel Ethiopia. The Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy in Ethiopia, will reduce deforestation, carbon emissions and biodiversity loss, while also improving the incomes and resilience of the local community. The programme will complement our existing Bale Eco-region project, featured on page 9.

We are always keen to exchange learning with others. In November we attended the COP27 climate conference in Sharm el-Sheikh, where we talked on topics ranging from how regenerative agriculture boosts soil health to why rural women are disproportionately affected by the climate crisis.

Thank you to everyone who supports Farm Africa. Together, we are protecting both people and the planet.



Dan Collison

Chief Executive

8 June 2023

Strategic Report

This section presents Farm Africa's mission, values and strategic goals, including the priorities outlined in the strategic plan (2021-2025). The section summarises Farm Africa's achievements in 2022, and outlines our goals for 2023.

Vision, mission and values

Farm Africa's vision is of a resilient rural Africa where people and the environment thrive.

Effective agriculture transforms lives, underpins resilient food systems, and protects natural resources. Farm Africa supports a just rural transition for farmers and farming communities in eastern Africa, which improves yields, improves food quality and safety, and increases household incomes. Our technical approaches to sustainable agriculture, market engagement and protecting the environment have the greatest impact when they are integrated into a holistic effort, connecting smallholder farmers to thriving markets and transforming subsistence agriculture into a sustainable business.

We are ambitious to expand our work and increase our impact: to lift more communities out of poverty; to open up more agricultural markets; to provide more expertise and help safeguard natural resources. Climate challenges and the importance of resilient food systems in managing risks such as the current pandemic demonstrate the immediate and increasing relevance of Farm Africa's work.

Our mission

To promote sustainable agricultural practices, strengthen markets and protect the environment in rural Africa.

Our values

- **Expert:** Expertise and insightful evidence-based solutions are at the heart of everything Farm Africa does;
- **Grounded:** Our teams and partners work closely with local communities, engaging them in every level of decision-making;
- **Impactful:** We deliver long lasting change for farmers, their families, and the environments they live in;
- **Bold:** We model innovative approaches and are not afraid to challenge strategies that are failing.

2021 – 2025 strategy

In 2021 we concluded a participatory process to develop a new strategic plan for Farm Africa (2021-2025). In 2023, we are conducting a mid-point assessment of the current strategy. This will involve extensive consultation with staff, partners and external advisors to understand the achievements of the strategy, update our understanding of the regional and sector context, and determine priorities and objectives for the remaining strategy period.

Our initial assessment shows significant progresses have been made against the strategic objectives even though there were major macro-economic challenges in the post-COVID external environment

The great strength of our strategy is the clear articulation of Farm Africa's three thematic priorities: agriculture, market engagement, and environment.

In agriculture, our programmes continue to support farmers to transition from subsistence to commercial livelihoods. Access to better inputs, technology and information improves incomes and makes livelihoods more resilient to shocks. Our projects improve yields and quality across multiple value chains, including coffee, sorghum, livestock and edible oil seeds and horticulture. Our climate-smart approaches help mitigate the effects of climate change.

Market engagement improves farmers' linkages to local and international markets, emphasising business development, access to financial services and support to the small and medium-sized enterprises that are a crucial intermediary between producers and markets. Our links with food industry partners have strengthened our offer in corporate social responsibility.

Our work on protecting the environment builds on Farm Africa's experience in landscape management, including participatory forest management and payment for ecosystem services. Progress in avoiding deforestation has developed our role in carbon sequestering, promoted alternative livelihoods for forest communities, and we have seen our approaches endorsed and supported by governments in the region for replication at scale.

While agreeing that these should still form the foundation of our programmatic objectives, our strategy is underpinned by five cross-cutting themes:

- **Climate action:** We will work to reduce greenhouse gas emissions and strengthen the resilience and adaptive capacity of communities to climate change.
- **Gender equality:** We will design projects to be gender-sensitive and include meaningful outcomes for women's economic empowerment.
- **Youth employment:** We will emphasise the creation of job opportunities for young people throughout the value chain.
- **Resilience:** We will enhance communities', enterprises' and ecosystems' ability to mitigate and adapt to shocks.
- **Agri-tech:** We will embrace the use of technology at all stages of the value chain.

The concept of food systems – describing the connections between producers, consumers, the environment and policy – provides a useful way of integrating the approaches and is the lens through which our approaches, interventions and programmes are analysed. Understanding Farm

Africa's work in the context of food systems opens up new relationships with corporate partners, strengthens our connection to markets and business development, and provides a strong platform for scaling our work through advocacy.

The strategy not only sets out our programmatic directions, it is a plan for the whole organisation. It commits the organisation to a culture of 'One Farm Africa' – emphasising transparent communication, accountability in decision making, and learning across teams. The code of conduct, safeguarding policy, and our security measures are prominent in this.

The plan also steers Farm Africa to a sustainable financial future, which maintains strong reserve levels and delivers steady growth in restricted and unrestricted income. International aid flows are shifting as donors change priorities, with the UK's decreasing aid budget a clear indicator of this. We are building new funding relationships to realise the strategy, including engaging with global climate funds and developing new ways of working with corporate partner organisations.

Our activities and achievements

In 2022 we managed projects across five countries in eastern Africa, reaching 718,000 people. With our help, people working in the agricultural sector have been able to grow their incomes while also protecting their local environment for generations to come.

This section focuses on seven of our projects, illustrating the impact our work has had in helping communities to increase their yields, improve the quality of their produce, build their links to market and manage natural resources sustainably.

GROWING FUTURES

In May 2022, Sabrina Dhowre Elba visited Farm Africa's Growing Futures project in western Kenya to meet young farmers receiving support to build horticultural businesses growing and selling vegetables that are in high demand.

Sabrina Dhowre Elba, who is a UN Goodwill Ambassador for the International Fund for Agricultural Development (IFAD), started supporting Farm Africa in 2022 through S'ABLE Labs, a multifaceted wellbeing initiative she founded with her husband, the actor Idris Elba. S'ABLE Labs is pledging 5% of the profit from the sales of its skincare products to Farm Africa.

To mark the start of the partnership, Sabrina travelled to Trans Nzoia County in western Kenya to meet farmers taking part in Farm Africa’s Growing Futures youth horticulture project.



Sabrina Dhowre Elba (left) pictured with Farm Africa Programmes Manager Mary Nyale in the new solar-powered vegetable packhouse in Trans Nzoia. Photo: Farm Africa / Lisa Murray

Farmers in Kenya receive support from government agricultural extension officers who provide them with agricultural advice, inputs and services to support their farming. However, with the national ratio of farmer to agricultural extension officer at a stark 1:400¹, smallholder farmers in Trans Nzoia have been struggling to access information on farming technology and markets.

That’s where Farm Africa comes in. The Growing Futures project helps farmers develop agricultural expertise to grow high-quality vegetables and sell them at good prices to increase their incomes.

Sabrina commented: “I had such an extraordinary time visiting Farm Africa’s work and talking to the farmers about their challenges and needs.

“In a region with high youth unemployment, it was really inspiring to meet young people who have become successful entrepreneurs with support from Farm Africa. The charity shares their in-depth expertise in climate-smart, environmentally-friendly farming and marketing with the project participants.”

“In the face of the climate crisis, it is more important than ever to invest in sustainable agriculture. We are delighted to work in partnership with Farm Africa to unlock the potential of young entrepreneurs in rural communities.”

Meet Lilian

One of the farmers Sabrina met was 36-year-old



Lilian Wolayo, from Bondeni Village, who has built a thriving horticulture business with support from Farm Africa. She now actively helps other farmers in her village to grow high-quality vegetables and improve their livelihoods through her role as a Village-Based Advisor (VBA). The VBA

model empowers young people and female smallholder farmers to provide agricultural extension services and linkages to markets and inputs as a business. Lilian buys produce from the farmers she supports, stores it in a cooler and sells it to wholesalers.

Lilian enjoys promoting the benefits of horticulture to her neighbours, including the chance to make a quick return on investment due to the crops having short maturity times. She told Sabrina: “I’m a teacher to many. They’re always asking me, ‘You just planted recently and today you are almost getting the money. How do you do it?’ Money is in the ground! Isn’t it a good thing?”

Lilian showed pride in the role she plays supporting younger women: “When we empower women, you empower a nation. When a mother has money, she can make sure the children are raised up. I’m always with the younger women encouraging them, let’s do this, let’s do this. This one [farming] can give us money and we are so encouraged.”

Resilience to climate change

The project enabled farmers to improve the quality and productivity of vegetables by offering training on climate-smart agriculture, including water management systems, soil resource management, integrated pest management and post-harvest handling.

Training was delivered to model farmers, who in turn showed other farmers what they had learnt on demonstration plots. The lessons were reinforced through exchange visits to other farms.

The introduction of solar-powered water pumps helped ensure farmers had access to water for

irrigation, even during drought conditions. The construction of a solar-powered pack house has reduced the amount of food lost and has meant the produce is kept fresh before being collected by buyers. Between December 2021 and December 2022, farmers' total production increased by 24% from 1,181 metric tonnes (MT) to 1,464MT.

Access to markets

By strengthening farmer groups and offering training in collective marketing and contractual farming, Farm Africa helped farmers develop skills to identify high-end markets for their produce and negotiate good terms. We helped the farmers gain certification in Global GAP (Good Agricultural Practices), which improved buyers' confidence and enabled them to secure more orders at higher prices.

SUCCEEDING ON MANY LEVELS IN ETHIOPIA

A broad-scale approach is having remarkable impact in the ecologically critical Bale Eco-region and the downstream communities that depend on it.

The Bale Eco-region (BER) is often described as one of the 'water towers' of Ethiopia, with the 44 springs and vast watershed of the Bale Mountains supplying water for an estimated 30 million people in south-eastern Ethiopia, northern Kenya and Somalia. The area is also a global biodiversity hotspot whose rich natural resources are under intense pressure. With support from the European Union and Jersey Overseas Aid, Farm Africa is leading a consortium of partners in a major project to enhance the sustainable management of ecosystems, while helping local people develop sustainable livelihoods.

An expansive approach

The first phase of the BER project began in 2014 and created an eco-region development framework to help the government and local communities sustainably manage forests, rangelands and water sources, while helping to develop forest-friendly businesses and make existing agricultural land more productive in order to ease pressures to clear forests for farmland.

Building on those successes, in 2019 an ambitious five-year expansion phase was launched. The BER Phase II project aims to reach 1.6 million people living across the highland, mid-altitude and lowland zones of the region, as well as to improve the drought resilience and food security for the 30 million people living downstream of the Bale Eco-region.

The large scale of the project is part of an innovative approach that takes into consideration the interconnectedness of the highland, mid-altitude and lowland ecosystems and the needs of the communities that live within them. As Programme Manager Girma Ayele explains, "Because of the interconnectedness of the region's ecology, unsustainable land use practices in one zone greatly impact natural resources elsewhere. To stabilise the ecosystem as a whole, it's crucial to develop sustainable livelihood opportunities and land use practices across all three zones at once."

For example, communities living in highland areas mainly earn a living from forest products and mixed crop and livestock farming, while communities living in mid-altitude and lowland areas are predominantly pastoralists and agro-pastoralists. Clearing forests for agriculture in the highland areas disrupts the flow of water to mid and low altitude areas, causing crop failure and water shortages that force pastoralists to drive livestock into upper forested areas in search of water and forage. This encroachment damages the forests further, which in turn further destabilises the highland ecosystem, with negative impacts for all.

Solutions that work on every level

To break the cycle of destruction, the Phase II strategy addresses both livelihood and natural resource management needs across all three altitudinal zones.

The project is promoting livelihood development by:

- working with the Frankfurt Zoological Society in the Bale Mountains National Park to strengthen eco-tourism
- supporting communities to sustainably manage livestock and rangelands, and increase access to improved breeds, animal health services, water and markets so that herd productivity can be increased without increasing herd sizes
- strengthening value chains for non-timber forest products, including forest coffee,



- honey, gum and resin, to provide an economic incentive for protecting forests
- working with women and young people to increase their incomes by developing businesses rearing goats and producing milk, and making energy-efficient cook stoves and eco-charcoal, which reduce demand for firewood.

The work to protect natural resources includes:

- strengthening Participatory Forest Management and Participatory Rangeland Management Committees to better manage the forests and rangelands
- supporting community-controlled hunting areas
- increasing awareness of the relationships between population, health and the environment, and providing greater access to family planning services.

‘Remarkable progress’

In 2022 a comprehensive evaluation of impact showed that virtually all the midterm targets of this innovative project have been achieved and many dramatically exceeded. The evaluation deemed the project to have ‘made remarkable impacts in improving the livelihoods of the vulnerable’ and ‘remarkable progress in the sustainable management of the ecosystems and watersheds of the BER’.

Amongst the many success stories, the evaluation findings show the total traded volume of non-timber forest products such as forest coffee, honey, gum and resin was 29,946 kg, exceeding the midterm target by 33%, with the total revenue earned to be 1.95 million Ethiopian Birr (£29,225), exceeding the midterm target by 87%.

That is good news for livelihoods, and good news for the environment, on a grand scale.



In the last two years, The Magariisaa community nursery group has produced and sold over 50,000 coffee seedlings and 16,000 tree seedlings (including

eucalyptus, grevillea, juniper, moringa and fruit trees). The group was formed through the Odaa Wedessa Participatory Forest Management Cooperative, whose numbers have grown from 33 founding members in 2013 to 750 members in 2022. Abdulkerim Hussien, Community Development Officer, BER II project, commented: “In my professional service as a forestry expert. I have never seen such a successful community nursery site.”

480,986 hectares of forest are now covered by active participatory forest management protection systems.

UNLOCKING SMALL HORTICULTURAL ENTERPRISES’ POTENTIAL

With business training and support, Farm Africa is helping small enterprises tap into the prosperity of Tanzania’s booming horticultural sector.

Already ranked amongst the world’s top 20 producers of vegetables, Tanzania’s horticultural sector is steadily growing at a rate of 11% per year. Much of this production is being delivered by micro, small and medium-sized enterprises (MSMEs). However, inadequate business expertise is preventing many of these companies from scaling up to reap the full benefits of soaring demand.

To overcome this barrier, the Delivering Expertise and Investment to Developing Enterprise (DECIDE) project, funded by the Norwegian Agency for Development Cooperation (NORAD), has been supporting a range of MSMEs to evolve into profitable, growing agribusinesses.

Why agribusinesses?

Although agri-businesses have contributed to the accelerated production rates of raw horticultural produce in Tanzania, the agri-business industry itself has not been able to match that growth.

This is especially true for processing enterprises, such as sorting, grading, preserving and packaging, which add value to raw produce. Such enterprises present excellent inclusive opportunities for growth.

For example, low start-up costs and small space requirements enable aspiring female entrepreneurs who lack the land or finance for farming to develop businesses processing agricultural produce.

These enterprises then create further employment opportunities for other women and young people. Smallholder farmers also benefit through grow-to-order contracts that supply MSMEs with quality raw produce in return for a guaranteed price.

Upskilling and upscaling

From a seed producer to a ketchup manufacturer to a café owner, the DECIDE project works with a huge diversity of businesses engaged in the horticultural sector. Project activities cater to the specific needs of each business, but include:

- providing bespoke training in management, financial and technical skills
- helping enterprises develop professional business cases and prepare for due diligence processes to support loan applications
- identifying new activities that could make the enterprises a positive return on investment
- facilitating mutually beneficial contracts between farmers, buyers, suppliers and traders
- identifying and tackling the obstacles facing female- and youth-led businesses

Originally timetabled to complete in December 2021, this three-year project has made such promising impact that funding was extended a further 18 months, enabling the project to embark on its fourth year of support in 2022.

Decisive growth

In 2022 the DECIDE project continued to work with the 40 MSMEs already enrolled in the project, and identified an additional 15 to support. Of the total participating enterprises, approximately 71% are led by women. By the end of 2022:

- average annual profits per SME was TZS 35,428,423 which is 86% of the target.
- 76% of the businesses were sourcing their raw produce directly from smallholder farmers, trading an average annual value of 2.8 million TZS (£991), which exceeded the project’s 2022 target of 1.5 million TZS (£514) by 93%
- 85% of businesses were receiving external financing for investment, exceeding the 2022 target by 21%

Among the skills the business leaders cited as most useful were learning how to manage financial records digitally, how to use electronic devices to track transactions and payments, how to secure finance, and how to model good communication and teamwork.

Caroline Kaaya, Manager of Café Fresh Enterprise (pictured left at the top of the next column), commented:

“Farm Africa have enlightened me with knowledge on business management. Before, I never had a stock taking practice. They assisted me with how to keep

my financial records. Instead of using an exercise book, I switched to a digital point of sale system. I have seen the major advantage to this.”



Athuman Hamisi, a contracted smallholder farmer for BEULA (pictured below) commented:

“I farm with BEULA Company. I see many advantages personally and in my society. I didn’t have a house, I have now built my own house. My children are in school. All through the income I get by farming with this company.”



GROWTH FOR THE FUTURE

A large programme in different locations across Ethiopia developed innovative solutions to managing the tension between economic development and environmental conservation.

Growth for the Future was a six-year (2017-2022) programme designed by Farm Africa and partner NGOs in collaboration with the Swedish International Development Agency (Sida) to improve the profitability of people’s livelihoods in Ethiopia in an environmentally friendly way.

Here we focus on three of the programme’s six projects that took place in different settings, but are linked by shared aims to kickstart economic development, build communities’ resilience to climate change and conserve biodiversity.

1. Getting markets moving in Amhara

The Market Systems project in the Amhara region of northern Ethiopia improved the incomes and food security of 10,000 rural families living in poverty by making sure smallholder farmers had access to the buyers and suppliers they needed to build thriving farming businesses.

Agricultural productivity in the region had been dwindling as farmers lacked knowledge on how to adapt their farming to more frequent droughts. The project helped farmers learn how to boost their yields by adopting climate-smart farming methods, improving their post-harvest handling of crops, and using vermi-composting techniques to produce high-quality organic fertiliser.

The farmers adopted a business-focused approach, analysing which crops were in high demand as well as developing their links to buyers. Farmers formed groups producing high-value cash crops such as mung beans, tomatoes and onions they could sell collectively. A new digital system called Farmer App gave them up-to-date access to market selling prices.

Low availability of farming inputs had also been stifling productivity. Many farmers were receiving poor value inputs from illegal vendors selling low-quality seeds, fertiliser and equipment at high prices. The project overcame this by strengthening input cooperatives and supporting three private agro-dealers to develop businesses selling high-quality inputs such as drought-tolerant crop varieties at fair prices, and supplying much needed advice on how to optimally use the inputs.

Interest-free Sharia-compliant finance opened up new opportunities for Muslims previously excluded from the loans market. The loans enabled people in Amhara to invest in new income-generating businesses both on and off farms, helping to reduce the outward migration of young people in search of job opportunities.

The rehabilitation of degraded and bare lands not only protected against floods and soil erosion, but

created further opportunities for landless young people and women to earn money growing crops, fruits and vegetables.



At the end of the project, the average household dietary diversity score, which is a measure of household’s access to a variety of foods and is also a proxy measure of a household’s socioeconomic status, had increased from 4.9 in November 2020 to 7.0 in November 2022.

“Our agro dealer Mr Mohammed is our counsellor; we can contact

him at any moment for advice on inputs for our fruits, vegetables and agricultural production.”

Seid, a farmer who took part in the Market Systems project.

2. Managing the landscape in the Central Rift Valley

The Ethiopian Central Rift Valley (CRV) is a magnificent landscape known for its unique ecosystems, wildlife and endowment of water resources, forests and productive soil. However, uncoordinated development and persistent poverty are undermining the resilience of rural communities there.

Land degradation and deforestation are high and widespread. The quality and quantity of the water resources are declining. Protected areas are facing high levels of encroachment, affecting biodiversity and tourism potential. Agricultural potential is being lost due to land and soil degradation, overgrazing and the effects of climate change.

The five-year CRV project helped local communities to increase and diversify their incomes by engaging in a variety of sustainable businesses, ranging from growing fruits, vegetables, spices and staple crops to beekeeping; rearing fish, goats and poultry; fattening livestock and producing and selling vermi-compost. Others set up non-farming small businesses.

Haricot bean production was particularly successful, having the twin benefits of being a high-value cash crop and a plant that helps to enhance the fertility of the soil through nitrogen fixation.

By producing a range of foods, families were able to increase their nutrition as well as incomes. And by

replacing chemical fertilisers with vermi-compost, and using solar-powered water pumps, biogas technologies and fuel-efficient cook-stoves, farmers were able to reduce greenhouse gas emissions.

We also helped local communities to untap the potential of ecotourism, with jobs created in new ecotourism lodges in Senkele and Abijata Shalla Lakes National Parks. Meanwhile, cattle that once grazed freely are now restricted to certain areas, with huge benefits to once barren rangelands that are again bursting with life. Verdant green grass is flourishing, springs have resurfaced, and wild animals including hippos, kerkeros (wild boars) and birds have returned to the area.

Over the five years of the project, average household incomes increased from 25,254 Birr (£380) to 83,016 Birr (£1,248).



Local communities cleared 62 hectares of water hyacinths from Lake Koka. The invasive weed causes water resources to dry up and damages aquatic organisms like fish and plankton.

3. On the up and up in Addis Ababa

In Ethiopia's capital city, Addis Ababa, the cost of living is soaring and many of the poorest households are struggling to afford food, rent, healthcare and school fees.

Urban agriculture is a growing movement that uses pockets of underused urban space to grow vegetables and rear livestock and fish. It is gaining global attention for its promising potential to improve urban food security.

With Addis Ababa's population of more than four million people, 22% of whom are poor and 23.5% unemployed, advancing urban agriculture in the city is a powerful way to build healthy diets and job opportunities, and create a greener city.

A pilot plan

To explore that potential, in 2022 Farm Africa worked with Ethiopia's Ministry of Planning and Development (MoPD) to implement a 15-month urban agriculture pilot project in the city. The project aimed to:

- improve incomes, nutrition and food security for 100 low-income households by training them in urban agriculture
- create a learning hub for the sharing of urban agriculture techniques
- promote urban beautification and environmental protection.

The project participants worked with Farm Africa to develop an organic urban agriculture demonstration site on waste ground in the MoPD compound. They were encouraged to replicate their learning at home with compost and seeds supplied by the project.

Growing inspiration

Within a year, the waste ground at the MoPD has been transformed into a green oasis. The first of its kind in the country, the demonstration site showcases a range of growing methods that can be implemented in urban areas, including many that optimise vertical space. The methods have been carefully chosen to provide solutions for different budgets and spaces, from systems constructed from ordinary household materials like PVC pipes and discarded containers to sophisticated tiering systems.

Cultivating interest

The MoPD compound has proved an ideal place for the demonstration site. With its high visibility and central location, the site has welcomed numerous visitors, including civil servants, community groups and academic institutions. Forty-nine government staff received training on urban agriculture over the year.

The enthusiasm of project participants has been high. Of the 100 households taking part, 90% are now using the techniques they've learnt to grow food at home. And since most people in the city have smartphones, the project has a thriving group chat used by over 75 participants to coordinate their work at the demonstration site and swap growing tips. In focal group discussions, many have expressed how much they've enjoyed taking part in the project. That sentiment has been particularly strong amongst those who were jobless and elderly women who had previously spent most of their time at home.

Growing food security, nutrition and incomes

The impacts on food security and nutrition have been very encouraging. Average dietary diversity of participant households increased by 75% by the end of the year, and the proportion of those able to obtain year-round access to sufficient food for their families increased by 18%. What's more, the levels of heavy metals are much lower in the project's vegetables

compared with equivalent produce bought from the city's markets.

Project training covered business aspects such as establishing village savings and loan associations (VSLAs), marketing and customer relation skills. During the course of the year seven VSLAs were established, and by selling the surpluses of their production, participant households were able to increase their annual incomes by 49%.

Meet Sihen



Growing plants has always been Sihen Tsigie's passion, but she had always grown flowers. Now her house is surrounded by a variety of vegetables and herbs including lettuce, beetroot, collard greens, carrots, Swiss chard and mint. She is growing for her own consumption and has joined Menen VSLA, one of the VSLAs established through the project.

"I have harvested and eaten lettuce and Swiss chard more than five times", she says. "There is a big difference between vegetables from the market and from your yard. It's fresh and tasty. Above all, you feel confident enough to eat it, as you grow it clean and organic."

"The most important thing is I invite others to try what I have done, giving seedlings and compost, hoping to see them producing their own food."

Lessons learnt

In one short year the project has demonstrated what can be achieved when underused public spaces are repurposed for food production. Incorporating community-owned agriculture spaces into urban planning strategies could play a powerful role in improving the livelihoods of poor urban households, while creating greener and more beautiful cities for all.



In just one year, project participants:

- *increased their annual incomes by 49%*
- *increased their dietary diversity by 75%*

CULTIVATING RURAL BUSINESSES

The Cultivate pilot programme supported small and growing agri-businesses in Kenya, Tanzania and Ethiopia to unlock their growth potential.

Developed by Farm Africa with funding from the Vitol Foundation, Cultivate aimed to stimulate economic growth in rural eastern Africa by providing business skills training to small and growing businesses with an agricultural focus. A hybrid remote and in-person business skills training programme was delivered to 64 rural agri-businesses in Kenya, Tanzania and Ethiopia, exceeding the target of 40 businesses by 60%. Seventeen were women-led.

These agri-businesses ranged from primary production to processing, aggregation, wholesaling, distribution and export of agricultural produce. Cultivate, which ran from January 2019 to June 2022, supported these businesses to:

- access online business skills training in collaboration with the African Management Institute (AMI) to improve their skills in operations, networking, finance and planning

- improve their profitability, revenue growth, client and supplier count, and product quality
- manage financial risk and unlock growth potential

Through these improved business and technical practices, the project aimed to empower the businesses to achieve stable long-term business growth.

Online training, in-person support

All the businesses, with the exception of the Ethiopian cohort, undertook the online AMI Guided Grow Your Business (for early stage enterprises) or Grow Your Business (for growth stage enterprises) training programmes. Due to a lack of internet access, the 10 Ethiopian businesses received their AMI training offline using translated AMI training materials. The remote learning was combined with in-person technical support visits by the Cultivate team.

Project staff learnt that combined online training and in-person support provided the most cost-effective and impactful way of delivering the training. This conclusion was supported by participant feedback data, with 70% of businesses indicating this as their preferred combination. Although participants appreciated the convenience and cost effectiveness of online training, the personalised technical advisory support they received was also highly valued and helped to build trust between businesses and Farm Africa staff.

Planting the seeds of success

One of the many agri-businesses to have taken part in the Cultivate training was The Rey Products Group, based in the Singida region of Tanzania.



Established in 2014 with five employees, the business specialises in processing sunflower seeds, with their main products being sunflower oil and seed cake.

Before joining Cultivate, Mr Said Mtoro, the business owner, was struggling to take his business to the next

level. “We were not doing research to know how other businesses were branding their products; we were not keeping records and we had no proper hiring procedures”, he commented.

When Mr Said heard the Cultivate training would cover ‘how to understand customers and markets, track transactions and stock, streamline operations and plan for growth’, he was quick to enrol in the six-month training programme.

“As a result of the training, we have engaged an expert in bookkeeping, and we conduct market research. We also recruit new staff by advertising and conducting interviews so that we can get competent employees,” recounted Mr Said.

The improved business practices have had an immediate impact. Since undertaking the Cultivate training, The Rey Products Group has increased its number of employees from 12 to 15 and successfully secured a loan from NMB Bank’s Singida branch, increasing their working capital by 25%. The company is now marketing their sunflower oil in Dar es Salaam, Kilimanjaro and Kagera regions, and has begun exporting sunflower seed cake to Kenya.

Growing resilience

The results of the Rey Products Group mirror the growth and improved performance achieved by other agri-businesses that participated in the Cultivate training. During their period of involvement with the project, participating businesses reported an overall 18% increase in average monthly revenue and 7% growth in profits. A total of 11 businesses (26%) independently accessed working capital with 64% of the loans accessed from formal financial institutions. There was also a 30% net growth in employment, with 23 businesses hiring a total of 73 new employees, 97% of whom were female.

To have achieved this growth, despite two years of below average rainfall and lingering setbacks from the Covid-19 pandemic, attests to the participants’ improved ability to manage risk and maintain stable, long-term business growth.

That isn’t just good news for the businesses, it’s good news for their communities. Strong, resilient agri-businesses grow the rural economy, providing local employment and a reliable income stream for the small-scale farmers who supply them.

Mr Said Mtoro and his wife, who is also a business partner, in front of their sunflower processing unit in Singida, Tanzania.



By helping sunflower processors like Rey Products Group to grow, we help ensure there is a market for small-scale farmers' produce.

REMEMBERING DAVID CAMPBELL OBE

1 September 1937 – 27 November 2022 Farm Africa was deeply saddened to hear of the death of David Campbell OBE, an agriculturalist and specialist in African rural development who co-founded Farm Africa with the late Sir Michael Wood.

David was born in 1937 in Welwyn Garden City. In 1957 he was called up for National Service, and while in the army decided to go into farming. After working on a farm in Kent for a year, he attended the Royal Agricultural College, Cirencester, to study for a diploma in agricultural science. Driven by a desire to travel, at the end of the course he applied for a job as an assistant manager on a tea estate in India, and spent the next two years in Zurrantee, a tea garden in the Himalayan foothills, several miles from the Bhutan frontier.

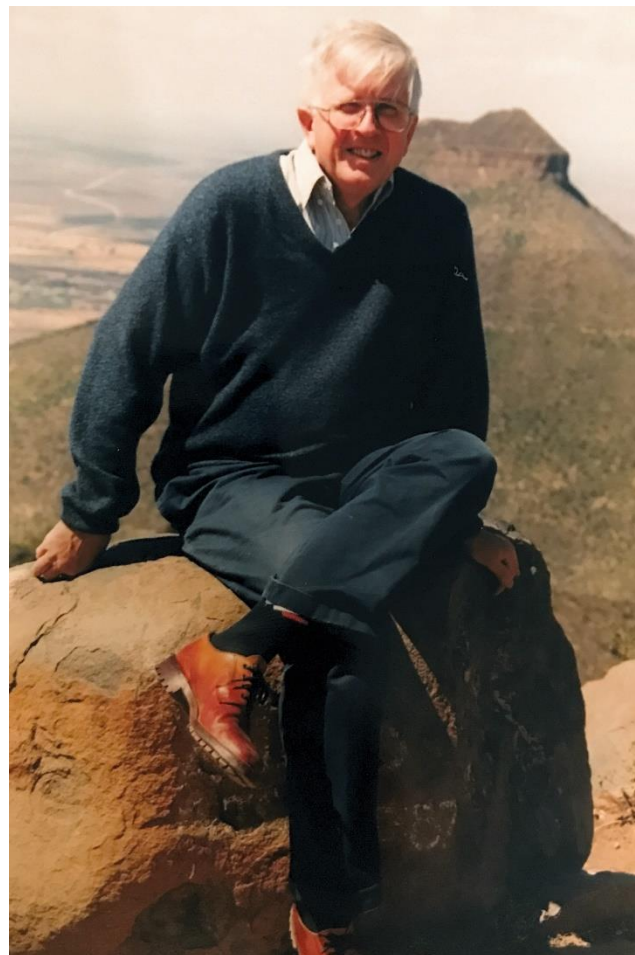
After returning to England, he worked as an agricultural journalist for Farm & Country and Farmers Weekly, which sparked his interest in agricultural development and poverty. After travelling in India and Africa, he worked for Oxfam in Bangladesh and then Nairobi in Kenya.

It was in Kenya where David met Sir Michael Wood, a founder to the Flying Doctor Service and the African Medical Research Foundation (AMREF), with whom he established Farm Africa in 1985.

In a memoir published on his website, David Campbell described the origins of Farm Africa:

“Michael, who seldom spoke about himself, said: ‘I’m retiring from AMREF in a year. I have concluded after a life’s work as a surgeon in Africa that food is the best medicine. I now want to start an initiative to tackle the problem in new ways.’ I jumped at this: ‘I finish my contract next year. I too want to concentrate

on food production. May I join you?’ This was the beginning of FARM.”



The founders started the organisation in response to the famine in Ethiopia with the firm belief that developing small-scale agriculture was the key to reducing rural poverty.

Originally called FARM-Africa (Food and Agricultural Resource Management), the charity’s initial aims were to target farmers and herders who had the capacity for expansion; work with them to find solutions to help lift them out of poverty; draw on the latest research; look for approaches that could be used more widely by other communities, development groups and governments; and publicise successes and also failures.

These principles are still very relevant to the charity today, which was renamed Farm Africa in 2015. Speaking at Farm Africa’s 30th anniversary AGM in 2015, David Campbell commented: “Michael and I both believed passionately in the need to revitalise African agriculture, to break the mould which often inhibited development and to find new more effective strategies.”

Farm Africa's first project was in Kenya, followed by expansion to Tanzania, Ethiopia and South Africa. To start with, Farm Africa supported camel herding communities, then added a dairy goat project, before starting work in other areas including forestry.

After Sir Michael died in 1989, the Farm Africa head office was relocated from Nairobi in Kenya to Oxford in the UK. David Campbell led the organisation from the UK until stepping down in 1999. On retiring from Farm Africa, David received an OBE from Her Majesty The Queen 'for services to African farming'.

In his online memoir, David wrote: "Looking back on FARM I feel more strongly than ever that our approach was and is highly relevant. It put faith in communities to be able to solve their own problems – with some outside assistance. It depended on committed teams working with communities, so different from many contract-workers on bilateral and multi-lateral programmes, and we acted as a witness in dangerous and oppressed places. FARM continues to be marvellously alive and relevant."

We are deeply grateful for David's huge contribution to the development of the charity. David is survived by his wife Caroline and their four children Charlotte, Harriet, Jocasta and Cassandra.

Dick and Stephen Sandford

One of the first staff, who played a significant role in shaping Farm Africa's strategic direction, was Dick Sandford, who had many years' experience working with FAO in Africa and the Middle East. Dick's brother Stephen, an economist who had worked for the International Livestock Research Institute, also made a huge contribution to Farm Africa's Ethiopia programme over many years. Farm Africa was very sad to hear of Stephen Sandford's death in February 2023, following Dick's death in 2009. We would like to pay tribute to both of their enormous contributions to Farm Africa.

Performance against objectives

To aid our planning we have broken down the strategic objectives into a set of annual goals. These goals are more specific and time-bound than the strategic objectives. The table below sets out how we performed against our key goals for 2022.

Strategic objective	Annual Goal	
Achieve growth through diversity in funding	We will raise £12 million of restricted grant funding for both 2022 and 2023, including extending relationships with key strategic donors in Norway and Sweden, expanding our work in integrated landscape management and diversifying our grant funding portfolio.	<p>Grant expenditure in 2022 was £12.7 million. This represents one of Farm Africa's best programme funding results in recent years. Substantial grant funding was secured in Ethiopia from our longstanding partnerships with the Norwegian and Swedish governments, in particular to continue and scale up work in Integrated Landscape Management. Programme partnerships with Waitrose in Kenya, WFP in Tanzania, and the EU in Uganda continued to be important for Farm Africa.</p> <p>We laid the ground for new partnerships with the Central African Forest Initiative in DRC, and with UBS in Ethiopia, as well as with the African Development Bank, part of a strategy to continue diversifying our funding sources following the loss of programme funding from the UK government.</p> <p>The programme funding target for 2023 is £14.4 million, and as of the end of Q1 2023 Farm Africa was 75% of the way to this target.</p>
	We will raise £1.8 million of unrestricted funding in 2022 with a diversified fundraising portfolio, including new relationships in the food sector and in the US, with high net worth partners, and featuring the return of the Farm Africa Trek.	<p>Unrestricted income in 2022 was £2.7 million. In the context of a very competitive UK fundraising market, and an acute cost of living crisis, we did well to achieve and exceed our income target. As in previous years, Farm Africa's supporters have responded consistently and generously to our appeals, and Individual Giving remains the cornerstone of our unrestricted income.</p> <p>Farm Africa's trustees very generously raised a fundraising "match fund" of £143,000. This provided a valuable match to our Winter Appeal, and greatly contributed to the success of our fundraising in the last quarter of the year.</p> <p>We continued to receive generous support from a number of our Food For Good members, although corporate giving overall has clearly been impacted by the high inflation and cost of living pressures, as has our events calendar. The environment for fundraising galas remains rather unfavourable. By contrast we've seen a steady increase in the return of our outreach to trusts and foundations, and have received considerably more legacy income than we budgeted for. Notification of a</p>

Strategic objective	Annual Goal	
		<p>very large £1.6 million legacy in June 2022 has provided a considerable boost to Farm Africa.</p> <p>We secured an exciting new partnership with S'ABLE Labs, a natural cosmetics range brand owned by Sabrina and Idris Elba. Sabrina visited Farm Africa's work in Kenya in May, and we also partnered with her around the COP27 climate conference in Egypt in November.</p>
Transforming rural livelihoods	<p>We will define Farm Africa's climate and carbon programme offer, including communicating the results of our forestry projects and defining how Farm Africa will employ resilient, regenerative and climate-smart agriculture approaches to assist smallholder farmers in responding to the impacts of climate change.</p>	<p>We continued to demonstrate technical leadership across several areas of work, and with the support of trustees through the Programme Advisory Committee, and in line with our strategy, we continued to document and communicate this. In 2022 this has included articulating Farm Africa's position on the new funding opportunities available through carbon investment and global climate adaptation funds, documenting the results of the long running REDD+ project in Ethiopia, and describing our approaches to supporting smallholder farmer resilience in the face of continuing climate extremes. Approaches to regenerative agriculture and climate-smart agriculture continued to scale, examples including our work with sorghum growers in Tanzania, supported by WFP, and regenerative agriculture in two counties in central Kenya, supported by the IKEA Foundation through AGRA.</p>
	<p>We will continue to build on the positive impact of our forestry projects by engaging with local communities to enable them to earn income from selling carbon credits.</p>	<p>Partners in Ethiopia requested Farm Africa to sell further rounds of carbon credits, (2.8 million metric tonnes) relating to the reduced emissions calculated from avoided deforestation in the Bale Eco-region in 2020 and 2021.</p> <p>Issues around carbon markets and carbon offsets continued to generate a lot of debate in 2022. The regulation and transparency of the market, and the different interpretations of methodologies to measure avoided deforestation, were deeply explored and subject to considerable scrutiny.</p> <p>Farm Africa continued to work with the accepted tools and guidance for monitoring changes in forest cover and for calculating emission reduction, and our priority remains working with the existing voluntary carbon market to ensure the best deal and outcome for the communities and Participatory Forest Management Committees who are working hard to preserve the crucial and unique forest habitats. At the same time we engaged in the process of commenting on the cross-sector efforts to improve transparency and regulation of the market through the Voluntary Carbon Markets Integrity Initiative.</p>

Strategic objective	Annual Goal	
	We will explore broadening our geographical reach, including operational presence in DRC.	<p>The expansion of Farm Africa's work in DRC is an important objective in our strategy. Building on our partnership with Virunga National Park, the primary opportunity to do this in 2022 was the development of an ambitious coffee and forest cover project with the Central African Forest Initiative. We were awarded a grant to develop a proposal based on strong understanding of the coffee value chain with ten coffee cooperatives in South and North Kivu. Our trustees worked with the team to ensure that the necessary security analysis was included in this process.</p> <p>We await a decision from CAFI to embark on the full-scale project.</p>
	We will define Farm Africa's organisational offer in the coffee value chain	<p>Farm Africa has organisational expertise in several important value chains, including coffee, livestock, sorghum, horticulture and oil seeds.</p> <p>In 2022, and as part of the programme development initiative in DRC, we documented our accumulated experience and organisational offer in coffee production, cooperative development and marketing. The Farm Africa coffee model is one of seven current models that Farm Africa offers in its programme portfolio (others include Resilience, Landscape, Market, Regenerative Agriculture, Business Advisory and Corporate models).</p>
	We will demonstrate impact for 500,000+ community members in 2022.	<p>718,000 people were reached through our programmes during 2022.</p> <p>This number incorporates people directly targeted by our programmes; farmers, agro-pastoralists, livestock herders, fish farmers, MSMEs, cooperatives, local county government, extension workers, agro-dealers, traders and the household members of certain stakeholders.</p>
Technical leadership and advocacy	We will continue to deliver integrated landscape management projects in Ethiopia, closely monitoring and responding to security and inflation risks to deliver 2022 project plans work as thought leaders in participatory forest management in the Bale Eco-region.	<p>Integrated Landscape Management is an important part of Farm Africa's strategy, and a powerful approach to achieving diversified and sustainable livelihoods, while at the same protecting and preserving vital habitats and biodiversity.</p> <p>This multi stakeholder methodology has been furthest developed in Ethiopia through our longstanding partnerships with the Norwegian and Swedish governments and with the EU, working in forest and rangeland habitats in Bale, Majang and the Central Rift Valley (CRV).</p> <p>A comprehensive evaluation of the ILM work in Majang and CRV was carried out in 2022 providing valuable independent evidence for the quality of work, and indicating that investment in integrated and inclusive,</p>

Strategic objective	Annual Goal	
		<p>multi-stakeholder interventions aimed at sustainable results in green growth and landscape management brings significant results and can be achieved at scale.</p> <p>The urban environment can also be considered to be a landscape in which people engage in food production. In 2022 we carried out an interesting and successful pilot of the urban agriculture approach with a group of 750 low income city farmers in Addis Ababa.</p>
	<p>We will document policy breakthroughs in participatory forest management, benefit sharing, aquaculture and forest reserve management</p>	<p>Farm Africa formed a comprehensive Policy and Advocacy Paper which detailed out one identifiable policy influence in each country of operation, with country level advocacy plans to be developed and finalised in 2023. In Ethiopia we held a Biosphere Reserve policy workshop with participants from the House of Representatives and the Prime Minister's office. In Kenya, we have continued county level influencing, including of the VBA (village-based advisor) model in county integrated development and budget plans in Embu and Tharaka Nithi.</p>
	<p>We will do further work to embed standardisation of project indicators and tools - with a focus on income, resilience and women's economic empowerment.</p>	<p>A new performance management dashboard was formed and made operational in Q3 2022. This includes and builds upon the grants management portfolio tracker and partner due diligence, which was carried out by Q3 2022. Additionally we have overhauled and aligned a Results Framework that standardises a manageable list of results indicators. As of Q1 2023 this was being aligned to the current portfolio of 27 projects.</p>
<p>Deepen our partnerships</p>	<p>We will establish new partnerships to further explore the potential of Farm Africa projects to access carbon markets.</p>	<p>We've expanded beyond our longstanding involvement in the REDD+ project in the Bale Eco-region in Ethiopia. We have developed a new partnership with RaboBank's Acorn Initiative. This involves working with smallholder farmers in Kenya to measure carbon removal units as a result of new agroforestry projects, linked to a wider initiative on regenerative agriculture. These can be sold as carbon credits, providing extra income to the farming families.</p> <p>And we are working with GeoTree/Hartree to explore new carbon investment opportunities in Tanzania.</p>
	<p>We will build on our programme expertise and reputation to extend our technical and funding networks.</p>	<p>New networking opportunities in 2022 included Farm Africa's presence at the COP27 climate conference in Egypt, where we participated in multiple panels, seminars and press conferences. New relationships emerging from this included membership of the Global Evergreening Alliance and a closer link with the International Fund for Agricultural Development (IFAD)</p> <p>Additionally carbon networks established with Rabobank and Hartree, and elsewhere with World Agroforestry/CIFOR and PWC. The latter included conducting research on how women are affected by</p>

Strategic objective	Annual Goal	
		climate change in key commercial horticulture supply chains in Kenya.
One Farm Africa	We will agree and implement an action plan building on the staff survey.	Building on a strong routine of more than a decade of biennial staff surveys, work continues to engage with staff and receive their feedback. Staff survey data is consolidated (from three languages), analysed, reported (to staff and board) and clear action plans are put in place at a global and local level. Actions and initiatives are then built into organisational and team annual goals. Where necessary, one-off/bespoke projects are undertaken to address specific priority issues.
	We will continue regular internal communications and all staff meetings.	A focus on regular and inclusive internal communication is an important part of how we are achieving our objective on One Farm Africa. We have continued a series of bi-monthly all-staff project learning sessions, and our bi-monthly newsletter keeps colleagues across the organisation updated on news and events.
	We will progress Farm Africa's diversity and inclusion agenda with a deeper understanding the language and perceptions of the issues within Farm Africa, and develop a Diversity and Inclusion strategy.	We convened a cross-organisational Diversity, Equity and Inclusion (DE&I) group, under the leadership of our country director in Uganda. The team and the CEO carried out a listening exercise to get insights into staff experience of DE&I issues, and we drew important conclusions about board and leadership diversity, equal opportunity and communication styles and standards. A summary of these findings was presented to the board in December, and an action plan agreed for 2023, including progress on further diversifying the membership of the Farm Africa board.
A sustainable financial future	We will balance our unrestricted income and costs in 2022, maintaining unrestricted reserves at their current level with a view to rebuilding back to pre-COVID levels as soon as possible.	Farm Africa achieved its break-even budget goal in 2022. In the context of high inflation and very wide exchange rate variances, not helped by the September mini budget, which negatively affected the value of the pound, this was a considerable achievement. Not counting the receipt of a large legacy, and excluding the generous 'match' fundraising of our trustees of £143,000, we finished the year with a £13k surplus. Overall unrestricted reserves reached £1.9 million by the end of 2022, putting Farm Africa in a stronger financial position, and well on track to achieve our target reserves of £2.5 million by Q3 of 2023.

Outlook for 2023:

Cost of living and inflation increases will continue to challenge Farm Africa budgets and pay reward.

The long drought in the Horn of Africa has impacted much of the region, devastating livestock numbers, reducing yields and further exacerbating price increases. Below average rains are projected to continue in 2023, in part due to the periodic El Niño weather event.

Insecurity continues to impact eastern DRC and parts of Ethiopia, including in Oromia region, which is a focus area for Farm Africa, with potential impact to disrupt programme activities.

Internally, we will carry out a mid-term review of our Five Year Strategic Plan, including a review of the Fundraising Strategy with a view to increasing the return on investment for fundraising activities.

Farm Africa Organisational Priorities 2023	
Organisational Priority (links to strategy)	Initiatives/Activities/Focus
Mid-term review of the Farm Africa strategic plan	<p>We will carry out a review of the 2021 – 2025 strategic plan to reflect on progress to date and priorities for the remaining period (June 2023).</p> <p>This will include considering an investment plan for Farm Africa for the second half of the strategy period pending receipt of planned legacy and carbon income, including strengthening our reserves.</p>
Deliver the break-even budget and build reserves towards the revised board target of £2.5 million	<p>Raise and spend £14.4 million of grant funding for 2023 and £14 million of grant funding for 2024¹ (of which 80% by 30/09/23).</p> <p>Raise £1.76 million of unrestricted income in 2023.</p> <p>Complete carbon credit sales on behalf of partners in Ethiopia.</p> <p>Further strengthen unrestricted fundraising and brand awareness through the redesign of our website.</p> <p>New directions for our 2023 fundraising include the reinstating of the Farm Africa Trek (Tanzania, September), a new partnership with the London Coffee Festival, additional focus on unrestricted fundraising from trusts and foundations, and additional resourcing to broaden our major donor reach.</p>
Development of programme expertise, reputation, and technical and funding networks	<p>DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project.</p> <p>Security training implemented for all country teams, including crisis management</p> <p>Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management.</p> <p>New strategic partnerships progressed to secure diversified funding, including new carbon opportunities progressed.</p>
Culture and People: maintain positive workplace culture, building on our identity as One Farm Africa, to continue or improvements in cross-team information sharing and working and in leadership transparency	<p>Carry out the 2023 staff survey.</p> <p>Continue regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings.</p> <p>Develop and implement a framework of inclusive language that is appropriate to the context our staff are operating in.</p>

¹ Subject to mid term review of strategy

Farm Africa Organisational Priorities 2023	
Organisational Priority (links to strategy)	Initiatives/Activities/Focus
Strengthen Farm Africa's approach to the management of key assurance processes.	Timesheet system agreed and implemented for Farm Africa. Digital strategy agreed in support of fundraising, communications and knowledge management.

Financial report

In this section we set out the financial performance of Farm Africa Limited and its subsidiaries ('Farm Africa') in 2022 and review its position at the end of the year. We continue to monitor the impact of inflation and other economic factors which continue to present challenges for project delivery and on Farm Africa's reserves and its management of financial risk, including implications for the trustees' assessment of the organisation's going concern status.

Financial performance

Income

Farm Africa receives income principally from three sources:

- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding);
- Donations, legacies, and other fundraising activities (unrestricted funding).

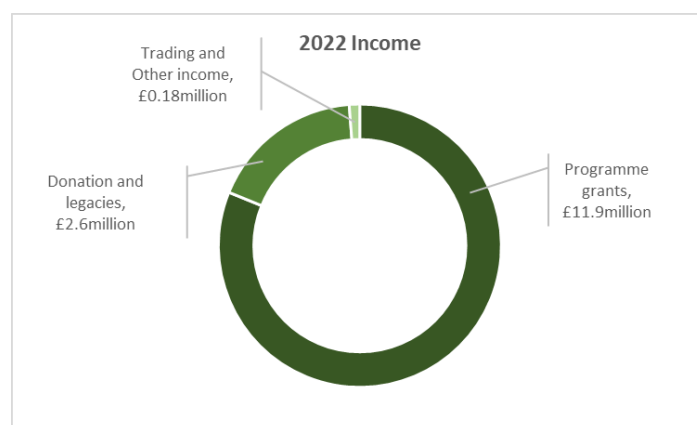
Total income in 2022 increased to £14.72m (2021: £12.36m). This reflects an increase in grants awarded as we come out of the uncertainties caused by the pandemic and timing of receipts according to the terms of the grants in progress in a given year.

Programme grants remained the largest funding stream at £11.9m (2021: £10m). This included income on four projects including: the new Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy in Ethiopia, additional funds were secured towards Growth for the Future from the Swedish International Development Agency (Sida) and ongoing multi-sector eco-regional approach in Bale Eco-region in Ethiopia, funded by the European Union; and funding from the Waitrose & Partners Foundation for the next phase of the climate and partners voice project in Kenya.

Donations and legacies, increasing to £2.6m (2021: £2.1m), with our committed giving and responses to appeals remaining at pre-COVID 19 levels, and

several significant legacies offsetting the loss of income due to the cancellation of in-person fundraising events.

The chart following shows the breakdown of income between the principal sources:



Expenditure

Farm Africa's expenditure falls into three main categories:

- Direct costs of implementing programmes in Africa;
- Fundraising costs;
- Support costs, including head office staff and governance.

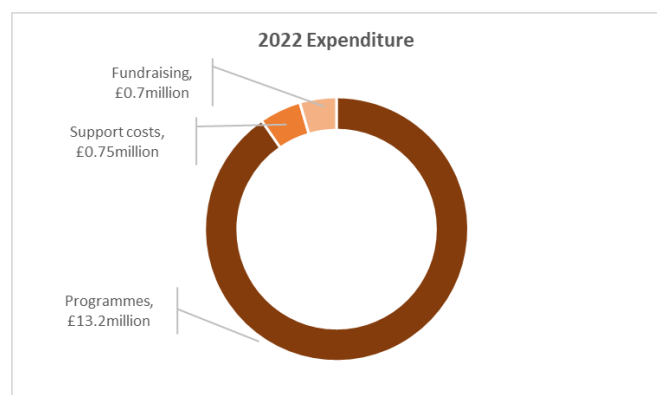
Total expenditure in 2022 increased to £14.6m (2021: £11.7m).

Programme spend increased by £3.3m to £13.2m (2021: £9.9m) with acceleration on significant projects in Ethiopia as the security situation caused by conflict in Ethiopia improved and new funds were secured in the year.

Support costs decreased by £0.3m to £0.75m (2021: £1.1m). This was mainly due to cost savings on the UK office space after relocation and revaluation of reserves.

Fundraising costs remained at £0.7m (2021: £0.7m).

The chart following shows the breakdown of expenditure between the main categories:



In the Statement of Financial Activities support costs are allocated to spend on charitable activities (programmes) and fundraising, but in this analysis they are shown separately.

Financial results and closing reserves

Farm Africa reported a surplus of £0.1m for 2022 (2021: surplus £0.7m). This is made up of a £0.9m surplus on unrestricted funds (2021: deficit £0.4m) and a deficit on restricted funds of £0.8m (2021: surplus £1.1m).

Unrestricted funds comprise income from general fundraising activities and income earned by our trading subsidiary. This funds the organisation's operating and programme support costs.

The results for the year have improved due to strong fundraising effort and legacy income. Additionally, cost recovery targets were met as programme activities accelerated and new funds were secured, as part of the post-Covid recovery and improvement in security issues caused by conflict in Ethiopia.

In respect to the deficit on restricted reserves of £0.8m (2021: surplus £1.1m), the level of restricted fund surplus or deficit fluctuates from year to year due to the differences in timings between the receipt of grant income and the corresponding project expenditure. In 2022 this figure is a deficit having funds carried forward from 2021 on two major projects in advance (Bale Eco-region Phase II project funded by the European Union, and funding from the Waitrose & Partners Foundation for the next phase of our partnership in Kenya). Under charity accounting rules and our accounting policies, income is recognised in full when certain recognition criteria are met, even if the corresponding expenditure is incurred in a different accounting period. Such timing differences may result

in restricted fund deficits in some years and surpluses in other years.

Farm Africa has a closing restricted fund balance of £4.4m (2021: £5.2m).

The unrestricted reserves of Farm Africa of £1.9m compares to our target for unrestricted reserves of £2.5m. The process by which the reserves target is set is explained in the section below, "Reserves policy".

Farm Africa's unrestricted reserves has risen from £1m at 2021 to their current level of £1.9m. Over the last few years Farm Africa has been in transition to a new, sustainable financial model in which unrestricted income and expenditure are once again in balance. 2022 presented an opportunity for the organisation to build back a healthy reserve level, post the COVID 19 pandemic and with the improving security situation in Ethiopia.

The annual budget for 2023 plans a break-even position. Management have agreed to continue a recovery plan to build reserves back to the target of £2.5m by the end of 2023, the latest forecasts indicate this is achievable in 2023 with additional legacy and other one-off income.

The organisation's forecast and financial sustainability is considered further in the section below, "Going concern".

Reserves policy

Farm Africa's unrestricted reserves on 31 December 2022 were £1.9m and its closing restricted reserves were £4.4m.

The Board of Trustees has determined that in addition to the minimum reserves of £0.6m to cover cost of closure, Farm Africa needs unrestricted reserves of £1.6m to provide financial security through:

- Providing working capital to manage seasonality of income and for the effective running of the organisation;
- Protecting against unrestricted income fluctuations;
- Protecting against unforeseen project expenditure due to working in inherently risky situations and to manage foreign exchange volatility.

In addition, the Trustees aim to build designated reserves of £0.3m to enable Farm Africa to invest in unforeseen funding and growth opportunities.

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts for a period of 12 months from the date of signing the accounts, level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations, legacies and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure & recovery of core costs.

Our core unrestricted reserves are funded from a combination of fundraising income (in the form of donations and legacies), and programme grants, a portion of which is allocated to funding the charity's running costs.

Income from regular giving has remained steady over the past year and responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country.

Farm Africa 2022 programme funding including partner spend was £13.2m in 2022 (2021: £9.9m). The Ethiopia programme experienced a relatively stable security situation in 2022. The programme implementation in Kenya, Tanzania and Uganda was largely on track. However, inflation and other economic factors continued to present challenges for project delivery.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2022. The entity is on track to achieve £14.4m programme funding in 2023 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £75m proposal covering multiple years. The pipeline also ensures diversity of country portfolio which is a strategic aim of Farm Africa to achieve geographic spread of programmatic impact.

In September 2022 the Farm Africa Board increased the unrestricted reserve target to £2.5m from the previous target of £1.3m to facilitate more cover to any unforeseen future challenges. This includes £0.6m for minimum sustainability coverage, £1.6m buffer for any unforeseen security or risk management issues and £0.3m for co funding and investment.

The actual 2022 closing unrestricted reserve is significantly higher than the opening balance of the reserve (£1.9m in 2022 vs 2021 balance of £1.0m). This is mainly due to contribution of the first tranche of a large legacy and trustee match fund in Q4 2022. This reserve balance is expected to be further increased with the second tranche of the same legacy and other one-off income (both expected in Q3/Q4 2023). We expect the 2023 closing reserve position to be more than £3.0m (i.e. +£0.5m vs target). This strong reserve position provides an opportunity for investment in organisational capacity building for the first time in many years.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The Trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Structure, Governance and Management

In this section we set out how Farm Africa is governed, its charitable objects and how it delivers public benefit. We also describe several key policies regarding the operations of the charity.

Statement of Trustees' responsibilities

The trustees (who are also the directors for the purposes for company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the

assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Governance and organisational structure

Farm Africa's officers and advisers are as shown on page 33 of this report.

Sir Michael Palin CBE kindly agreed to continue as patron of Farm Africa during 2022.

Farm Africa is governed by a board of trustees and authority is delegated by them to the chief executive to manage the organisation. Changes to the board of trustees are shared in the officers and advisers section on page 33.

Trustee recruitment is undertaken through a range of routes dependent on the identified needs. For example, when seeking a trustee with audit experience, we have targeted advertising through selected accountancy firms. This is followed by an interview process with a panel of trustees and approval by the board. The trustees are then formally elected by the members at the next annual general meeting. New trustees receive a personalised induction, including briefings from the chair, chief executive and other senior management team members. They are encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board

meetings and as and when specific training needs are identified.

The Finance, Risk and Audit Committee (FRAC) met regularly throughout 2022 under the chairmanship of Nick Allen. FRAC normally comprises at least two trustees, together with external members as required. FRAC reviews and agrees the external audit plan, reviews the external auditor's management letter and monitors the implementation of resulting actions. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register, the annual report and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports.

The Programme Advisory Committee (PAC) met throughout 2022 under the chairmanship of Laketch Mikael. PAC comprises at least two trustee members and external members from a wide range of disciplines. PAC has two objectives:

- to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit
- to provide management with advice and a sounding-board on aspects of its programme work.

The nomination committee continued its work during the year, chaired by John Reizenstein. It comprises no fewer than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development.

A separate Remuneration Committee was formed with responsibility for considering salary increments for senior staff, cost of living increases for UK staff and salary increments for the Chief Executive. The Committee puts forward recommendations on these matters for Board approval. The Remuneration Committee is also responsible for the consideration and approval of pay policy and any ex-gratia or similar payments. We are supported by Farm Africa USA Inc, which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

Charitable objects

While there has been huge progress in bringing global poverty levels down, sub-Saharan Africa has benefitted the least. Today, more than half of the world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. We

tackle the three big challenges trapping people in rural Africa in poverty: ineffective agriculture, environmental destruction and their lack of access to markets.

This work is guided by our charitable objects:

- to relieve the poverty of farmers, agricultural workers and herders enabling them to improve the effective management of their natural resources
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects. To publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein
- to promote the education of the public in, and the furthering of, the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and related industries.

We implement these objects through pursuing our organisational mission, values and strategy.

Public benefit statement

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

- *The benefits generated by the activities of the charity are clear.* This report sets out in some detail the activities which Farm Africa has carried out in the year to further each of our strategic benefits;
- *The benefits generated relate to the objectives of the charity.* All activities undertaken are intended to further Farm Africa's charitable objectives
- *The people who receive support are entitled to do so according to criteria set out in the charity's objectives.* All Farm Africa projects are centred around African farmers (pastoralists, agro-pastoralists, smallholders and forest-dwellers), the target beneficiary group specified in our first charitable object

The trustees have therefore satisfied themselves that Farm Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

Legal structure

Farm Africa Limited is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828) approved and adopted on 29 May 1985 and last updated by special resolution on 23 June 2004. Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities are included in note 13 to the accounts.

Tax status

Farm Africa Limited has charitable status and is exempt from corporation tax because all of its income is charitable and is applied for charitable purposes. Tax charges may arise in the trading subsidiary, in relation to any taxable profits not gifted to the parent charity in the year.

Auditor appointment

A resolution confirming the reappointment of Crowe U.K. LLP as auditors will be proposed at the Farm Africa annual general meeting.

Subsidiaries

During 2022, Farm Africa Limited had one directly owned and active subsidiary, Farm Africa Trading Limited, which enables us to receive sponsorship income from corporate partners in a tax efficient manner.

Farm Africa Trading Limited made a loss for the year before taxation of £7,530 (2021: loss of £10,861). Our corporate sponsorship income is variable as it is dependent on the number of high profile events in a particular year and thus results can differ from one year to another.

Farm Africa Limited no longer holds any shareholding in Sidai following the change of ownership in 2022. On 7 June 2022 the directors of Farm Africa Enterprises Limited approved the sale of the company's shareholding in Sidai Africa Limited to its shareholders for a nominal £5.23 consideration. The book value of the share was £1, resulting a nominal £4.23 profit on disposal.

Risk management

The board is responsible for ensuring that there is an appropriate process for risk management in Farm Africa. Assisted by senior staff, the board regularly reviews and assesses the major risks to which Farm Africa is exposed, in particular those relating to the operations and finances of the organisation. Risks are recorded and monitored on an organisational risk register that includes an assessment of the likelihood

and potential severity of impact of each risk. Farm Africa's risks are reviewed every month by the senior management team. The Finance, Audit and Risk Committee review risk register every quarter in detail with the senior management to monitor the status of those risks, the mitigating actions and controls that are in place. The board receives a report on the top risks and any issues that require attention of the board.

Farm Africa's current risks are reviewed and managed by the Board of Trustees include the following:

i) Slower programme spend impacting cost recovery

Like any other development organisation, the risk of lower cost recovery remains due to programme spending impacted by multiple factors eg delays in key delivery of processes (recruitment, procurement) and the economic, political and security situation in Ethiopia causing disruption and logistical challenges for Farm Africa and its partners. To mitigate this risk, Farm Africa's management team and Board conduct periodic reviews of programme performance. The Programmes and Finance teams review detailed cost recovery at the project level every month, and take corrective actions where necessary. Country teams also repeat the same at country level to ensure phasing of spend (including partner spend) is adequately monitored.

ii) Security

Farm Africa maintains a global security management policy, a stand-by crisis management plan, and country level security plans. During 2022 security risks and incidents were actively and effectively managed in Ethiopia. Team communication is facilitated and movement control is enforced where necessary with robust usage of security protocols. Careful monitoring and clear action on staff security kept Farm Africa teams and partners safe during this period.

iii) Inflationary pressure reduces the value of Farm Africa's pay offer, reduces staff's ability to meet their living costs and impacts on wellbeing.

Inflationary pressure continues in the country operations due to the post-pandemic macro-economic environment and the impact of the Ukraine war. In response to this pressure, Farm Africa was able to support staff with pay increases. As a result of this measure overall staff turnover remains lower than other entities in the development sector. Further work on pay policies, including the management of international staff is underway with an aim of reducing future risks.

iv) Volatility in the foreign exchange market creates pressure on programme costs and income

In Q3 2022, after the announcement of the UK mini budget, GBP (the reporting functional currency for Farm Africa) devalued against almost all major currencies. Following measures taken by the UK government in Q4 2022 for macro-economic stability, GBP started to gain against most currencies and has now returned to pre-mini-budget level. Farm Africa regularly monitors the foreign exchange exposure and takes mitigation activities (e.g. matching income and expenditure where possible, and maintaining multi-currency accounts in the UK and country offices to avoid any cross-rate exposure).

v) Failure to secure new programme funding or to build a strong pipeline as donors' funding and attention are diverted to other global crises.

The programmes team in conjunction with country teams and the senior management team maintain a strong governance process for programme proposals and the donor funding pipeline. Currently the teams are working on proposals for multiple projects in the pipeline worth more than £75 million of funding covering multiple future years. Agricultural development is a clear way of strengthening food security and economic recovery, and Farm Africa is well positioned in this regard. The organisation has successfully diversified its donor landscape in 2022 by bringing in new corporate partnership arrangements. In the 2021–2025 strategy, Farm Africa's thematic priorities have been developed to include a stronger focus on climate adaptation and mitigation, responding not only to the urgency around climate action but also clear donor priorities, which has already opened up many opportunities in grant funding.

Farm Africa's overall approach is to recognise and accept an appropriate level of risk, in particular ensuring that risk management does not deter innovation and learning. The board fully supports this strategy, and is satisfied that the management systems in place provide reasonable assurance that identifiable risks are managed appropriately.

Grant-making policy

Farm Africa works with a number of delivery or implementation partners where generally Farm Africa is the lead grant recipient and the delivery partners act as sub-grant recipients.

Partner selection is done on a grant by grant basis. The criteria for partner selection include specialist expertise that will broaden Farm Africa's technical expertise (for example, the International Water Management Institute, which works alongside us on natural resource management projects), geographical

reach to enable more effective programme delivery (for example, SOS Sahel in Ethiopia), and a complementary core competence.

Before a formal grant agreement is signed all potential grantees are subject to a due diligence process based upon the OCAT (Organisational Capacity Assessment Tool).

A signed grant agreement is put in place with all partners, which covers joint ways of working, delivery criteria and reporting requirements. Grant reporting requirements are generally governed by Farm Africa's grant agreement with the primary donor.

Remuneration policy

Farm Africa is determined to reach as many smallholder farmers and their families as we possibly can. We do not compete with salaries in the private sector but our salaries are pitched at a level to allow us to attract effective, energetic and innovative leaders who will enable us to increase our impact and achieve our vision of a resilient rural Africa where people and the environment thrive.

Farm Africa has a track record of world class technical expertise and delivery and around 200 staff internationally. This provides the organisational context in which to set our remuneration policy.

Farm Africa aims to pay around the median level for a charity of our size; for this purpose we benchmark all salaries in the UK and internationally annually against sector-specific salary surveys and cross-reference them against local cost of living indices. This data is translated into salary scales for the UK and each operational country and approved by Farm Africa's senior team. All staff are paid in line with these salary scales.

The nomination and remuneration committee uses the benchmark data to review and fix annual senior salary increases. We believe that our senior salaries paid as a result of this process are a proper reflection of the skills, knowledge and experience required to run an organisation like ours. The bandings for senior staff remuneration are disclosed in Note 11.

Fundraising disclosure

In 2022 Farm Africa conducted all of its fundraising practices "in house" and did not engage any agency to provide fundraising acquisition on its behalf. Farm Africa raises funds from individuals, events, corporate partners and trusts and foundations. All fundraising activity was overseen by the Director of External Relations and all activity was compliant with the Fundraising Regulator.

Farm Africa is a voluntary member of the Fundraising Regulator and as such ensures compliance with the Fundraising Code of Conduct.

Farm Africa did not receive any formal complaints in relation to its fundraising in 2022 (2021: nil) but does have a complaints procedure in place which can be actioned if required to do so.

In order to protect vulnerable people, Farm Africa ensures that all communication with donors is recorded on a secure database. Should there be any concerns that a supporter is vulnerable, as per Farm Africa's safeguarding policy, appropriate action is taken to prevent requests for donations from these supporters.

Investment policy

Farm Africa has an agreed investment policy covering both programme-related investments and assets held to fund planned expenditure. As the majority of Farm Africa's funds are held to support planned expenditure the aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

Farm Africa's policy towards programme-related investments (PRI) is to be open towards PRIs subject to assessing a number of tests. These tests are (1) the PRI must primarily be focused on Farm Africa's social impact, (2) the PRI should be in the area of expertise (in particularly African agricultural value chains), (3) subject to the assessment of a business case by the board – in particular to assess financial sustainability on a case by case basis. The business case will also include the financing mechanism needed for the PRI investment, (4) the level of governance and management involvement associated with the PRI.

Statement of compliance with Charity Governance Code

The Charity Governance Code consists of seven key principles. These are underpinned by the core role and responsibility of the trustees:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

In 2021 Farm Africa comprehensively updated the Board Guide, providing a clear induction for new and

existing trustees on the specific responsibilities of board members.

Farm Africa considers that it is compliant with the Charity Governance Code.

Safeguarding

Farm Africa's approach to safeguarding is codified in our Safeguarding Policy. Farm Africa is committed to:

- Promoting good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensuring that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Taking any action within our powers to stop abuse occurring and ensure the person who has experienced the abuse receives appropriate support;
- Being transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries Farm Africa will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the wellbeing of the people we work with;
- Manage our work in a way that promotes safety and prevents abuse.

The board has appointed a designated Safeguarding Lead who acts on behalf of the trustees to monitor adherence to Farm Africa's safeguarding policy and procedures, participate in the investigation and resolution of any reported incidents, and act as a source of guidance for other trustees on safeguarding matters.

Approved by the board of Trustees of Farm Africa Limited on 8 June 2023 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



John Reizenstein, Chair

Reference and Administrative details

Patron

Sir Michael Palin CBE

Chair

John Reizenstein

Trustees

John Reizenstein (Chair)

Nick Allen (Treasurer)

John Young (Board Secretary) – *Retired 9 September 2022*

Minette Batters - *Retired 9 September 2022*

Colin Brereton

Serena Brown

Ken Caldwell

Julian Marks (*appointed 9 September 2022*)

Laketch Mikael

Caroline Miller Smith (*appointed 9 September 2022*)

Jan Bonde Nielsen

Jane Ngige

Charles Reed

Tim Smith CBE

Vicky Unwin (*appointed 9 September 2022*)

Ambassadors

Kate Adie OBE

Judith Batchelar OBE

Minette Batters

General Sir Peter de la Billière KCB KBE DSO MC DL

Ashley Palmer-Watts

Registered Charity Number

326901

Registered Company Number

01926828

Registered Office and Principal Office

3-5 Bleeding Heart Yard

London EC1N 8SJ

Auditors

Crowe U.K. LLP

Chartered Accountants and Registered Auditor

55 Ludgate Hill

London EC4M 7JW

Bankers

Barclays Bank PLC

1 Churchill Place

London E14 5HP

Lawyers

Hogan Lovells International LLP

Atlantic House

Holborn Viaduct

London EC1A 2FG

Part 2

Independent Auditor's Report

Independent auditor's report to the members of Farm Africa

Opinion

We have audited the financial statements of Farm Africa Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to

operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

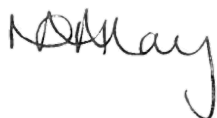
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of voluntary and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 20 June 2023

Part 3

Financial Statements

Consolidated Statement of Financial Activities

(incorporating Income and Expenditure Account) for the year ended 31 December 2022

	Note	2022 Unrestricted funds £'000	2022 Restricted funds £'000	Total funds £'000	2021 Unrestricted funds £'000	2021 Restricted funds £'000	Total funds £'000
Income from							
Donations and legacies	2	2,596	-	2,596	2,110	-	2,110
Government grants	3	-	-	-	1	-	1
Charitable activities							
General		-	11,942	11,942	-	10,026	10,026
Total income from general charitable activities	4	-	11,942	11,942	-	10,026	10,026
Other trading activities	5	121	-	121	159	-	159
Investments	5	9	-	9	1	1	2
Other income	5	47	1	48	62	2	64
Total income		2,773	11,943	14,716	2,333	10,029	12,362
Expenditure on							
Raising funds	7	659	-	659	701	-	701
Charitable activities							
Agriculture		272	2,873	3,145	514	2,224	2,738
Market Engagement		474	4,996	5,470	854	3,697	4,551
Environment		462	4,873	5,335	697	3,017	3,714
Total expenditure on charitable activities	8	1,208	12,742	13,950	2,064	8,938	11,002
Total expenditure		1,867	12,742	14,609	2,766	8,938	11,704
Net income/(expenditure) for the year	6	906	(799)	107	(433)	1,091	658
Other recognised losses		-	(24)	(24)	-	-	-
Total funds brought forward		1,009	5,216	6,225	1,442	4,125	5,567
Total funds carried forward	17	1,915	4,393	6,308	1,009	5,216	6,225

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 42 to 58 form an integral part of these financial statements.

Consolidated and Charity Balance Sheets

As at 31 December 2022

	Note	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Fixed assets					
Tangible assets	12	153	153	98	98
		153	153	98	98
Current assets					
Debtors	14	680	890	862	1,066
Cash at bank and in hand		6,213	6,034	5,852	5,690
		6,893	6,924	6,714	6,756
Creditors					
Amounts falling due within one year	15	(549)	(529)	(500)	(497)
Net current assets		6,344	6,395	6,214	6,259
Total assets less current liabilities					
		6,497	6,547	6,312	6,357
Provisions for liabilities and charges					
Provisions for liabilities and charges	16	(189)	(189)	(87)	(87)
Net assets		6,308	6,358	6,225	6,270
The funds of the Group and Charity					
Restricted funds	17	4,393	4,393	5,216	5,216
Unrestricted funds - general	17	1,915	1,965	1,009	1,054
Total funds	17	6,308	6,358	6,225	6,270

The surplus for the financial year dealt with in the financial statements of the parent company was £88,000.

Approved by the Board and authorised for issue on 8 June 2023 and signed on their behalf by:



John Reizenstein
Chair



Nick Allen
Treasurer

Registered Company No.: 01926828

The notes on pages 42 to 58 form an integral part of these financial statements.

Consolidated Statement of Cashflows

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	474	740
Cash flows from investing activities:			
Dividends, interest, and rent from investments		9	2
Disposal of tangible fixed assets and capital grants		9	23
Purchase of tangible fixed assets and capital grants		(131)	(45)
Net cash used in investing activities		(113)	(20)
Change in cash and cash equivalents in the reporting period		361	720
Cash and cash equivalents at the beginning of the reporting period		5,852	5,132
Cash and cash equivalents at the end of the reporting period		6,213	5,852

	At the start of the year £'000	Cashflows £'000	Foreign Exchange Movements £'000	At the end of the year £'000
Cash	5,852	6,230	(17)	6,213
Cash equivalents	-	-	-	-
Total	5,852	6,230	(17)	6,213

Notes to the Statement of Cash Flows

A. Reconciliation of cash flows from operating activities

	2022 £'000	2021 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	83	658
Adjustments for:		
Depreciation	76	30
Profit on the disposal of fixed assets	(9)	(23)
Decrease in debtors	182	313
Increase/(decrease) in creditors falling due within one year	51	(178)
Increase/(decrease) in provisions	102	(58)
Dividends, interest and rents from investments	(9)	(2)
Net cash used in operating activities	474	740

B. Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand in the UK and overseas	6,213	5,852
	6,213	5,852

Notes to the Consolidated Financial Statements

1. Accounting policies

Farm Africa Limited ('the charity' or 'the charitable company') is a private limited company (registered number 1926828) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 3-5 Bleeding Heart Yard, London, EC1N 8SJ. The charity is a public benefit entity. More detail on how the trustees have satisfied themselves that Farm Africa has met the public benefit requirements is given in the Trustees' report on page 29.

Basis of accounting

The consolidated financial statements of Farm Africa Limited and its subsidiaries ('the group' or 'Farm Africa') have been prepared under the historical cost convention and in accordance with the charities SORP (FRS102), applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's subsidiaries have been consolidated using the acquisition method of accounting and minority interest is shown as a separate line in the financial statements. These subsidiaries are consolidated on a line-by-line basis and have the same accounting reference date as the charity. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

No statement of financial activities is presented for the charitable company alone because the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under s408 Companies Act 2006. The net surplus of the charitable company was £88,000 (2021: surplus £671,000).

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts for a period of 12 months from the date of signing the accounts, level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations, legacies and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure & recovery of core costs.

Our core unrestricted reserves are funded from a combination of fundraising income (in the form of donations and legacies), and programme grants, a portion of which is allocated to funding the charity's running costs.

Income from regular giving has remained steady over the past year and responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country.

Farm Africa 2022 programme funding including partner spend was £13.2m in 2022 (2021: £9.9m). The Ethiopia programme experienced a relatively stable security situation in 2022. The programme implementation in Kenya, Tanzania and Uganda was largely on track. However, inflation and other economic factors continued to present challenges for project delivery.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2022. The entity is on track to achieve £14.4m programme funding in 2023 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £75m proposal covering multiple years. The pipeline also ensures diversity of country portfolio which is a strategic aim of Farm Africa to achieve geographic spread of programmatic impact.

In September 2022 the Farm Africa Board increased the unrestricted reserve target to £2.5m from the previous target of £1.3m to facilitate more cover to any unforeseen future challenges. This includes £0.6m for minimum sustainability coverage, £1.6m buffer for any unforeseen security or risk management issues and £0.3m for co funding and investment.

The actual 2022 closing unrestricted reserve is significantly higher than the opening balance of the reserve (£1.9m in 2022 vs 2021 balance of £1.0m). This is mainly due to contribution of the first tranche of a large legacy and trustee match fund in Q4 2022. This reserve balance is expected to be further increased with the second tranche of the same legacy and other one-off income (both expected in Q3/Q4 2023). We expect the 2023 closing reserve position to be more than £3.0m (i.e. +£0.5m vs target). This strong reserve position gives an opportunity for investment in organisational capacity building for the first time in many years.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The Trustees and management continue to focus on cost consciousness and actively pursue further

measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Key areas of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Funds held by the charitable company are:

- restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes,
- unrestricted funds: general – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees, and
- unrestricted funds: designated – these are funds which the trustees have designated for a particular use.

Income

Income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt and the amount is measurable.

In respect of legacy income we consider this to be the earlier of (a) receipt of the income; and (b) grant of probate, confirmation from the executors that there are sufficient assets in the estate (after settling any liabilities) to pay the legacy, and that any conditions attached to the legacy are either within the control of the charity or have been met. Additionally with regard to residuary legacies we consider the amount is measurable where it has been calculated independently by the executors and the estate's assets can be measured with sufficient reliability.

Tax recovered from income received under Gift Aid is recognised when the related income is recognised and is allocated to the income category to which the income

relates. Where income is received in advance of the point of recognition it is deferred.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate market value at the date of receipt. No amount has been included in the financial statements for services donated by volunteers.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Expenditure

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

Expenditure on charitable activities is reported as a functional analysis of the work undertaken by Farm Africa, against our three thematic priorities of our new strategy: agriculture, market engagement (previously 'business') and environment. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs. These costs include salaries and associated employment costs including pensions and any termination payments required.

Grants payable to other institutions for development projects are included in the statement of financial activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK based staff who promote fundraising from all sources including institutional donors, trusts, companies and individuals.

Support costs include UK central functions, and have been allocated to cost categories on a basis consistent with the level of activity.

Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

Foreign currencies

The functional currency of Farm Africa is considered to be the pound sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in pounds sterling.

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling current assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised but are written off on acquisition as direct project expenditure. This policy is employed because ownership of the property does not always pass to Farm Africa upon project completion. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 12.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Equipment & machinery	25% per annum

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

Provisions

Provisions are recognised when Farm Africa has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Financial instruments

Farm Africa has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits, trade and other debtors. Financial liabilities include trade and other creditors and loans. Basic financial instruments are recognised at transaction value and subsequently measured at amortised cost. Details and carrying value of

these financial assets and liabilities are given in notes 14 to 16.

2. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£'000	£'000	£'000	£'000
General				
Committed giving	435	-	435	450
Appeals and donations	781	-	781	591
Legacies	1,057	-	1,057	822
Fundraising events	51	-	51	63
Corporate donations	16	-	16	36
Gifts in kind: donated services	31	-	31	43
Gifts in kind: donated assets	100	-	100	18
	2,471	-	2,471	2,023
Grants				
Trusts and Foundations	125	-	125	87
	125	-	125	87
Total donations and legacies	2,596	-	2,596	2,110

3. Government grants

The charity and group has received no government grant funding (2021:£1.3k) through the furlough scheme during the year.

4. Income from charitable activities

	Restricted funds 2022 £'000	Restricted funds 2021 £'000
Grants from government, institutional and other similar donors		
Agriconsulting Europe	12	-
Agricultural Markets Development Trust	203	173
Agriculture Business Initiative Trust	17	88
Aldi	-	66
Alliance for a Green Revolution in Africa	135	95
European Union	1,953	2,571
Forests of the World	49	26
Jersey Overseas Aid Commission	42	260
Medicor Foundation	190	-
Norwegian Agency for Development Cooperation	422	149
Open Society Foundations	75	130
The David and Lucile Packard Foundation	46	778
Royal Norwegian Embassy in Addis Ababa	2,089	676
Swedish International Development Co-operation Agency	3,993	1,480
The Deutsche Gesellschaft für Internationale Zusammenarbeit	36	189
UK aid from the FCDO (previously DFID) – Aid Direct	-	674
UK aid from the FCDO (previously DFID) – Aid Match	1	135
USAID	-	115
UBS Optimus Foundation	208	-
Virunga Foundation	11	109
Vitol Foundation	-	109
Waitrose & Partners Foundation	935	1,009
World Food Programme	697	832
United Nations Development Programme	328	-
United Nation Office for Project Services	40	-
UN Women	162	130
Other international agencies and other donors	298	232
Total grants from government, institutional and other similar donors	11,942	10,026
Total income from charitable activities	11,942	10,026

5. Other income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2022	2022	2022	2021
	£'000	£'000	£'000	£'000
Other trading activities				
Trading	121	-	121	159
Total other trading activities	121	-	121	159
Investment income				
Deposit interest	9	-	9	2
Total investment income	9	-	9	2
Other income				
Sub-lease of office space and other miscellaneous income	38	1	39	41
Profit on sale of assets	9	-	9	23
Total other income	47	1	48	64
Total	177	1	178	225

6. Net income for the year

This is stated after charging:	Total	Total
	2022	2021
	£'000	£'000
Depreciation and amortisation	76	30
Payments under operating leases	94	98
Tax advisory	3	3
Audit fee - Country offices	19	17
Auditor's remuneration for the annual statutory audit:		
Charitable company	38	28
Subsidiary companies	2	2

7. Expenditure on raising funds

	2022	2021
	£'000	£'000
Donations and legacies		
Fundraising costs	504	468
Support costs allocated (note 10)	28	50
	532	518
Charitable activities		
Fundraising costs	16	14
Support costs allocated (note 10)	1	2
	17	16
Other trading activities		
Fundraising costs	104	151
Support costs allocated (note 10)	6	16
	110	167
Total	659	701

8. Expenditure on charitable activities

	Operational programmes	Grants payable	Support costs*	Total	Total
	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000
		(note 9)	(note 10)		
Agriculture	2,030	947	168	3,145	2,738
Market Engagement	3,826	1,352	292	5,470	4,551
Environment	2,764	2,284	287	5,335	3,714
Total	8,620	4,583	747	13,950	11,002

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

9. Grants to partner organisations (note 8)

	2022	2021
	£'000	£'000
Ethiopia projects		
Assosa Environmental Protection Association	-	8
Frankfurt Zoological Society	378	557
International Water Management Institute	209	227
Melca – Ethiopia	369	119
Mercy Corps	332	169
Mothers and Children Multisectoral Development Organization	-	35
Organization for Rehabilitation and Development in Amhara	212	226
PHE Ethiopia Consortium	492	314
SOS Sahel	1,222	541
Sustainable Environment and Development Action	292	182
TechnoServe	-	12
Union of Ethiopian Women Charitable Association	600	151
Environment and Coffee Forest Forum	278	-
KIT - Royal Tropical Institute	63	-
Kenya projects		
African Aquaculture Resource Centre	75	66
Tanzania projects		
Friends in Development	29	25
Tanzania Horticultural Association	-	1
TCCIA Manyara	20	25
Uganda projects		
Africa Innovations Institute	5	48
Kahawatu	7	27
North Eastern Chilli Producers Association	(1)	82
	4,582	2,815

Grants were payable during the year to partners working on restricted projects. At year end there were ten payments totalling £128,000 outstanding SOS Sahel, International Water Management Institute, PHE Ethiopia, TechnoServe (2021: £153,000 outstanding to partners).

10. Analysis of support costs

	Management costs	Office costs	Finance & IT costs	HR costs	Governance costs	Total	Total
	2022	2022	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities (note 8)							
Agriculture	28	52	57	22	10	169	266
Market Engagement	48	90	99	38	17	292	443
Environment	48	88	97	38	16	287	361
	124	230	253	98	43	748	1,070
Expenditure on raising funds (note 7)							
Donations and legacies	5	9	10	4	2	30	50
Charitable activities	-	-	-	-	-	-	1
Other trading activities	1	2	2	1	-	6	16
	6	11	12	5	2	36	67
	130	241	265	103	45	784	1,137

Support costs allocated are UK costs only. They have been apportioned proportionally to activity. Overseas office costs have been directly attributed to the costs of delivering charitable activities in country.

11. Employees

	2022	2021
	£'000	£'000
Staff costs		
Wages and salaries (including life assurance)		
Overseas contracted staff	3,665	3,189
UK contracted staff	1,522	1,593
	5,187	4,782
Social security costs	128	132
Pension costs	91	92
	5,406	5,006

Wages and salaries includes nil redundancy (2021: £78,000) and termination payments which are paid out in accordance with our redundancy policy and the legal requirements of each country in which we work.

The key management personnel of the charitable company comprise the Chief Executive, the Director of External Relations, the Director of Programmes, the Director of Finance, the Head of Human Resources and Country Directors. The total employee benefits paid to these individuals (including employer's pension and national insurance) was £762,000 (2021: £829,000).

	2022	2021
	No.	No.
Employees with remuneration in the range of £60,001 to £70,000	-	-
Employees with remuneration in the range of £70,001 to £80,000	2	4
Employees with remuneration in the range of £80,001 to £90,000	2	-
Employees with remuneration in the range of £90,001 to £100,000	-	1
Employees with remuneration in the range of £100,001 to £110,000	2	1

The average number of employees for the group during the year analysed by function were:

	2022	2021
	No.	No.
Overseas contracted staff		
Farm Africa	161	173
UK contracted staff		
Fundraising and communications	14	14
Programmes support	2	2
Management and administration of charity	8	10
	185	200

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

One Trustee was reimbursed £397 in travel expenses incurred on behalf of the organisation. In addition £4,085 travel cost was paid directly to suppliers in respect of one non-UK trustee travelling to board meetings in the UK. The cost incurred by the charity for the trustee indemnity insurance was £3,600 in 2022 (2021: £3,200).

Farm Africa makes contributions for its employees to various defined contribution schemes. The amount of contributions due to these schemes at the year ended 31 December 2022 was £12,248 (2021: £6,000).

12. Tangible fixed assets**Group and Charity**

	Leasehold improvements £'000	Vehicles £'000	Machinery & equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2022	95	80	36	126	337
Additions	14	100	1	16	131
Disposals	(82)	-	-	(11)	(93)
At 31 December 2022	27	180	37	131	375
Depreciation					
At 1 January 2022	(82)	(30)	(32)	(95)	(239)
Charge for the year	(8)	(47)	(2)	(19)	(76)
Disposals	82	-	-	11	93
At 31 December 2022	(8)	(77)	(34)	(103)	(222)
Net book value					
At 31 December 2022	19	103	3	28	153
At 31 December 2021	13	50	4	31	98

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £370,000 (2021: £449,000). The accounting policy relating to fixed assets is referred to in note 1(i).

13. Investments

The table below shows the Charity's interests in subsidiaries and investments at 31 December 2022:

Company	Company Status	Investment classification	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited (company number: 7398449)*	Active	Subsidiary	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited (company number: 9359340)*	Active	Subsidiary	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited (company number: 7401279)*	Dormant	Subsidiary	UK	100% owned by Farm Africa	IP and registered trade marks

* Registered office: 3 – 5 Bleeding Heart Yard, London EC1N 8SJ

On 7 June 2022 the directors of Farm Africa Enterprises Limited approved the sale of the company's shareholding in Sidai Africa Limited to its shareholders for a nominal consideration.

The results for the year of the active subsidiaries are shown below.

	Farm Africa Trading Limited	
	2022 £'000	2021 £'000
Total incoming resources	117	142
Total resources expended	(125)	(153)
Retained surplus / (deficit) for the year	(8)	(11)
Total assets	184	182
Total liabilities	(236)	(226)
	(52)	(44)

14. Debtors

	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Amounts owed by subsidiary undertakings	-	226	-	223
Trade debtors	88	71	155	136
Other debtors	63	63	59	59
Prepayments	175	175	125	125
Accrued income – other	9	9	1	1
Accrued income – project grants	346	346	522	522
	680	890	862	1,066

15. Creditors: Amounts falling due within one year

	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Trade creditors	222	202	82	81
Other creditors and accruals	199	199	275	273
Grant obligations	128	128	143	143
	549	529	500	497

Charity and Group

	2022 £'000	2021 £'000
At 1 January	143	278
Grants paid to partners in settlement of obligations at year-end	(143)	(278)
New grant obligations	128	143
As at 31 December	128	143

16. Provisions for liabilities and charges**Group and Charity**

	Severance	Dilapidations	Potential non-recoverable project costs	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
At 1 January	82	5	-	87	145
Amounts charged to the Statement of Financial Activities	108	-	24	132	43
Amounts used during the year	(30)	-	-	(30)	(101)
As at 31 December	160	5	24	189	87

Provisions comprise the following:

- Contract severance provisions for staff on non-UK contracts. Under employment law in some of the countries where Farm Africa operates there is an entitlement to severance payments when an employee leaves. The amount payable is determined by the salary and length of service of each employee. The provision represents the accumulated entitlements of all such employees. The provision is released when payments are made to employees upon their departure from Farm Africa.
- Dilapidation provisions to cover estimated future costs of restoring properties to their required condition at the end of their lease. The provision will be released at the end of the lease, based on dilapidation costs required, provided the lease is not renewed.
- Non-recoverable project costs provision made related to a programme due to translational impact between reporting currency (US dollar) and Pound sterling.

17. Movements in funds

	At 1 January 2022	Income	Expenditure	At 31 December 2022
	£'000	£'000	£'000	£'000
Ethiopian programmes	4,656	8,215	(9,414)	3,457
Kenyan programmes	436	1,609	(1,136)	909
Tanzanian programmes	14	1,569	(1,501)	82
Ugandan programmes	(4)	194	(180)	10
UK programmes	3	352	(498)	(143)
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	4	(13)	42
Movement on restricted funds	5,216	11,943	(12,742)	4,417
Other recognised losses	-	-	(24)	(24)
General funds	1,009	2,773	(1,867)	1,915
Movement on unrestricted funds	1,009	2,773	(1,867)	1,915
Total movement on reserves	6,225	14,716	(14,633)	6,308

The movement on restricted reserves represents the net of monies received and expended on projects which are funded by grants from specific donors. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request. Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs incurred.

The movements in funds in 2021 are presented below.

	At 1 January 2021	Income	Expenditure	At 31 December 2021
	£'000	£'000	£'000	£'000
Ethiopian programmes	4,072	6,587	(6,003)	4,656
Kenyan programmes	49	1,549	(1,162)	436
Tanzanian programmes	17	857	(860)	14
Ugandan programmes	(108)	732	(628)	(4)
UK programmes	(16)	304	(285)	3
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	-	-	52
Movement on restricted funds	4,125	10,029	(8,938)	5,216
General funds	1,442	2,333	(2,766)	1,009
Movement on unrestricted funds	1,442	2,333	(2,766)	1,009
Total movement on reserves	5,567	12,362	(11,704)	6,225

18. Net assets analysis (Group)

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 December 2022 are represented by:			
Tangible and intangible fixed assets	153	-	153
Net current assets	1,762	4,393	6,155
Total	1,915	4,393	6,308

Fund balances at 31 December 2021 are represented by:

Tangible and intangible fixed assets	98	-	98
Net current assets	911	5,216	6,127
Total	1,009	5,216	6,225

19. Constitution

The charitable company, which is limited by guarantee, does not have share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

20. Commitments: Operating leases

At 31 December 2022 Farm Africa has the following commitments under non-cancellable operating leases:

	Equipment £'000	Property £'000	Total 2022 £'000	Total 2021 £'000
In less than one year	5	116	121	124
Between one and five years	18	75	93	169
Later than five years	-	27	27	-
	23	218	241	293

21. Related party transactions

As part of the fundraising Winter Appeal - Trustees of Farm Africa matched £143,000, there were no other related party transactions requiring disclosure other than transactions with subsidiaries (2021: none).

Farm Africa Limited charged a management fee of £18,612 (2021: £36,700) to Farm Africa Trading Limited. At 31 December 2022, Farm Africa Trading owed £226,000 (2021: £223,000) to Farm Africa Limited.

22. Parent company result

The parent company generated a surplus of £88,000 (2021: surplus £671,000).

The overall result of the charitable company is a combination of the unrestricted and restricted fund surplus or deficit. The nature of the restricted grants and timing of income recognition of restricted income vary significantly year by year. For example in some years restricted grant funding is received in advance on a number of grants and in others the income already received is spent. Therefore there are significant variations in the overall surplus or deficit of the charitable company.

23. Pension costs

As at 31 December 2022, Farm Africa operated one defined contribution scheme in the UK, provided by Friends Life part of the Aviva Group. It also makes contributions into other individual employee pension schemes. Farm Africa paid contributions at a rate of 8% of employee salary during the accounting period.

The pension cost included in the Statement of Financial Activities for UK employees was £91,000 (2021: £92,000).

24. Legacies

The estimated value of legacies notified but neither received, nor for which we had received confirmation from the executors that a payment could be made as at the year end, and so not included in income is £937,000 (2021: £209,000).

25. Capital commitments

There were no capital commitments outstanding as at 31 December 2022 (2021: none).

26. Acting as agent

Farm Africa acted as an agent during the reporting period. The charity received £2,129,300 (2021: £3,814,000) and paid £5,940,700 (2021: £581,000) as agent during the period, with a balance as at 31 December 2022 of £12,989 (2021: £3,233,000).

FARM AFRICA LIMITED

England & Wales - Charity number 326901

Accounts



**2021 Annual Report
and
Financial Statements**

**Farm Africa Limited
Company Number : 01926828**

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Part 1

Trustees' Report

Report of the Chair

Farm Africa supports rural communities across eastern Africa to build their resilience by:

- increasing agricultural productivity
- improving smallholder farmers' access to markets
- sustainably managing the environment

This Annual Report/Review focuses on five of our projects doing just that in Ethiopia, Kenya, Tanzania, Uganda and DR Congo. It is work that is more urgent than ever. The communities we serve faced many challenges in 2021. The COVID-19 pandemic has continued to disrupt access to agricultural inputs, training and markets, increasing poverty and hunger for farming families. Conflict in northern Ethiopia and severe drought have exacerbated these challenges.

With your support we have reached more than one million people across eastern Africa, helping them to tackle these challenges head on and make a decent living from agriculture, while sustainably managing the natural resources around them.

As I write this in May 2022, the challenges for rural communities continue to escalate as the conflict in Ukraine has caused a shortage of agricultural inputs such as fertilisers.

Countries in eastern Africa are particularly dependent on the import of food security foods: Kenya sources more than 40% of its wheat from the Russian Federation and Ukraine, while in Uganda the figure is more than 50% and in Tanzania it is over 60%.

These statistics highlight how urgent it is to invest in boosting sustainable food production in eastern Africa in order to safeguard the region's food security. With your continued support we can continue to work to unlock the potential of small-scale farmers in eastern Africa. Some of our income streams, such as fundraising events, were affected by the challenging environment in 2021. Overall, our income increased to £12.4 million in 2021 compared to £10.4 million in 2020. However, in spite of this good performance on income, the conflict in Ethiopia, and the continuing constraints on fundraising as a result of the pandemic put pressure on our finances. Farm Africa's reserves helped to even this out, and we are now focused on returning our reserves to pre-COVID levels.

We are grateful to the many individuals, companies, institutions and foundations who supported Farm Africa in 2021. I would particularly like to thank Judith Batchelar for her exceptional contribution to the organisation over her 8 years as a trustee. I am delighted that Judith has agreed to become one of Farm Africa's Ambassadors in which role we will continue to benefit from her support. I would also like to welcome Julian Marks and Vicky Unwin as new trustees joining Farm Africa in the first months of 2022. On behalf of the trustees, I also extend my thanks to the staff who work so hard on behalf of rural families across eastern Africa.



John Reizenstein

Chair

30 June 2022

Report of the Chief Executive

“In our area, no one cuts down a single tree without getting permission.” These are the words of Abdurahman Kule, chair of a forest management cooperative supported by Farm Africa in the Bale Eco-region of Ethiopia. These words are cause for celebration. A 58% reduction in deforestation in Bale brings environmental benefits of worldwide significance by conserving the unique flora and fauna found in the forest, as well as reducing carbon emissions.

The conservation of the forest has been made possible by Farm Africa’s work with partners and local government to develop financial incentives for local communities to stop felling trees. Previously, local people used to fell trees to make way for agriculture, as Abdurahman explains:

“The normal practice in our community used to be clearing the forests to grow maize and plant coffee seedlings. We used to believe we needed to expand our agriculture to earn more.”

With support from Farm Africa, Abdurahman stopped cutting down trees. Today he makes a living by exporting wild forest coffee to the international speciality coffee market. On average, household incomes of people taking part in this project have more than doubled over the last five years. On top of this, the cooperatives receive money from the sale of carbon credits earned by reducing deforestation.

Abdurahman’s story is one of hundreds of thousands of how we helped farmers to build nature-positive livelihoods in 2021.

In November, we showcased lessons from our work at the COP26 climate change conference in Glasgow. We highlighted how projects such as the one Abdurahman took part in (featured on page 7), and our regenerative agriculture project in Embu, Kenya (featured on page 8) are delivering real results in both enabling rural communities to adapt to climate change and reduce carbon emissions.

Our work is only possible due to the generosity of our supporters. In 2021 we celebrated the 10th anniversary of the Food for Good network in the UK, which has raised more than £2 million for Farm Africa to date. I extend my thanks to all the food and farming companies involved, as well as to everyone else who has supported our work in 2021. I hope you enjoy reading more about the impact of this vital support.



Dan Collison

CEO

30 June 2022

Strategic Report

This section presents Farm Africa’s mission, values and strategic goals, including the priorities outlined in the new strategic plan (2021-2025). The section summarises Farm Africa’s achievements in 2021, and outlines our goals for 2022.

Vision, mission and values

Farm Africa’s vision is of a resilient rural Africa where people and the environment thrive.

Effective agriculture transforms lives, underpins resilient food systems, and protects natural resources. Farm Africa supports a just rural transition for farmers and farming communities in eastern Africa, which improves yields, improves food quality and safety, and increases household income. Our technical approaches to sustainable agriculture, market engagement and protecting the environment have the greatest impact when they are integrated into a holistic effort, connecting smallholder farmers to thriving markets and transforming subsistence agriculture into a sustainable business.

We are ambitious to expand our work and increase our impact: to lift more communities out of poverty; to open up more agricultural markets; to provide more expertise and help safeguard natural resources. Climate challenges and the importance of resilient food systems in managing risks such as the current pandemic demonstrate the immediate and increasing relevance of Farm Africa’s work.

Our mission

To promote sustainable agricultural practices, strengthen markets and protect the environment in rural Africa.

Our values

- **Expert:** Expertise and insightful evidence-based solutions are at the heart of everything Farm Africa does;
- **Grounded:** Our teams and partners work closely with local communities, engaging them in every level of decision-making;
- **Impactful:** We deliver long lasting change for farmers, their families, and the environments they live in;
- **Bold:** We model innovative approaches and are not afraid to challenge strategies that are failing.

2021 – 2025 strategy

In the second quarter of 2021 we concluded a participatory process to develop a new strategic plan for Farm Africa (2021-2025). This involved extensive consultation with staff, partners and external advisors to understand the achievements of the last strategy, update our understanding

of the regional and sector context, and determine priorities and objectives for the new plan.

The great strength of the previous strategy was the clear articulation of Farm Africa’s three thematic priorities: **agriculture, market engagement, and environment.**

In **agriculture**, our programmes will continue to support farmers to transition from subsistence to commercial livelihoods. Access to better inputs, technology and information improves income and makes livelihoods more resilient to shocks. Our projects improve yields and quality across multiple value chains, including coffee, sorghum, livestock and edible oil seeds and horticulture. Our climate-smart approaches help mitigate the effects of climate change.

Market engagement improves farmers’ linkages to local and international markets, emphasising business development, access to financial services and support to the small and medium-sized enterprises that are a crucial intermediary between producers and markets. Our links with food industry sector partners have strengthened our offer in corporate social responsibility.

Our work on protecting the **environment** builds on Farm Africa’s experience in landscape management, including participatory forest management and payment for ecosystem services. Progress in avoiding deforestation has developed our role in carbon sequestering, promoted alternative livelihoods for forest communities, and we have seen our approaches endorsed and supported by governments in the region for replication at scale.

While agreeing that these should still form the foundation of our programmatic objectives, the world has changed since the last strategy was developed, and our new strategy is underpinned by five cross-cutting themes:

- **Climate action:** We will work to reduce greenhouse gas emissions and strengthen the resilience and adaptive capacity of communities to climate change.
- **Gender equality:** We will design projects to be gender-sensitive and include meaningful outcomes for women’s economic empowerment.
- **Youth employment:** We will emphasise the creation of job opportunities for young people throughout the value chain.
- **Resilience:** We will enhance communities’, enterprises’ and ecosystems’ ability to mitigate and adapt to shocks.
- **Agri-tech:** We will embrace the use of technology at all stages of the value chain.

The concept of food systems – describing the connections between producers, consumers, the environment and policy – provides a useful way of integrating the approaches and is the lens through which our approaches, interventions and programmes are analysed. Understanding Farm Africa's work in the context of food systems opens up new relationships with corporate partners, strengthens our connection to markets and business development, and provides a strong platform for scaling our work through advocacy.

The strategy not only sets out our programmatic directions, it is a plan for the whole organisation. It commits the organisation to a culture of 'One Farm Africa' – emphasising transparent communication, accountability in decision making, and learning across teams. The code of conduct, safeguarding policy, and our security measures are prominent in this.

The plan also steers Farm Africa to a sustainable financial future which maintains strong reserve levels and delivers steady growth in restricted and unrestricted income. International aid flows are shifting as donors change priorities, with the UK's decreasing aid budget a clear indicator of this. New funding relationships will be needed to realise the strategy, including engaging with global climate funds and developing new ways of working with corporate partners.

Our activities and achievements

Farm Africa's programmes have continued to benefit smallholder farmers and their communities in 2021, despite the ongoing pandemic. We managed projects across five countries, reaching more than one million people in eastern Africa.

This section focuses on five of our projects, illustrating the impact our work has had in helping rural communities to increase their yields, improve the quality of their produce, build their links to market and manage natural resources sustainably.

RURAL WOMEN CHAMPION FOREST CONSERVATION

Deforestation and greenhouse gas emissions in Ethiopia's Bale Eco-region are down. Household incomes are up. And the community has taken significant strides towards advancing gender equality, with support from our REDD+ forest conservation programme.

Since 2012, Farm Africa has been working in partnership with the NGO SOS Sahel Ethiopia, with funding from the Royal Norwegian Embassy in Ethiopia, to deliver a project that lowers greenhouse gas emissions by reducing deforestation in the Bale Eco-region, while also boosting the livelihoods of local communities living in poverty.

The project has helped more than 34,000 members of 64 forest cooperatives increase their incomes from the sale of

forest-friendly products as well as carbon credits sold on the voluntary carbon market, both of which created an economic incentive to preserve the natural forest and biodiversity.

The project achieved impressive results, both for people and the planet.

Over the period 2012-2020, deforestation in the Bale Eco-region was 58% lower than it was projected to be in the absence of the project. This avoided deforestation resulted in more than 25,000 hectares of forest being saved and emissions being reduced by 10.5 million tonnes of carbon dioxide.¹ Meanwhile, the average annual household incomes of forest-dependent communities in the eco-region rose by 143% from an average 17,000 Ethiopian Birr per household per year at the start of the second phase project in 2016 to 43,000 Birr in 2021.

The Bale Eco-region hosts the largest Afro-alpine ecosystem in Africa and is one of the two major biodiversity rich rainforest blocks in Ethiopia. By conserving forests, the project contributed significantly to the conservation of flora and habitats of wild animals not found anywhere else in the world.

Fuel-efficient stoves

In Bale, responsibility for feeding the family falls on women and girls. Most meals are cooked on open fires. Food preparation and firewood collection dominate women's time. To reduce pressure on both women and the forest, Farm Africa and partners distributed a total of 5,961 fuel-efficient stoves. Unlike traditional fires, the fuel-efficient stoves have capacity for two pots at a time, enabling two dishes to be prepared simultaneously. On average, households' annual consumption of fuelwood fell from 12.84m³ to 9.25m³ over the last four years, enabling the project to reduce forest degradation by saving a total volume of 34,500m³ of fuel wood that would otherwise have been collected from the natural forest. The stoves have also brought improvements to women and children by reducing the smoke they inhale. The time saved from firewood collection and cooking is time that women are now able to invest in other activities, including income-generating work.

Forest-friendly businesses

Both men and women were offered opportunities to develop income streams from forest-friendly businesses selling products such as coffee, honey and bamboo. The work to support forest coffee production was particularly successful, with cooperatives achieving an increase in the grade of their coffee from grade 6 to specialty coffee (grade 1 or 2) as measured by the Coffee Exchange standards. This enabled the sale of more than 67 metric tonnes to the international specialty coffee market in the season running from October 2020 to July 2021, at average prices of between US \$4.34 to US \$5.45 per kg.

¹ The reduction was verified by an external evaluator following the Verified Carbon Standard and Climate, Community & Biodiversity Standards (VCS/CCB).

The by-laws of the community-based cooperatives producing and marketing non-timber forest products were changed to stipulate either the Chair or Deputy Chair had to be female, leading to 61 of the 64 organisations having a woman in one of the two highest positions in 2021, up from 10 in 2016. This in turn encouraged more women to join the cooperatives.

Carbon credits

The project is the first of its kind in Ethiopia to secure income from REDD+ carbon credits. Income from carbon credit sales, which is additional to the average increases in household incomes mentioned above, is enabling forest management cooperatives to invest in community development initiatives. Female representation in leadership positions has helped ensure the cooperatives' investment plans will deliver tangible benefits to women, such as a new local flour mill, which will relieve women of the need to undertake arduous, unsafe journeys on horseback to the nearest grain milling facilities.

The project's success has paved the way for more REDD+ initiatives in Ethiopia. The communities supported by Farm Africa and SOS Sahel Ethiopia in Bale are now taking part in the jurisdictional Oromia Forested Land Programme (OFLP) REDD+ scheme, which seeks to reduce deforestation across the whole of the Oromia Regional State. It's a great example of how Farm Africa's work can influence government policy to replicate our programmes and produce results at scale.

Female forest guardians



Female leadership has been vital in efforts to monitor breaches to rules outlawing the cutting down of trees. As well as reducing the amount of firewood they use, the 25 members of the all-female Biftu Beri Women's Village Savings and Loan Association (VSLA) Kumbi kebele, set up in 2015 with the support of Farm Africa, patrol the Harena forest at the same time as searching for dead branches to use for firewood.



“With the traditional open smoky stove, I had to use more than 200kg of firewood to bake 800 injera. Now, with the fuel-saving one, I only need 100kg firewood for the same amount.”

Etagegegnehu Mulushewa makes a living by selling the Ethiopian staple food, home-baked injera.

What is REDD+?

REDD stands for “reducing emissions from deforestation and forest degradation”. The plus sign refers to the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

RESTORING SOIL HEALTH IN KENYA

Farm Africa supported smallholder farmers in semi-arid areas of Embu county, Kenya to strengthen food security through regenerative agriculture.

The majority of the population in Embu County, Kenya, earn a living through crop production and livestock keeping. However, livelihoods from farming are far from secure. Agricultural production and food security are increasingly under threat in Kenya's highlands, burdened by risks such as climate change as well as soil degradation caused by overgrazing, over-cropping and poor farming practices.

Regenerative agriculture involves farming practices that rejuvenate soil fertility and reduce carbon emissions. Funded by the IKEA Foundation through the Alliance for a Green Revolution in Africa (AGRA), Farm Africa worked with 10,239 farmers (including 6,760 women) in Embu to adopt regenerative agricultural technologies and practices to grow maize and pulses. Running from July 2020 to October 2021, the project aimed to increase food security as well as the resilience of local farmers to climate change through the promotion of regenerative agriculture practices.

The project directly reached 50 farmer groups who are now more resilient to climate change, have assured food security and improved incomes.

Bridging agricultural extension services

In Kenya, agricultural expertise is shared with farmers via a network of extension workers. Unfortunately, this system is overstretched, with the ratio of extension workers to farmers being 1:200. To help overcome this shortfall, Farm Africa utilised the Village Based Advisors (VBA) model. Regenerative agriculture was taught at the community level by 137 VBAs: a network of private sector local farmers who supply information services and high-quality agricultural inputs such as certified seeds to other farmers. Of these 137 VBAs, 89 were female.

A technical curriculum in good agricultural practices for regenerative agriculture was developed, promoting an inter-cropping system of maize and high yielding, nitrogen fixing bush beans alongside agroforestry crops to improve soil fertility and provide staking material for the bush beans. Training was delivered to the VBAs and to 45 government agricultural officers.

Improving business

As well as providing advice on agronomy, the VBAs played a critical role in enabling farmers to boost their incomes by developing links to markets where they could sell their produce. A total of 20 aggregation centres were established to enable farmers to sell their produce together in bulk. Farm Africa offered training to 10 aggregators, developing marketing strategies and production plans that provide direction on markets and prices, as well as available quantities of produce. This was to ensure the sustainability of the aggregation centres. The VBAs helped connect farmers' groups to financial services providers to gain access to credit to invest in their businesses.

VBAs were also contracted directly by traders to recruit farmers, which helped to increase the acceptance of the VBA model in the farming community. By developing links to markets and advising on which crops to grow, for example soya beans, the VBAs helped farmers grow crops that were high in demand.

Through the VBAs, Farm Africa introduced digital platforms to help with both farming and marketing. These included AGRI-BOT (an online digital extension platform managed by Microsoft through AGRA) and AGRIVIEW, a digital marketing platform.

“Thanks to the Regenerative Agriculture project, I now have access to agricultural, market and weather information,” says Perpetuah Munyi, a Village Based Advisor (VBA) in Kithegi village, Embu County.

Improved regenerative agriculture practices

A score card survey evaluating the uptake rate of regenerative practices found that 97% of 412 farmers surveyed are now applying organic manure to their farms. Prior to the project's start, only 59% were using manure on their maize and pulse crops. Of that 97%, the majority highlighted an increased crop yield as a major benefit of using manure.

The majority of farmers (77%) have practised mulching since the project's inception, a 44% growth compared to before the

project. The benefits of mulching include higher water retention by soils and a reduced need for weeding. The number of farmers practising minimum tillage almost doubled, from 46% to 84%. As a result, farmers saw an improvement in soil fertility and texture and a reduction in instances of soil erosion.

In addition to farmers' productivity increasing, analysis of soil samples revealed that soil health had improved, with higher pH levels recorded, as well as improved levels of nutrients such as zinc and phosphorous on some farms.

Farm Africa and AGRA are now planning a new project to scale up the uptake of regenerative agriculture in Embu as well as in a second county, Tharaka-Nithi, between 2022 and 2025.



“My production has improved since I started using regenerative agriculture. I used to harvest five bags on five acres of land but last season I harvested 20 bags,” Jackline Atieno (right).

EMPOWERING FEMALE SUNFLOWER FARMERS

Farm Africa is working in northern and central Tanzania to support women's participation in the sunflower value chain, increasing female farmers' productivity and linking them to lucrative markets.

Tanzania is seeing a growing demand for sunflower oil and the government is committed to boosting the edible oils sector and reducing imports, meaning there are exciting prospects for sunflower growers. But not everybody can reap these opportunities. Poor production practices, lack of access to quality agricultural inputs like seeds and fertilisers, and lack of access to markets and cooperatives hold many farmers back - particularly women. These barriers stop female farmers from enjoying the full benefits of their labour, and stop many women from participating in the sunflower sector altogether.

Agricultural Marketing Cooperative Societies (AMCOS) are a way for farmers to collectively organise. AMCOS allow farmers to pool resources and collectively market their yields to buyers. However, women only represent 17% of members in AMCOS. Many female farmers practise subsistence

farming and are unaware of or are excluded from the potential of collective marketing.

Our Flourishing Futures project, which started in 2017 with the support of The Agricultural Markets Development Trust (AMDT), supported more than 15,500 farmers (45% of whom are female) to establish or develop sunflower businesses. The project engaged relevant market actors (eg input suppliers, agro-dealers and processors) and service providers (eg financial institutions, government and private extension services providers and mechanisation and technology companies) to promote drought-tolerant varieties of seeds, invest in purchasing and offering bundled services, and deliver training in good agricultural practices, climate-smart agriculture, organisation management and market-oriented production and sales.

In January 2021, Farm Africa started a new sunflower project in Tanzania, building on the lessons learnt from Flourishing Futures. Funded by UN Women, the project works to counter gender inequalities by increasing women's participation in the sunflower value chain, increasing their productivity and linking them to markets to maximise profits.

Good agricultural practices

A key objective of the project is to increase female farmers' yields through the application of good agricultural practices such as timely and appropriate land preparation; adequate spacing between and within rows of plants, and good weeding techniques.

A total of 303 smallholder farmers (217 being female) have been trained in good agricultural practices and climate-smart agriculture. As a result, 76% of smallholder farmers adopted most of the good practices and have seen their sunflower yields increase. Of the 303 farmers supported, 61% have increased their sunflower productivity so far. The average productivity (kg/acre) of yields increased from 240 kg/acre to 524 kg/acre. The female farmers recorded a higher level of productivity than the men, with a productivity level of 536 kg/acre compared to 467 kg/acre. A total of 123,664 kg of sunflowers was harvested by the farmers involved in the project over the course of 2021.

Economic empowerment

Following Farm Africa's interventions, smallholder farmers have seen a 97% increase in income from sunflower products compared to before the project's inception.

Poor storage and aggregation used to hinder farmers' access to markets and ability to meet quality requirement specifications. To counter these issues, as well as reduce food loss, a new warehouse was constructed in Mng'ana Village in the Singida Region. Following its opening in April 2022, the warehouse is now being used to store crops for collective marketing, as well as offering a space for sunflower farmers to meet with buyers and attend training sessions to continually improve their farming and business practices.

Farm Africa supports the farmers to develop market-oriented business plans that will attract market actors like processors, off-takers, financial institutions, input suppliers and other

relevant service providers to engage in business with smallholder farmers. We also help farmers develop business skills such as record keeping, financial management, contract development, negotiations, aggregation and marketing.

Adaptation to climate change

Climate change threatens farmers' livelihoods as well as local food security in Tanzania. More frequent occurrences of droughts and flooding are making it difficult for smallholder farmers to plan for the future. By promoting conservation agriculture and climate-smart agricultural techniques, we help farmers to improve the quality and quantity of their yields despite Tanzania's extreme climatic conditions. Farm Africa helps the communities gain access to improved seeds, which are drought tolerant, offering a reliable yield and a stable source of income even in harsh climatic conditions.



SPICING UP UGANDA'S CHILLI SECTOR

Farm Africa and the North East Chilli Producers Association (NECPA) helped 3,000 smallholder farmers in Lira in northern Uganda successfully grow and sell African bird's eye dried chillies.

Farm Africa and NECPA worked together from 2018 to 2021 to create a more competitive and profitable chilli value chain in Aromo, Barr and Amach sub-counties in Lira. The project helped 120 groups of smallholder farmers, each with 25 members, to increase their household incomes.

Growing quality chillies

Farm Africa supported NECPA to deliver training in organic farming systems, good agricultural practices and post-harvest handling to enable the farmers to produce export-quality chillies. The organisations strengthened farmers' access to high-quality agricultural inputs such as improved seeds, organic pesticides and solar dryers, which offer a cost-effective and sustainable means of preserving chillies. A warehouse was built to safely store the dried chillies.

The amount of land the 3,000 farmers dedicated to chilli production increased from 241 to 2,500 acres over the course of the project. A 50% increase in the volume of

chillies sold, coupled with higher prices made possible by selling high quality organic produce to premium markets, enabled NECPA's profit to increase by 177% by the end of the project, while farmers' incomes increased by 208%. Farmers were able to build their asset bases, for example by buying cows or more land. The establishment of village savings and loan associations offered farmers the opportunity to save together and take loans to invest in small businesses.

Job creation

Sustainable jobs were created providing services to chilli farmers. Fifty-one community members, including 20 women, were trained to produce quality chilli seeds, ensuring 98% of the farmers had easy access to improved seed. A further 23 people were trained to produce organic pesticides, of whom 13 people set up businesses selling pesticides. Twenty-one people were trained as field agents, who buy dried chillies from farmers and sell seeds to them. Thirty young people, including three women, were given training in the production and sale of solar dryers. In response to feedback from farmers, the design of the solar dryers was adapted over the course of the project to make them more portable and affordable through the use of local construction materials. Other jobs created included mill operators and chilli sorters.

Export markets

Farm Africa helped the farmers to gain certification for their chillies, to assure traders the chillies met stringent quality standards. By engaging with the National Ministry of Agriculture, the project supported NECPA to acquire an export licence, and gain access to a global online trading system so they could secure sales from lucrative export markets. In December 2021, Lira chilli farmers celebrated their first major export, after selling five metric tonnes of dried chillies in bulk to buyers in Germany.

Gender equality

The project worked hard to engage both men and women: 58% of farmers reached were female. Women's participation in decision making around household expenditure and income management has improved. Community feedback has shown that the involvement of men, women and young people in chilli production has helped to increase chilli volumes.

The future

Part of the project's success is attributed to its engagement with local government structures to support activity delivery and ensure sustainable interventions. The project developed a strong working relationship with district and sub county local government structures, including the national line ministry.

The future is looking bright for Lira's chilli sector. After working with Farm Africa to develop an investment plan that allowed them to secure finance from banks, NECPA is now in a strong position to further develop the chilli export business without more support. The project's success has

inspired farmers in neighbouring sub-regions to engage in chilli production with seeds bought from NECPA.

The chilli sector could benefit further from investment in irrigation and water conservation, which could help farmers produce a year-round supply of chillies for the export market, as well as sustain their plants for longer. Despite chilli plants being semi-perennial, droughts in the region have made it difficult for farmers to harvest from their chilli plants for more than one year.

"I have learnt how to manage the chilli properly. I have learnt about recommended spacing and how to use local available resources to make organic pesticides from chilli itself to prevent pests and diseases." Tom Ogwal, a farmer from Lira, Uganda.



Farm Africa's chilli project was funded by aBi Development Ltd and Ajahma Charitable Trust. Photo: Farm Africa / Jjumba Martin

COFFEE PRODUCTION ALONGSIDE VIRUNGA NATIONAL PARK

Farm Africa is working in North Kivu in DR Congo to boost coffee production and link growers to international markets.

Farmers in eastern DR Congo work in extremely difficult circumstances. Continuing armed conflict makes the area highly insecure. Climate change and human activity in Virunga National Park threaten the ecosystem on which many communities depend. COVID-19 exacerbated pre-existing problems, making it even more challenging for farmers to grow and export coffee.

Despite these challenges, farmers in North Kivu are now producing some of eastern Africa's finest Arabica coffee. In partnership with Virunga National Park and with funding from the European Union, Farm Africa is supporting coffee growers living on the borders of the Park to increase the quality and quantity of their coffee, obtain certifications and access international markets.

Farm Africa partnered with two cooperatives, Coopade and Kawa Kanzururu. Combined, these two cooperatives have

6,366 members and process their coffee in 40 micro washing stations across North Kivu. The washing stations provide high quality processing of the coffee cherries close to the cooperative members' farms and are key in ensuring the overall quality of the final coffee beans. This infrastructure has improved and extended over the course of the project.

Producing quality coffee and obtaining sustainability certifications

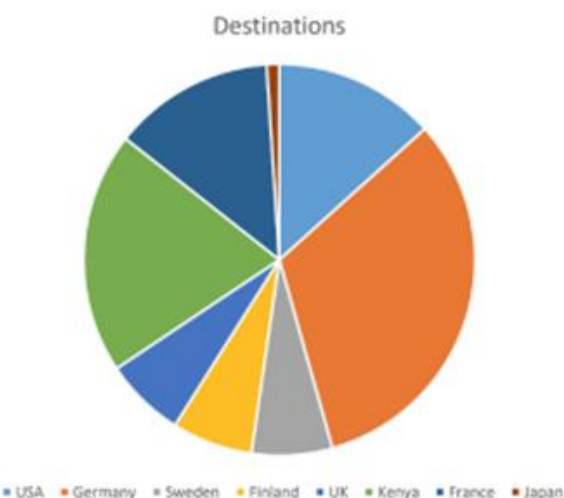
Farm Africa works with the cooperatives to refine each step of the coffee production process, increasing both the quality and quantity of the coffee produced. We train the farmers in good agricultural practices, harvesting and processing techniques. Two coffee quality labs were built with support from an ÉLAN project and coffee cuppers were trained. This is enabling farmers for the first time to understand and evaluate their own coffees, and to better understand buyers' requirements.

Over the course of the project, 68,500 coffee seedlings have been distributed to farmers at Coopade and Kawa Kanzururu cooperatives, accompanied by training in planting and nurturing. A visual manual on good agricultural practices has been developed, specifically geared to the growing conditions and farming calendar of North Kivu.

This year Farm Africa supported the two cooperatives to become FLO Fairtrade certified to add to their organic certification. As well as attracting certification premiums, these certifications are very important for market access.

Access to finance and links to markets

Farm Africa is supporting the cooperatives with business planning, financial reviews and gaining access to working capital. Two international ethical lenders and a local bank are now providing crop finance.



We trained the co-operatives in contract negotiation and worked with them to promote their coffees in international

markets, where coffee from DR Congo is still relatively unknown. As a result of Farm Africa's work to identify buyers and support the building of commercial partnerships, the cooperatives are now selling their coffee for premium prices in countries including Japan, Germany, France, Belgium, the USA and the UK. With Farm Africa's support, 404.4 tonnes of coffee were exported in the 2020-2021 season, valued at \$1.35 million. After making losses in 2018-2019, each cooperative has operated profitably in each subsequent year, paying back their harvest finance borrowings in full.

Incentivising sustainability

Lack of market channels and technical assistance over many years meant that farmers neglected coffee as a potential source of income. Unsupported, low-income farmers were often left with few options to earn a livelihood. This led to pressure to encroach on Virunga National Park, for instance by cutting down trees for charcoal production. Such activities damage the biodiversity of the precious landscape, including the habitat of endangered mountain gorillas. The project addressed these problems by introducing sustainable farming practices and renewing the coffee trees, thereby incentivising a sustainable method of farming.

Supporting women

Women play key roles in the success of the two coffee cooperatives. Women's associations run several of the cooperatives' coffee washing stations. For the first time, it is now possible to buy coffees grown and processed by female coffee farmers in North Kivu.

"Coffees we've tasted from the Virunga National Park project in North Kivu have impressed us greatly, to say the least. Not only do they have the potential to stand with the best Arabicas produced in the DRC, but also some of the best produced in East Africa." Kyle Tush, Counter Culture Coffee.



Photo: Magnum Photos / Carl de Keyzer for the Virunga Foundation

Performance against objectives

To aid our planning we have broken down the strategic objectives in to a set of annual goals. These goals are more specific and time-bound than the strategic objectives. The table below sets out how we performed against our key goals for 2021.

Strategic Objective	Annual goal	Outcome
Ensure that Farm Africa has a clear strategic direction for 2021 – 2025	Sign off the 2021-2025 Farm Africa Strategic plan.	Our new strategic plan was signed off by the Board of Trustees in May. Building on Farm Africa’s long established thematic focus areas of agriculture, markets and natural resource management, the plan has geared our programmes more deliberately to respond to climate challenges and climate resilience, and also to the wider considerations of food systems. It commits Farm Africa to scale up our work in Integrated Landscape Management, plans for an expansion of our work in DRC, and gives more focus to our advocacy and policy influencing efforts. The strategy also guides the development of our organisational culture, and sets the financial ambition for the organisation through to 2025. It recognises the challenges of a changing donor and fundraising environment, but also the potential of new sources of climate funding.
Achieve growth through diversity in funding	<p>Raise £11.4 million of grant funding for 2021.</p> <p>Raise £12 million of grant funding for 2022.</p> <p>Raise £1.7 million of unrestricted funding in 2021.</p> <p>Refresh Fundraising Strategy.</p>	<p>Grant income for 2021 was £10million. Farm Africa’s institutional grant income continued to be supported by a number of long standing and committed donors. These included the Norwegian and Swedish governments, the European Union, and World Food Programme. In common with many other NGOs, we received news from the UK government (FCDO) in May that one of our largest programmes, Livestock for Livelihoods, would be closed down within three months. This was as a result of cuts to the UK Aid budget, and resulted in £800,000 of income being taken out of our 2021/22 budgets.</p> <p>Farm Africa programmes generally work on multi-year funding cycles. As of Q4 2021 we had secured £7.7million towards our 2022 grant funding target. While UK Aid funding remains very hard to come by, we have successfully built out our donor network in other directions, with new relationships including the multi-donor Central Africa Forest Initiative for our work in DRC.</p> <p>Unrestricted income from our voluntary fundraising reached £2.1million. The COVID 19 pandemic continued to make in person fundraising events very difficult to achieve, and also put pressure on several of our corporate partnerships. However Farm Africa’s regular appeals to our loyal supporter based generated income beyond our planned budget, and helped to even out shortfalls in other fundraising channels.</p> <p>Alongside the global strategy we developed a new Fundraising Strategy that charts the course for growth in unrestricted income as we emerge from the Covid 19 pandemic. While we continue to benefit from the very loyal and generous giving of Farm Africa’s long standing supporter base, the strategy challenges Farm Africa to develop new fundraising channels across new corporate partnerships, high net worth givers, and a new set of relationships in the US.</p>
Supporting prosperous, sustainable and resilient rural communities	<p>We will ensure investments in communities are protected by continual adaptive management and working effectively with all stakeholders involved.</p> <p>We will identify domestic and international market opportunities where farmers can secure higher incomes from their value chains.</p> <p>Our programmes will reach over 500,000+ community members in 2021.</p>	<p>As evidenced by the five case studies of our projects in Ethiopia, Kenya, Tanzania, Uganda and DR Congo, investments in communities have been protected by adaptive programming in light of both the COVID-19 pandemic, conflict and drought that has continued to disrupt access to agricultural inputs, training and markets.</p> <p>Farm Africa’s diverse programming has ensured that domestic and export market opportunities have not just been identified but also secured in 2021 in order to improve household income as a result of sales. Not only in horticulture and coffee but also in grains, legumes, drought tolerant crops and oilseeds. This is also combined with regenerative practice that improves soil and water availability for smallholder farmers.</p> <p>Over 1 million people were reached by Farm Africa’s programmes in 2021. The exact figures for 2021 have been audited and verified, and includes interactive, non-interactive and household beneficiaries where applicable. A brief methodology note is available that provides the</p>

Strategic Objective	Annual goal	Outcome
<p>Technical leadership</p>	<p>We will deliver three high-quality and impactful integrated landscape management projects in Ethiopia and deliver impact in the innovative Livestock for Livelihoods project at the nexus of livestock, rangeland management and household nutrition.</p> <p>We will generate insights and learning on rural agribusiness growth from our flagship Business Development Services (BDS) projects (Cultivate and DECIDE) and share learning and evidence on carbon credit verification and community benefit-sharing arrangements after Oromia Forest and Wildlife Enterprise's disbursement of income from carbon credits.</p> <p>We will do further work to standardise project indicators and tools - with a focus on income, resilience, and women's economic empowerment.</p> <p>We will participate meaningfully in the UN Food Systems Summit and/or COP26: United Nations Climate Change Conference.</p>	<p>definitions of interactive, non-interactive and when household beneficiaries are considered.</p> <p>Our integrated landscape programmes in Bale Eco-region and Central Rift Valley (CRV) continued to operate in 2021 even throughout the State of Emergency (SoE) in Ethiopia, and generated the learning for potential bridging funds for 2022. Although Livestock for Livelihoods was closed down within three months as a result of cuts to the UK Aid budget, the project was closed out successfully with key learning formed. This learning will directly feed into regional animal-health assessment positioning in Ethiopia, Kenya and Tanzania with GALVmed for 2022. Mangrove restoration carbon credit design also restarted for the Kenyan coast.</p> <p>The Cultivate Business Development Service pilot business case was signed off in February 2021, with over 60 SGBs (small growing businesses) sourced from a regional rural agri-business pipeline of 1,400 SGBs over March to July 2021. Cohorts in Kenya and Tanzania began advisory in July 2021, with Ethiopian cohorts also formed. Initial learning was deliberately carried over into DECIDE cohorts for 2022, including use of our online partner African Management Institute (AMI), and into potential BDS work for Kakuma Refugee entrepreneur SGBs. This is to institutionalise BDS insights and learning from the Cultivate pilot (which has incorporated external learning from the Argidius Foundation). Learning on OFWE's disbursement of income was detailed and shared at length on Farm Africa's social media platforms and in-country.</p> <p>We developed a draft Farm Africa Results Framework: with a series of clear outcome (result) statements and indicators aligned to our strategic objectives which can deliver evidence for change across the life of the new strategic plan. This will be finalised in 2022. Additionally an Evaluation and Learning Tracker was formed and reviewed each quarter with evidence of learning applied to new project design and existing project plans.</p> <p>The CEO, and lead Ethiopian technical personnel who have led upon REDD+ climate finance for forest communities, all attended COP 26. Our research Associate also developed a capacity statement for COP26 which was widely shared on social media and our website.</p>
<p>Deepen our partnerships</p>	<p>We will continue to build partnerships between farmers and food and farming sector actors, with a particular focus on coffee, horticulture and agri-tech sectors.</p> <p>We will explore new partnership opportunities in non-core countries - for example, DRC (building on Virunga) and Liberia.</p> <p>We will further collaborations with three research organisations, universities and/or think-tanks.</p> <p>We will establish partnerships to scale our work with national entities in two countries - leveraging strong relationships with TADB in Tanzania, and the Government of Ethiopia.</p>	<p>Extensive achievements were evidenced across our horticulture and coffee sector work. A 10MT solar cooled packhouse was realised on the Growing Futures initiative (to enable reduced post-harvest loss on export and domestic vegetable supply chains), including linkage to Equity Bank on its smallholder schemes. New solar cooled innovation and e-extension was used on outgrower schemes on the Waitrose & Partners Foundation commercial supplier base (Flamingo Ltd); and the first export of chilis in Uganda was achieved. In Virunga and Ethiopia, increased sales, marketing and financing was achieved upon the forest coffee supply chains through Volcafe and UK / Danish retail outlets. In Uganda an evidence case study demonstrated how women's economic empowerment in coffee had been realised in Kanungu. A full Agri-tech analysis was conducted by the Kenya team in April 2021 and has led to renewed partnerships with AMI, AGUnity and Mezzanine.</p> <p>A new partnership opportunity was realised with the Central African Forestry Initiative (CAFI) that will build upon existing Virunga coffee sector work in North Kivu and via a Scoping Study to be conducted in 2022 will determine long term coffee and participatory forestry management for Farm Africa in North and South Kivu. Collaborations were furthered with Galvmed, PICSA University of Reading, and Mantle labs.</p>

Strategic Objective	Annual goal	Outcome
		Partnerships were established and reinforced with the national Kenya Agriculture Livestock Research Organisation (KALRO) via the regenerative agriculture work in Embu county; with the TADB on insurance business development; and with the Environmental Commission of Ethiopia. In 2021, 21% of Farm Africa's programme expenditure was shared with local/national partners (2020: 28%).
One Farm Africa	We will continue to build a positive workplace culture, with greater sense of One Farm Africa, through improved cross team information sharing and working, improved leadership transparency, greater collaboration and transparency and trust. We will also continue to support our inclusion working group to embed into organisational practice and become a powerful change agent.	We have progressed this through various measures, including reporting back to staff after each SMT meeting, a bimonthly internal newsletter and all staff project learning exchange meetings. The 2021 staff survey delivered some encouraging results for Farm Africa. Participation rates were at 81%, considerably higher than the previous survey and positive scores received for the important areas of trust in leadership, clarity of strategy, quality of programme delivery, and pride in the organisation. Areas for attention included terms and conditions and the availability of training budgets. We convened a Diversity and Inclusion working group in 2021 and progressed work on terminology and definitions. A staff consultation exercise will lead to the development of a Diversity and Inclusion strategy in 2022.
A sustainable financial future	We will continue to monitor the financial impacts of the COVID 19 pandemic and control operating costs, with the aim of achieving a break-even position for the year.	We fell short of our target to balance unrestricted income and costs in 2021, closing the year with a deficit on unrestricted funds of £0.4million. This was principally a result of a few programmes where costs and match funding requirements were not fulfilled through restricted funds and therefore had to be covered by the organisation's unrestricted income. Additionally, there was a decrease in restricted programme expenditure due to disruption and security issues caused by conflict in Ethiopia, resulting in reduced cost recovery. The annual budget for 2022 plans a break even position. Management have agreed a recovery plan to build reserves back to the target of £1.3m by the end of 2023.

Outlook for 2022

Goals for 2022 are informed by our long-term strategic priorities, as well as the very immediate challenges facing farming communities in eastern Africa:

- Prolonged drought has severely affected the Horn of Africa, in particular southern Ethiopia, northern Kenya and Somalia. Parts of the region are experiencing the driest conditions and hottest temperatures in living memory. As a result, as many as 13 million people were currently experiencing acute food and water shortages over the first quarter of 2022, and this is projected to rise to 25 million by mid-2022.
- Conflict in Ethiopia has somewhat reduced after the peak in insecurity over the last months of 2021. The humanitarian crisis in Tigray remains critical, in spite of some improvements in access. Continued outbreaks of conflict in Oromia will continue to create obstacles to Farm Africa operations. Elections in Kenya in August have potential to be a flash point for violent protest.
- War in Ukraine will disrupt trade and food supply to the region, in particular imports of wheat and edible oils. Inflation running at 30% in Ethiopia puts enormous pressure on cost of living and presents exchange rate challenges for programmes.

Strategic objective	Annual Goal
Achieve growth through diversity in funding	We will raise £12 million of restricted grant funding for both 2022 and 2023, including extending relationships with key strategic donors in Norway and Sweden, expanding our work in integrated landscape management and diversifying our grant funding portfolio.
	We will raise £1.8 million of unrestricted funding in 2022 with a diversified fundraising portfolio, including new relationships in the food sector and in the US, with high net worth partners, and featuring the return of the Farm Africa Trek.
Transforming rural livelihoods	We will define Farm Africa's climate and carbon programme offer, including communicating the results of our forestry projects and defining how Farm Africa will employ resilient, regenerative and climate-smart agriculture approaches to assist smallholder farmers in responding to the impacts of climate change
	We will continue to build on the positive impact of our forestry projects by engaging with local communities to enable them to earn income from selling carbon credits

Strategic objective	Annual Goal
	<p>We will explore broadening our geographical reach, including operational presence in DRC</p> <p>We will define Farm Africa's organisational offer in the coffee value chain</p> <p>We will demonstrate impact for 500,000+ community members in 2022.</p>
Technical leadership and advocacy	<p>We will continue to deliver integrated landscape management projects in Ethiopia, closely monitoring and responding to security and inflation risks to deliver 2022 project plans work as thought leaders in participatory forest management in the Bale Eco-Region. .</p> <p>We will document policy breakthroughs in participatory forest management, benefit sharing, aquaculture and forest reserve management</p> <p>We will do further work to embed standardisation of project indicators and tools - with a focus on income, resilience and women's economic empowerment.</p>
Deepen our partnerships	<p>We will establish new partnerships to further explore the potential of Farm Africa projects to access carbon markets.</p> <p>We will build on our programme expertise and reputation to extend our technical and funding networks</p>
One Farm Africa	<p>We will agree and implement an action plan building on the staff survey</p> <p>We will continue regular internal communications and all staff meetings</p> <p>We will progress Farm Africa's diversity and inclusion agenda with a deeper understanding the language and perceptions of the issues within Farm Africa, and develop a Diversity and Inclusion strategy</p>
A sustainable financial future	<p>We will balance our unrestricted income and costs in 2022, maintaining unrestricted reserves at their current level with a view to rebuilding back to pre-COVID levels as soon as possible</p>

Financial report

In this section we set out the financial performance of Farm Africa Limited and its subsidiaries ('Farm Africa') in 2021 and review its position at the end of the year. We continue to monitor the impact of the COVID 19 pandemic on Farm Africa's reserves and its management of financial risk, including implications for the trustees' assessment of the organisation's going concern status.

Financial performance

Income

Farm Africa receives income principally from three sources:

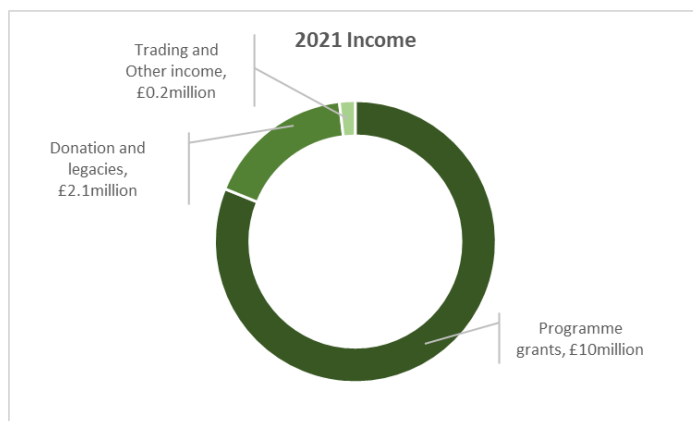
- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding);
- Donations, legacies, and other fundraising activities (unrestricted funding).

Total income in 2021 increased to £12.36million (2020: £10.4million). This is mainly due to an increase in the value of programme grants received from donors which can be due to the timing of receipts according to the terms of the grants in progress in a given year, but also reflects an increase in grants awarded as we come out of the uncertainties caused by the pandemic.

Programme grants remained the largest funding stream at £10million (2020: £8.4million). This included income on three new projects including: the second phase of our project scaling out integrated and multi-sector eco-regional approach in Bale eco-region in Ethiopia, funded by the European Union; a grant from Agricultural Markets Development Trust to improve market approaches to sunflower production in Tanzania; and funding from Waitrose & Partners Foundation for the next phase of the partners voice project in Kenya.

Donations and legacies, increasing to £2.1million (2020: £1.8million), with our committed giving and responses to appeals remaining at pre-COVID 19 levels, and several significant legacies offsetting the loss of income due to the cancellation of in-person fundraising events.

The chart following shows the breakdown of income between the principal sources:



Expenditure

Farm Africa's expenditure falls in to three main categories:

- Direct costs of implementing programmes in Africa;
- Fundraising costs;
- Support costs, including head office staff and governance.

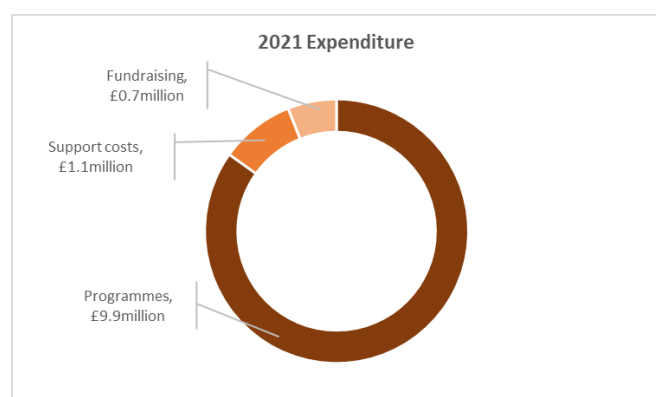
Total expenditure in 2021 decreased to £11.7million (2020: £12.5million).

Programme spend decreased by £1.1million to £9.9million (2020: £11million) with underspends in significant projects in Ethiopia due to disruption and security issues caused by conflict in Ethiopia, with certain projects being put on hold for several months.

Support costs increased by £0.2million to £1.1million (2020: £0.9million). This was expected as a result of the wind down of the UK government furlough scheme and an increase in travel costs as COVID 19 restrictions were lifted.

Fundraising costs increased slightly to £0.7million (2020: £0.6million) due to some additional investment in digital fundraising.

The chart following shows the breakdown of expenditure between the main categories:



In the Statement of Financial Activities support costs are allocated to spend on charitable activities (programmes) and fundraising, but in this analysis they are shown separately.

Financial results and closing reserves

Farm Africa reported a surplus of £0.7million for 2021 (2020: deficit £2.2million). This is made up of a £0.4million deficit on unrestricted funds (2020: break even position) and a surplus on restricted funds of £1.1million (2020: deficit £2.2million).

Unrestricted funds comprise income from general fundraising activities and income earned by our trading subsidiary. This funds the organisation's operating and programme support costs.

The results for the year have been affected by a few programmes where costs and match funding requirements were not fulfilled through restricted funds and therefore had to be covered by the organisation's unrestricted income. Additionally, there was a decrease in restricted programme expenditure due to disruption and security issues caused by conflict in Ethiopia, resulting in reduced cost recovery.

In respect to the surplus on restricted reserves of £1.1million (2020: deficit £2.2million), the level of restricted fund surplus or deficit fluctuates from year to year due to the differences in timings between the receipt of grant income and the corresponding project expenditure. In 2021 this figure is a surplus having received income on two major new projects in advance (Bale Eco-region Phase II project funded by the European Union, and funding from Waitrose & Partners Foundation for the next phase of our partnership in Kenya). Under charity accounting rules and our accounting policies, income is recognised in full when certain recognition criteria are met, even if the corresponding expenditure is incurred in a different accounting period. Such timing differences may result in restricted fund deficits in some years and surpluses in other years.

Farm Africa has a closing restricted fund balance of £5.2million (2020: £4.1million).

The unrestricted reserves of Farm Africa of £1million compares to our target for unrestricted reserves of £1.3million. The process by which the reserves target is set is explained in the section below, "Reserves policy".

Farm Africa's unrestricted reserves have fallen over the last four years, from £2.1million in December 2016 (excluding Sidai) to their current level of £1million. Over the last four years Farm Africa has been in transition to a new, sustainable financial model in which unrestricted income and expenditure are once again in balance. 2021 presented challenges for the organisation, with disruption caused by both the COVID 19 pandemic and the security situation in Ethiopia.

The annual budget for 2022 plans a break even position. Management have agreed a recovery plan to build reserves back to the target of £1.3 million by the end of 2023, however the latest forecasts indicate this will be achieved in 2022.

The organisation's forecast and financial sustainability is considered further in the section below, "Going concern".

Reserves policy

Farm Africa's unrestricted reserves on 31 December 2021 were £1million and its closing restricted reserves were £5.2million.

The Board of Trustees has determined that Farm Africa needs unrestricted reserves for the following purposes:

- To provide working capital and manage seasonality of income, for the effective running of the organisation;
- To protect against unrestricted income fluctuations;
- To protect against unforeseen project expenditure due to working in inherently risky situations and to manage foreign exchange volatility;
- To enable Farm Africa to invest in unforeseen funding and growth opportunities should it choose to do so.

The Board considers that the unrestricted reserves target should be set by applying the following methodology:

- Liquidity risk: a percentage of annual budgeted unrestricted expenditure to take account of short-term timing differences between receipt of income and payment of costs (currently 15%), plus a percentage of co-funding income to take account of timing differences between expenditure and receipt of co-funding income;
- Security risk: an assessment of the level of risk in each unrestricted income stream of between 10% and 30% depending on source, plus an assessment of unplanned unrestricted expenditure needs such as budget overruns;
- Investment reserve: an estimate of an appropriate level of funds to be held in reserve to enable Farm Africa to respond to unforeseen opportunities as they arise.

This methodology translated to an unrestricted reserves target of £1.3million at 31 December 2021. This was approved by the trustees at the December Board meeting and is the same level as the previous year. The reserves target considerably exceeds the minimum level that would be required for an orderly winding up of the charity.

The trustees are currently reviewing the reserves policy and reserves target in light of the challenges faced by Farm Africa in 2021.

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts for a period of 12 months from the date of signing the accounts, and a consideration of key risks that could negatively affect the charity.

Our core unrestricted reserves are funded from a combination of fundraising income (in the form of donations and legacies), and programme grants, a portion of which is allocated to funding the charity's running costs. As noted above, the level of unrestricted reserves has declined in the last three years, and is currently £1.0 million at the start of 2022 and forecast to build reserves to £1.2 million by the end of 2022.

The key risks in our financial model are a decline in income from unrestricted donations and legacies and a shortfall in programme expenditure leading to lower recovery of core costs.

Income from regular giving has remained steady over the past year and responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country.

The Ethiopia programme experienced disruption and security issues caused by the conflict in 2021, causing a shortfall in budgeted cost recovery. 2022 brought with it stability and the ability to resume work in affected areas. However, inflation and other economic factors continue to present challenges for project delivery.

Our donors recognise the particular challenges presented by these conditions and have worked closely with us to accommodate changes to plans and budgets, particularly where projects can be adapted to address the immediate impacts on beneficiary communities or extended. The continued economic pressures and sporadic security issues, means that programme expenditure and so the proportion of our core costs we can recover from restricted funds remains a risk.

In light of these factors, the trustees continue to review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain responsive to any increasing levels of risk. Together with the charity's management the trustees have considered what options are available to reduce core costs if necessary, to mitigate any impacts and maintain a viable financial position.

Scenario planning indicates that if programme spend continued to be impacted and was less than planned for 2022 and 2023, cost reductions identified could ensure swift recovery of unrestricted reserves at a minimum level of £1.0million by June 2023.

We have also considered other scenarios in which programme spend in some months is significantly reduced due to disruption in our Ethiopia programme. In these scenarios reserves would decline at a faster rate, but with the implementation of the cost reductions identified, would not be reduced to a critical level for a period of at least 12 months from the date of signing these accounts.

Trustees are reviewing the financial position closely on a regular basis, and updating expected future scenarios based on the actual results and any new information available. Trustees and management are actively pursuing further measures to increase fundraising income. Moreover, whilst the scenario planning does not indicate any immediate liquidity risks, if this changes then appropriate measures will be taken.

Our pipeline in 2022 of projects already secured or very likely to be secured is very healthy, with contracts to the value of £14million secured for 2022, compared to a target of £12million.

After considering these factors, the trustees have concluded that the charity has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Structure, Governance and Management

In this section we set out how Farm Africa is governed, its charitable objects and how it delivers public benefit. We also describe several key policies regarding the operations of the charity.

Statement of Trustees' responsibilities

The trustees (who are also the directors for the purposes for company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Governance and organisational structure

Farm Africa's officers and advisers are as shown on page 24 of this report.

Sir Michael Palin CBE and Sir Martin Wood OBE FRS DL kindly agreed to continue as patron and president respectively of Farm Africa during 2021.

Farm Africa is governed by a board of trustees based in the UK and authority is delegated by them to the chief executive to manage the organisation. Changes to the board of trustees are shared in the officers and advisors section on page 24.

Trustee recruitment is undertaken through a range of routes dependent on the identified needs. For example, when seeking a trustee with audit experience, we have targeted advertising through selected accountancy firms. This is followed by an interview process with a panel of trustees and approval by the board. The trustees are then formally elected by the members at the next annual general meeting. New trustees receive a personalised induction, including briefings from the chairman, chief executive and other senior management team members. They are encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board meetings and as and when specific training needs are identified.

The Finance, Risk and Audit Committee (FRAC) met regularly throughout 2021 under the chairmanship of Nick Allen. FRAC normally comprises at least two trustees, together with external members as required. FRAC agrees the external audit plan, reviews the external auditor's management letter and monitors the implementation of resulting actions. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register and the annual review and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports.

The Programme Advisory Committee (PAC) met throughout 2021 under the chairmanship of Laketch Mikael. PAC comprises at least two trustee members and external

members from a wide range of disciplines. PAC has two objectives:

- to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit
- to provide management with advice and a sounding-board on aspects of its programme work.

The nomination and remuneration committee also continued its work during the year, chaired by John Reizenstein. It comprises no fewer than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development. It also approves salary increments for the senior management team and the annual cost of living increase for UK staff, and makes a recommendation to the board on the salary of the chief executive.

We are supported by Farm Africa U.S.A Inc. which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

Charitable objects

While there has been huge progress in bringing global poverty levels down, sub-Saharan Africa has benefitted the least. Today, almost half of the world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. We tackle the three big challenges trapping people in rural Africa in poverty: ineffective agriculture, environmental destruction and their lack of access to markets.

This work is guided by our charitable objects:

- to relieve the poverty of farmers, agricultural workers and herders enabling them to improve the effective management of their natural resources
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects. To publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein
- to promote the education of the public in, and the furthering of, the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and related industries.

We implement these objects through pursuing our organisational mission, values and strategy.

Public benefit statement

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

- *The benefits generated by the activities of the charity are clear.* This report sets out in some detail the activities which Farm Africa has carried out in the year to further each of our strategic benefits;

- *The benefits generated relate to the objectives of the charity.* All activities undertaken are intended to further Farm Africa's charitable objectives
- *The people who receive support are entitled to do so according to criteria set out in the charity's objectives.* All Farm Africa projects are centred around rural African farmers (pastoralists, agro-pastoralists, smallholders and forest-dwellers), the target beneficiary group specified in our first charitable object

The trustees have therefore satisfied themselves that Farm Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

Legal structure

Farm Africa Limited is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828) approved & adopted on 29 May 1985 and last updated by special resolution on 23 June 2004. Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities are included in note 13 to the accounts.

Tax status

Farm Africa Limited has charitable status and is exempt from corporation tax because all of its income is charitable and is applied for charitable purposes. Tax charges may arise in the trading subsidiary, in relation to any taxable profits not gifted to the parent charity in the year.

Auditor appointment

A resolution confirming the reappointment of Crowe U.K. LLP as auditors will be proposed at the Farm Africa annual general meeting.

Subsidiaries

During 2021, Farm Africa Limited had one directly owned and active subsidiary, Farm Africa Trading Limited, which enables us to receive sponsorship income from corporate partners in a tax efficient manner.

Farm Africa Trading Limited made a loss for the year before taxation of £11,000 (2021: loss of £52,000). Our corporate sponsorship income is variable as it is dependent on the number of high profile events in a particular year and thus results can differ from one year to another.

Farm Africa Limited no longer holds a controlling interest in Sidai following the change of ownership in April 2019. Sidai therefore ceased to be a subsidiary of Farm Africa on that date. Farm Africa Limited has a residual holding of 24.5% of Sidai Africa Limited. Note 27 of the Financial Statements details a post balance sheet event relating to this investment.

Risk management

The board is responsible for ensuring that there is an appropriate process for the management of any risks faced by Farm Africa. Assisted by senior staff, the board regularly

reviews and assesses the major risks to which Farm Africa is exposed, in particular those relating to the operations and finances of the organisation. Risks are recorded and monitored on an organisational risk register which includes an assessment of the likelihood and potential severity of impact of each risk. The board receives a report regarding the status of those risks and the mitigating actions and controls that are in place.

Farm Africa's risk register is reviewed quarterly by the Board of Trustees and monthly by the Senior Management Team. Priority risks that were reviewed and managed over the course of the year included:

i) Security

Farm Africa maintains a global security management policy, a stand-by crisis management, and country level security plans. During 2021 security risks and incidents were actively and effectively managed in Ethiopia and DRC. In Ethiopia, civil unrest and conflict worsened throughout 2021, resulting in a humanitarian crisis which reached its peak at the end of the year. Farm Africa teams suspended several programmes and were forced to put work on hold in various locations, including Tigray and Amhara. Team communication and movement control during this period demonstrated excellent use of the security protocols. Careful monitoring and clear action on staff security kept Farm Africa teams and partners safe during this period.

ii) Financial pressures resulting from political instability and disruption

Disruption to our activities as a result of conflict rapidly impacts project delivery and cost recovery, putting pressure on unrestricted reserves. Political instability can also drive inflation and rising costs, putting pressures on Farm Africa's budget. With the outbreak of conflict in Ethiopia, the risk to our financial outlook was reviewed monthly, with mitigating actions being taken as needed to ensure financial sustainability and resilience of our programmatic work, including discussions with donors, revision of project budgets and scenario planning. Maintenance of a robust financial control environment enabled effective monitoring and appropriate action to be taken to manage the impact of these financial pressures on Farm Africa's financial position. The section 'Going Concern' on page 19 describes the trustee's assessment of Farm Africa's going concern status and the current financial outlook.

iii) Climate

There is a serious risk that if greenhouse gas emissions continue on current trajectories, extreme heat and climatic events such as droughts and floods will make it increasingly difficult for Farm Africa to achieve its core mission of getting smallholders to produce, sell and earn more. We have started to see the impact of climate change amongst the communities we work with, in particular the affects of prolonged drought across the Horn of Africa. Climate action is a cross-cutting priority in Farm Africa's new strategy and reducing emissions and embedding resilient, regenerative and climate-smart agriculture approaches are central to our project work. We will

adapt and respond to the challenges faced by the communities we work with.

iv) Impact of Covid-19 on unrestricted income

Certain income streams came under strain during the pandemic, with a reduction in income from events in particular. However, recruitment in the External Relations team has increased capacity for fundraising from corporate sources as well as trusts and foundations, with new opportunities pursued in these income streams. In 2021 the loyalty and generosity of Farm Africa supporters has helped Farm Africa to navigate the financial challenges posed by the pandemic.

Farm Africa's overall approach is to recognise and accept an appropriate level of risk, in particular ensuring that risk management does not deter innovation and learning. The board fully supports this strategy, and is satisfied that the management systems in place provide reasonable assurance that identifiable risks are managed appropriately.

Grant-making policy

Farm Africa works with a number of delivery or implementation partners where generally Farm Africa is the lead grant recipient and the delivery partners act as sub-grant recipients.

Partner selection is done on a grant by grant basis. The criteria for partner selection include specialist expertise that will broaden Farm Africa's technical expertise (for example, the International Water Management Institute, which works alongside us on natural resource management projects), geographical reach to enable more effective programme delivery (for example, SOS Sahel in Ethiopia), and a complementary core competence.

Before a formal grant agreement is signed all potential grantees are subject to a due diligence process based upon the OCAT (Organisational Capacity Assessment Tool).

A signed grant agreement is put in place with all partners, which covers joint ways of working, delivery criteria and reporting requirements. Grant reporting requirements are generally governed by Farm Africa's grant agreement with the primary donor.

Remuneration policy

Farm Africa is determined to reach as many smallholder farmers and their families as we possibly can. We do not compete with salaries in the private sector but our salaries are pitched at a level to allow us to attract effective, energetic and innovative leaders who will enable us to increase our impact and achieve our vision of a prosperous rural Africa.

Farm Africa has an annual income of approximately £12million, a track record of world class technical expertise and delivery and around 200 staff internationally. This provides the organisational context in which to set our remuneration policy.

Farm Africa aims to pay around the median level for a charity of our size; for this purpose we benchmark all salaries in the UK and internationally annually against sector-specific salary surveys and cross-reference them against local cost of living indices. This data is translated into salary scales for the UK

and each operational country and approved by Farm Africa's senior team. All staff are paid in line with these salary scales.

The nomination and remuneration committee uses the benchmark data to review and fix annual senior salary increases. We believe that our senior salaries paid as a result of this process are a proper reflection of the skills, knowledge and experience required to run an organisation like ours. The bandings for senior staff remuneration are disclosed in Note 11.

Fundraising disclosure

In 2021 Farm Africa conducted all of its fundraising practices "in house" and did not engage any agency to provide fundraising acquisition on its behalf. Farm Africa raises funds from individuals, events, corporate partners and trusts and foundations. All fundraising activity was overseen by the Director of External Relations and all activity was compliant with the Fundraising Regulator.

Farm Africa is a voluntary member of the Fundraising Regulator and as such ensures compliance with the Fundraising Code of Conduct.

Farm Africa did not receive any formal complaints in relation to its fundraising in 2021 (2020: nil) but does have a complaints procedure in place which can be actioned if required to do so.

In order to protect vulnerable people, Farm Africa ensures that all communication with donors is recorded on a secure database. Should there be any concerns that a supporter is vulnerable, as per Farm Africa's safeguarding policy, appropriate action is taken to prevent requests for donations from these supporters.

Investment policy

Farm Africa has an agreed investment policy covering both programme-related investments and assets held to fund planned expenditure. As the majority of Farm Africa's funds are held to support planned expenditure the aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

Farm Africa's policy towards programme-related investments (PRI) is to be open towards PRIs subject to assessing a number of tests. These tests are (1) the PRI must primarily be focused on Farm Africa's social impact, (2) the PRI should be in the area of expertise (in particularly African agricultural value chains), (3) subject to the assessment of a business case by the board – in particular to assess financial sustainability on a case by case basis. The business case will also include the financing mechanism needed for the PRI investment, (4) the level of governance and management involvement associated with the PRI.

Statement of compliance with Charity Governance Code

The Charity Governance Code consists of seven key principles. These are underpinned by the core role and responsibility of the trustees:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

In 2021 Farm Africa comprehensively updated the Board Guide, providing a clear induction for new and existing trustees on the specific responsibilities of board members.

Farm Africa considers that it is compliant with the Charity Governance Code.

Safeguarding

Farm Africa's approach to safeguarding is codified in our Safeguarding Policy. Farm Africa is committed to:

- Promote good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensure that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Take any action within our powers to stop abuse occurring and ensure the person who has experienced the abuse receives appropriate support
- Be transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries Farm Africa will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the well-being of the people we work with
- Manage our work in a way that promotes safety and prevents abuse.

The board has appointed a designated Safeguarding Lead who will act on behalf of the trustees to monitor adherence to Farm Africa's safeguarding policy and procedures, participate in the investigation and resolution of any reported incidents, and act as a source of guidance for other trustees on safeguarding matters.

Approved by the board of Trustees of Farm Africa Limited on 30 June 2022 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



John Reizenstein, Chair

Reference and Administrative details

Patron

Sir Michael Palin CBE

President

Sir Martin Wood OBE FRS DL

Chair

John Reizenstein

Trustees

John Reizenstein (Chair)
Judith Batchelar (resigned 22 October 2021)
Nick Allen (Treasurer)
John Young (Board Secretary)
Minette Batters
Colin Brereton
Serena Brown
Ken Caldwell (appointed 8 February 2021)
Laketch Mikael
Jan Bonde Nielsen
Jane Ngige
Charles Reed
Tim Smith

Registered Charity Number

326901

Registered Company Number

01926828

Registered Office and Principal Office

3-5 Bleeding Heart Yard
London EC1N 8SJ

Auditors

Crowe U.K. LLP
Chartered Accountants and Registered Auditor
55 Ludgate Hill
London EC4M 7JW

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Lawyers

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

Part 2

Independent Auditor's Report

Independent auditor's report to the members of Farm Africa

Opinion

We have audited the financial statements of Farm Africa Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

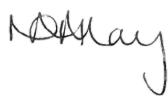
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of voluntary and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with

auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 4th July 2022

Part 3

Financial Statements

Consolidated Statement of Financial Activities

(incorporating Income and Expenditure Account) for the year ended 31 December 2021

	Note	2021 Unrestricted funds £'000	2021 Restricted funds £'000	Total funds £'000	2020 Unrestricted funds £'000	2020 Restricted funds £'000	Total funds £'000
Income from							
Donations and legacies	2	2,110	-	2,110	1,798	-	1,798
Government grants	3	1	-	1	59	-	59
Charitable activities							
General		-	10,026	10,026	-	8,403	8,403
Total income from charitable activities	4	-	10,026	10,026	-	8,403	8,403
Other trading activities	5	159	-	159	62	-	62
Investments	5	1	1	2	2	10	12
Other income	5	62	2	64	34	-	34
Total income		2,333	10,029	12,362	1,955	8,413	10,368
Expenditure on							
Raising funds	7	701	-	701	644	-	644
Charitable activities							
Agriculture		514	2,224	2,738	358	3,094	3,452
Market Engagement		854	3,697	4,551	503	4,341	4,844
Environment		697	3,017	3,714	373	3,218	3,591
Total expenditure on charitable activities	8	2,064	8,938	11,002	1,234	10,653	11,887
Total expenditure		2,766	8,938	11,704	1,878	10,653	12,531
Net income/(expenditure) for the year	6	(433)	1,091	658	77	(2,240)	(2,163)
Total funds brought forward		1,442	4,125	5,567	1,365	6,365	7,730
Total funds carried forward	17	1,009	5,216	6,225	1,442	4,125	5,567

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 33 to 48 form an integral part of these financial statements.

Consolidated and Charity Balance Sheets

As at 31 December 2021

	Note	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Fixed assets					
Tangible assets	12	98	98	85	85
		98	98	85	85
Current assets					
Debtors	14	862	1,066	1,173	1,352
Cash at bank and in hand		5,852	5,690	5,132	4,985
		6,714	6,756	6,305	6,337
Creditors					
Amounts falling due within one year	15	(500)	(497)	(678)	(676)
Net current assets		6,214	6,259	5,627	5,661
Total assets less current liabilities					
		6,312	6,357	5,712	5,746
Provisions for liabilities and charges					
Provisions for liabilities and charges	16	(87)	(87)	(145)	(145)
Net assets		6,225	6,270	5,567	5,601
The funds of the Group and Charity					
Restricted funds	17	5,216	5,216	4,125	4,125
Unrestricted funds - general	17	1,009	1,054	1,442	1,476
Total funds	17	6,225	6,270	5,567	5,601

The surplus for the financial year dealt with in the financial statements of the parent company was £671,000.

Approved by the Board and authorised for issue on 30 June 2022 and signed on their behalf by:



John Reizenstein
Chair



Nick Allen
Treasurer

Registered Company No.: 01926828

The notes on pages 33 to 48 form an integral part of these financial statements.

Consolidated Statement of Cashflows

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	740	(1,476)
Cash flows from investing activities:			
Dividends, interest, and rent from investments		2	12
Disposal of tangible fixed assets and capital grants		23	-
Purchase of tangible fixed assets and capital grants		(45)	(88)
Net cash used in investing activities		(20)	(76)
Change in cash and cash equivalents in the reporting period		720	(1,552)
Cash and cash equivalents at the beginning of the reporting period		5,132	6,684
Cash and cash equivalents at the end of the reporting period		5,852	5,132

Notes to the Statement of Cash Flows

A. Reconciliation of cash flows from operating activities

	2021 £'000	2020 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	658	(2,163)
Adjustments for:		
Depreciation	30	26
Profit on the disposal of fixed assets	(23)	-
Decrease/(increase) in debtors	313	639
Increase/(decrease) in creditors falling due within one year	(178)	23
Increase/(decrease) in provisions	(58)	11
Decrease in stocks	-	-
Dividends, interest and rents from investments	(2)	(12)
Non-cash movement on disposal of subsidiary	-	-
Net cash used in operating activities	740	(1,476)

B. Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand in the UK and overseas	5,852	5,132
	5,852	5,132

Notes to the Consolidated Financial Statements

1. Accounting policies

Farm Africa Limited ('the charity' or 'the charitable company') is a private limited company (registered number 1926828) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 3-5 Bleeding Heart Yard, London, EC1N 8SJ. The charity is a public benefit entity. More detail on how the trustees have satisfied themselves that Farm Africa has met the public benefit requirements is given in the Trustees report on page 21.

Basis of accounting

The consolidated financial statements of Farm Africa Limited and its subsidiaries ('the group' or 'Farm Africa') have been prepared under the historical cost convention and in accordance with the charities SORP (FRS102), applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's subsidiaries have been consolidated using the acquisition method of accounting and minority interest is shown as a separate line in the financial statements. The results of subsidiary undertakings are included from the date of acquisition. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

No statement of financial activities is presented for the charitable company alone because the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under s408 Companies Act 2006. The net surplus of the charitable company was £671,000 (2020: net deficit £2,064,000).

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts for a period of 12 months from the date of signing the accounts, and a consideration of key risks that could negatively affect the charity.

After considering these factors, the trustees have concluded that the Charity has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Key areas of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Funds held by the charitable company are:

- restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes,
- unrestricted funds: general – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees, and
- unrestricted funds: designated – these are funds which the trustees have designated for a particular use.

Income

Income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt and the amount is measurable.

In respect of legacy income we consider this to be the earlier of (a) receipt of the income; and (b) grant of probate, confirmation from the executors that there are sufficient assets in the estate (after settling any liabilities) to pay the legacy, and that any conditions attached to the legacy are either within the control of the charity or have been met. Additionally with regard to residuary legacies we consider the amount is measurable where it has been calculated independently by the executors and the estate's assets can be measured with sufficient reliability.

Tax recovered from income received under gift aid is recognised when the related income is recognised and is allocated to the income category to which the income relates. Where income is received in advance of the point of recognition it is deferred.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate market value at the date of receipt. No amount has been included in the financial statements for services donated by volunteers.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Expenditure

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

Expenditure on charitable activities is reported as a functional analysis of the work undertaken by Farm Africa, against our three thematic priorities of our new strategy: agriculture, market engagement (previously 'business') and environment. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs. These costs include salaries and associated employment costs including pensions and any termination payments required.

Grants payable to other institutions for development projects are included in the statement of financial activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK based staff who promote fundraising from

all sources including institutional donors, trusts, companies and individuals.

Support costs include UK central functions, and have been allocated to cost categories on a basis consistent with the level of activity.

Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

Foreign currencies

The functional currency of Farm Africa is considered to be the pound sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in pounds sterling.

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling current assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised but are written off on acquisition as direct project expenditure. This policy is employed because ownership of the property does not always pass to Farm Africa upon project completion. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 12.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Machinery & machinery	25% per annum

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

Provisions

Provisions are recognised when Farm Africa has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Financial instruments

Farm Africa has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits, trade and other debtors. Financial liabilities include trade and other creditors and loans. Basic financial instruments are recognised at transaction value and subsequently measured at amortised cost. Details and carrying value of these financial assets and liabilities are given in notes 14 to 16.

Investments represent Farm Africa's equity investment in Sidai Africa Ltd. Since this investment does not have a quoted market price in an active market and its fair value cannot be reliably measured by other means it is held at cost, which is nil.

2. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2021	2021	2021	2020
	£'000	£'000	£'000	£'000
General				
Committed giving	450	-	450	453
Appeals and donations	591	-	591	660
Legacies	822	-	822	460
Fundraising events	63	-	63	41
Corporate donations	36	-	36	16
Gifts in kind: donated services	43	-	43	70
Gifts in kind: donated assets	18	-	18	61
	2,023	-	2,023	1,761
Grants				
Trusts and Foundations	87	-	87	37
	87	-	87	37
Total donations and legacies	2,110	-	2,110	1,798

3. Government grants

The charity and group has received £1.3k (2020: £59k) in government grant funding through the furlough scheme during the year. As this funding is only receivable where a corresponding salary cost exists, the furlough grant income has only been recognised to the extent that it was receivable in the year under the conditions of the scheme. The expenditure, which relates entirely to payments to staff furloughed during the year, is shown in the costs of raising funds in the Statement of financial activities.

4. Income from charitable activities

	Restricted funds 2021 £'000	Restricted funds 2020 £'000
Grants from government, institutional and other similar donors		
Agriconsulting Europe	-	35
Agricultural Markets Development Trust	173	18
Agriculture Business Initiative Trust	88	131
Ajahma Charitable Trust	-	230
Aldi	66	94
Alliance for a Green Revolution in Africa	95	93
European Union	2,571	17
Forest of the World	26	65
Pilot House Philanthropy (previously Highwater Global Fund)	-	122
Irish Embassy	-	67
Jersey Overseas Aid Commission	260	120
Msingi East Africa	-	14
Netherlands Embassy of Kenya	-	27
Norwegian Agency for Development Cooperation	149	357
Open Society Foundation	130	-
Packard Foundation	778	75
Royal Norwegian Embassy	676	684
Slovak Aid	-	16
SOS Sahel	-	30
Swedish International Development Co-operation Agency	1,480	3,386
Technical Centre for Agricultural and Rural Co-operation	-	6
The Deutsche Gesellschaft für Internationale Zusammenarbeit	189	216
UK aid from the FCDO (previously DFID) – Aid Direct	674	1,082
UK aid from the FCDO (previously DFID) – Aid Match	135	235
USAID	115	54
Virunga Foundation	109	75
Vitol Foundation	109	151
Waitrose Foundation	1,009	191
World Food Programme	832	707
UN Women	130	-
Other international agencies and other donors	232	105
Total grants from government, institutional and other similar donors	10,026	8,403
Total income from charitable activities	10,026	8,403

5. Other income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2021	2021	2021	2020
	£'000	£'000	£'000	£'000
Other trading activities				
Trading	159	-	159	62
Total other trading activities	159	-	159	62
Investment income				
Deposit interest	1	1	2	12
Total investment income	1	1	2	12
Other income				
Sub-lease of office space and other miscellaneous income	39	2	41	34
Profit on sale of assets	23	-	23	-
Total other income	62	2	64	34
Total	222	3	225	108

6. Net income for the year

This is stated after charging:	Total	Total
	2021	2020
	£'000	£'000
Depreciation and amortisation	30	26
Payments under operating leases	98	82
Auditor's remuneration for the annual statutory audit:		
Charitable company	28	27
Subsidiary companies	2	2

7. Expenditure on raising funds

	2021	2020
	£'000	£'000
Donations and legacies		
Fundraising costs	468	466
Support costs allocated (note 10)	50	38
	518	504
Charitable activities		
Fundraising costs	14	12
Support costs allocated (note 10)	2	1
	16	13
Other trading activities		
Fundraising costs	151	117
Support costs allocated (note 10)	16	10
	167	127
Total	701	644

8. Expenditure on charitable activities

	Operational programmes	Grants payable	Support costs*	Total	Total
	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000
		(note 9)	(note 10)		
Agriculture	1,923	549	266	2,738	3,452
Market Engagement	3,247	861	443	4,551	4,844
Environment	1,947	1,405	361	3,714	3,591
Total	7,117	2,815	1,070	11,002	11,887

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

9. Grants to partner organisations (note 8)

	2021	2020
	£'000	£'000
Ethiopia projects		
Assosa Environmental Protection Association	8	32
Frankfurt Zoological Society	557	358
International Water Management Institute	227	176
Melca – Ethiopia	119	141
Mercy Corps	169	46
Mothers and Children Multisectoral Development Organization	35	43
Organization for Rehabilitation and Development in Amhara	226	176
PHE Ethiopia Consortium	314	434
SOS Sahel	541	662
Sustainable Environment and Development Action	182	270
TechnoServe	12	275
Union of Ethiopian Women Charitable Association	151	596
Kenya projects		
African Aquaculture Resource Centre	66	-
Jewlet Enterprises	-	18
Pioneer Fish Farm	-	1
TIGOI Fish Farm	-	1
UNGA Farm Care Limited	-	2
Tanzania projects		
Friends in Development	25	16
Masupa Enterprises	-	3
Tanzania Horticultural Association	1	37
TCCIA Manyara	25	
Uganda projects		
Africa Innovations Institute	48	105
Kahawatu	27	14
North Eastern Chilli Producers Association	82	100
Twin	-	2
	2,815	3,508

Grants were payable during the year to partners working on restricted projects. At year end there were ten payments totalling £153,000 outstanding to TechnoServe, SOS Sahel and Int. Water Management Institute (2020: there were eight payments totalling £278,000 outstanding to partners).

10. Analysis of support costs

	Management costs	Office costs	Finance & IT costs	HR costs	Governance costs	Total	Total
	2021	2021	2021	2021	2021	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities (note 8)							
Agriculture	29	83	112	35	7	266	262
Market Engagement	47	137	187	59	12	443	368
Environment	39	112	153	48	9	361	272
	115	332	452	142	28	1,070	902
Expenditure on raising funds (note 7)							
Donations and legacies	5	16	21	7	1	50	38
Charitable activities	-	-	1	-	-	1	1
Other trading activities	2	5	7	2	-	16	10
	7	21	29	9	1	67	49
	122	353	481	151	29	1,137	951

Support costs allocated are UK costs only. They have been apportioned proportionally to activity. Overseas office costs have been directly attributed to the costs of delivering charitable activities in country.

11. Employees

	2021	2020
	£'000	£'000
Staff costs		
Wages and salaries (including life assurance)		
Overseas contracted staff	3,189	3,565
UK contracted staff	1,593	1,436
	4,782	5,001
Social security costs	132	125
Pension costs	92	88
	5,006	5,214

Wages and salaries includes £78,000 (2020: £27,000) of redundancy and termination payments which are paid out in accordance with our redundancy policy and the legal requirements of each country in which we work

The key management personnel of the charitable company comprise the Chief Executive, the Director of Resources, the Director of Fundraising, the Director of Programmes, the Director of Finance, the Head of Human Resources and Country Directors. The total employee benefits paid to these individuals (including employer's pension and national insurance) was £829,000 (2020: £744,000).

In 2020 the senior management team took a salary cut of up to 20% in order to respond to the challenges presented by the pandemic and there were key management vacancies for a number of months. In 2021, salary sacrifice arrangements came to an end and key management vacancies were filled.

	2021	2020
	No.	No.
Employees with remuneration in the range of £60,001 to £70,000	-	2
Employees with remuneration in the range of £70,001 to £80,000	4	2
Employees with remuneration in the range of £80,001 to £90,000	-	2
Employees with remuneration in the range of £90,001 to £100,000	1	-
Employees with remuneration in the range of £100,001 to £110,000	1	-

The average number of employees for the group during the year analysed by function were:

	2021	2020
	No.	No.
Overseas contracted staff		
Farm Africa	173	196
UK contracted staff		
Fundraising and communications	14	13
Programmes support	2	6
Management and administration of charity	10	8
	200	223

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

No trustees were reimbursed for expenses on behalf of the organisation. The cost incurred by the charity for the trustee indemnity insurance was £3,200 in 2021 (2020: £3,000).

Farm Africa makes contributions for its employees to various defined contribution schemes. The amount of contributions due to these schemes at the year ended 31 December 2021 was £6,000 (2020: £11,000).

12. Tangible fixed assets**Group and Charity**

	Leasehold improvements £'000	Vehicles £'000	Machinery & equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2021	82	68	32	116	298
Additions	13	18	4	10	45
Disposals	-	(6)	-	-	(6)
At 31 December 2021	95	80	36	126	337
Depreciation					
At 1 January 2021	(82)	(19)	(31)	(81)	(213)
Charge for the year	-	(15)	(1)	(14)	(30)
Disposals	-	4	-	-	4
At 31 December 2021	(82)	(30)	(32)	(95)	(239)
Net book value					
At 31 December 2021	13	50	4	31	98
At 31 December 2020	-	49	2	34	85

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £449,000 (2020: £417,000). The accounting policy relating to fixed assets is referred to in note 1(i).

13. Investments

The table below shows the Charity's interests in subsidiaries and investments at 31 December 2021:

Company	Company Status	Investment classification	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited (company number: 7398449)*	Active	Subsidiary	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited (company number: 9359340)*	Active	Subsidiary	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited (company number: 7401279)*	Dormant	Subsidiary	UK	100% owned by Farm Africa	IP and registered trade marks
Sidai Africa Limited (formerly Farm Africa Enterprises Limited) (company number: 7401522)*	Active	Investment	UK	24.5% owned by Farm Africa Enterprises Limited ²	Holding company
Sidai Africa (Kenya) Limited (formerly Sidai Africa Limited)**	Active	Investment	Kenya	796,073 shares owned by Sidai Africa & 1 share owned by Farm Africa	Provision of veterinary services

* Registered office: 3 – 5 Bleeding Heart Yard, London EC1N 8SJ

** Registered office: Karen South Estate, Ndalat Rd, Mukangu close, PO Box 27256-00100 Nairobi

As at 31 December 2021 Farm Africa's holding in Sidai Africa is 24.5%. Where an investing charity holds, either directly or indirectly, 20% or more of the voting power of a company, the general presumption is that the investing charity exercises significant influence over the company and the company should be classified as an associate. However, the trustees consider that Farm Africa does not exercise significant influence over Sidai. They have concluded this on the basis that it does not actively influence strategic or operational decision-making at Sidai, has no representation on the Sidai board of directors, and does not provide financial assistance, expertise or advice to Sidai. Farm Africa's holding in Sidai Africa (and indirectly Sidai Kenya) is therefore classified as an investment. Please see note 27 for details of a post balance sheet event relating to this investment.

The results for the year of the active subsidiaries are shown below.

	Farm Africa Enterprises Limited		Farm Africa Intellectual Property Limited		Farm Africa Trading Limited	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Total incoming resources	-	-	-	-	142	64
Total resources expended	-	-	-	-	(153)	(119)
Retained surplus / (deficit) for the year	-	-	-	-	(11)	(55)
Total assets	-	-	-	-	182	173
Total liabilities	-	-	-	-	(226)	(206)
	-	-	-	-	(44)	(33)

14. Debtors

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Amounts owed by subsidiary undertakings	-	223	-	204
Trade debtors	155	136	61	54
Other debtors	59	59	55	55
Prepayments	125	125	108	108
Accrued income – other	1	1	53	35
Accrued income – project grants	522	522	896	896
	862	1,066	1,173	1,352

15. Creditors: Amounts falling due within one year

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Trade creditors	82	81	96	96
Deferred income	-	-	20	20
Other creditors and accruals	275	273	284	282
Grant obligations	143	143	278	278
	500	497	678	676

Charity and Group

	2021 £'000	2020 £'000
At 1 January	278	118
Grants paid to partners in settlement of obligations at year-end	(278)	(118)
New grant obligations	143	278
As at 31 December	143	278

16. Provisions for liabilities and charges**Group and Charity**

	Severance	Dilapidations	Potential non-recoverable project costs	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
At 1 January	97	15	33	145	134
Amounts charged to the Statement of Financial Activities	43	-	-	43	57
Amounts used during the year	(58)	(10)	(33)	(101)	(46)
As at 31 December	82	5	-	87	145

Provisions comprise the following:

- Contract severance provisions for staff on non-UK contracts. Under employment law in some of the countries where Farm Africa operates there is an entitlement to severance payments when an employee leaves. The amount payable is determined by the salary and length of service of each employee. The provision represents the accumulated entitlements of all such employees. The provision is released when payments are made to employees upon their departure from Farm Africa
- Dilapidation provisions to cover estimated future costs of restoring properties to their required condition at the end of their lease. The provision will be released at the end of the lease, based on dilapidation costs required, provided the lease is not renewed.

17. Movements in funds

	At 1 January 2021	Income	Expenditure	At 31 December 2021
	£'000	£'000	£'000	£'000
Ethiopian programmes	4,072	6,587	(6,003)	4,656
Kenyan programmes	49	1,549	(1,162)	436
Tanzanian programmes	17	857	(860)	14
Ugandan programmes	(108)	732	(628)	(4)
UK programmes	(16)	304	(285)	3
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	-	-	52
Movement on restricted funds	4,125	10,029	(8,938)	5,216
General funds	1,442	2,333	(2,766)	1,009
Movement on unrestricted funds	1,442	2,333	(2,766)	1,009
Total movement on reserves	5,567	12,362	(11,704)	6,225

The movement on restricted reserves represents the net of monies received and expended on projects which are funded by grants from specific donors. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request. Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs incurred.

The movements in funds in 2020 are presented below.

	At 1 January 2020	Income	Expenditure	At 31 December 2020
	£'000	£'000	£'000	£'000
Ethiopian programmes	5,591	5,486	(7,005)	4,072
Kenyan programmes	750	698	(1,399)	49
Tanzanian programmes	71	795	(849)	17
Ugandan programmes	(183)	1,137	(1,062)	(108)
UK programmes	25	297	(338)	(16)
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	-	-	52
Movement on restricted funds	6,365	8,413	(10,653)	4,125
General funds	1,365	1,955	(1,878)	1,442
Movement on unrestricted funds	1,365	1,955	(1,878)	1,442
Total movement on reserves	7,730	10,368	(12,531)	5,567

18. Net assets analysis (Group)

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 December 2021 are represented by:			
Tangible and intangible fixed assets	98	-	98
Net current assets	911	5,216	6,127
Total	1,009	5,216	6,225

Fund balances at 31 December 2020 are represented by:

Tangible and intangible fixed assets	85	-	85
Net current assets	1,357	4,125	5,482
Total	1,442	4,125	5,567

19. Constitution

The charitable company, which is limited by guarantee, does not have share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

20. Commitments: Operating leases

At 31 December 2021 Farm Africa has the following commitments under non-cancellable operating leases:

	Equipment £'000	Property £'000	Total 2021 £'000	Total 2020 £'000
In less than one year	15	109	124	123
Between one and five years	20	149	169	32
	35	258	293	155

21. Related party transactions

There were no related party transactions requiring disclosure other than transactions with subsidiaries (2020: none).

Farm Africa Limited charged a management fee of £36,700 (2020: £22,000) to Farm Africa Trading Limited. At 31 December 2021, Farm Africa Trading owed £223,000 (2020: £204,000) to Farm Africa Limited.

22. Parent company result

The parent company generated a surplus of £671,000 (2020: deficit £2,064,000).

The overall result of the charitable company is a combination of the unrestricted and restricted fund surplus or deficit. The nature of the restricted grants and timing of income recognition of restricted income vary significantly year by year. For example in some years restricted grant funding is received in advance on a number of grants and in others the income already received is spent. Therefore there are significant variations in the overall surplus or deficit of the charitable company.

23. Pension costs

As at 31 December 2021, Farm Africa operated one defined contribution scheme in the UK, provided by Friends Life part of the Aviva Group. It also makes contributions into other individual employee pension schemes. Farm Africa paid contributions at a rate of 8% of employee salary during the accounting period.

The pension cost included in the Statement of Financial Activities for UK employees was £92,000 (2020: £88,000).

24. Legacies

The estimated value of legacies notified but neither received, nor for which we had received confirmation from the executors that a payment could be made as at the year end, and so not included in income is £209,000 (2020: £665,000).

25. Capital commitments

There were no capital commitments outstanding as at 31 December 2021 (2020: none).

26. Acting as agent

Farm Africa acted as an agent during the reporting period. The charity received £3,814,000 (2020: £3,962,000) and paid £581,000 (2020: £3,962,000) as agent during the period, with a balance as at 31 December 2021 of £3,233,000 (2020: £nil).

27. Post Balance Sheet Event

On 7 June 2022 the directors of Farm Africa Enterprises Limited approved the sale of the company's shareholding in Sidai Africa Limited to its shareholders for a nominal consideration.

FARM AFRICA LIMITED

England & Wales - Charity number 326901

Accounts



**2020 Annual Report
and
Financial Statements**

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Part 1

Trustees' Report

Report of the Chair

Welcome to Farm Africa's 2020 Annual Report, where we reflect on some of last year's achievements in working towards our vision of a resilient rural Africa where people and the environment thrive.

We are proud to have reached more than one million people across eastern Africa in 2020 with support that is needed now more than ever. Many of the smallholder farmers and pastoralists we support across eastern Africa are living on the edge. In the face of climate change, the pandemic, civil unrest and global commodity price fluctuations, farmers and rural businesses lack the safety nets and resilience to bounce back from shocks.

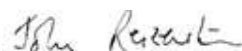
The case studies in this report outline how Farm Africa has helped smallholder farmers gain access to the markets, high-quality inputs and finance needed to drive prosperity. You'll read how we've supported agro-pastoralists to secure access to adequate water, fodder and healthcare for the livestock on which they rely.

The Covid-19 pandemic has posed many obstacles, but our dedicated teams have worked hard to innovate and adapt so they could continue wherever possible to support rural communities to maintain or increase their incomes while sustainably managing the natural resources around them.

While it was no doubt a challenging year, 2020 also brought new opportunities and new beginnings. We were delighted to welcome Dan Collison as the organisation's new CEO in May and at the end of the year to appoint Ken Caldwell as a new trustee. We were also pleased to embark on some innovative projects.

With funding from USAID's Feed the Future Partnering for Innovation programme we started working in partnership with Root Capital to help coffee cooperatives in Uganda, Rwanda and DR Congo reduce the risk that volatile prices in the global coffee market pose to smallholder farmers' income. In Kenya, funding from the Open Society Foundations enabled us to continue building a resilient and inclusive policy environment for the development of Kenya's aquaculture sector.

We are hugely grateful to the many individuals and organisations who have extended support to Farm Africa over this challenging year, without whom none of our work would be possible. Our sincerest thanks go to you all on behalf of the communities we serve.



John Reizenstein

Chair

24 June 2021

Report of the Chief Executive

Having started at Farm Africa in May 2020, this is my first Annual Report letter. Despite lockdown meaning I have not had the opportunity to meet many of you in person, I am grateful for having been able to connect virtually with many of Farm Africa's supporters, partners and staff. Many thanks to everyone who has extended such a warm welcome to me in a year that has been like no other.

I am honoured to have been appointed as CEO of an organisation I have admired for many years. Each day in post has heightened my understanding of the difference Farm Africa makes by supporting sustainable livelihoods for rural communities in eastern Africa.

I have huge respect for the expertise and knowledge of our colleagues and partners across Ethiopia, Kenya, Uganda, Tanzania and DR Congo, who work so hard to ensure the communities we support have the opportunity to make a decent living today, while protecting the environment for tomorrow.

That work was more challenging than ever in 2020, disrupted by crises including the Covid-19 pandemic, swarms of desert locusts, severe floods and conflict. In the face of these challenges, the impact of our work has been all the more profound, helping to ensure that farmers can withstand shocks and still provide for their families.

Anna, a participant in our Livestock for Livelihoods programme (see pages 8-9), used to rely on her harvests to feed her family in Karamoja, Uganda. She told us: "When it is rainy or windy, the crops get destroyed and we have nothing to give the children." With Farm Africa's help, Anna will have other options in future. As well as growing crops, she now rears goats, which produce milk and meat, a source of both income and food. She is also taking part in a savings association, giving her access to credit so she can now be sure there will be money available for essentials such as school fees.

The year 2020 marked the final year of Farm Africa's previous strategy. I am proud to present this Annual Report at the same time as we formally launch our new 2021-2025 strategy, details of which can be found on pages 6-7.

The last year has demonstrated the resilience of the communities that we work with, as well as the resilience of our organisation. As we plan for the years to come, I hope we can count on your support to help transform lives for millions more people like Anna and her family.

Dan Collison

Dan Collison
Chief Executive
24 June 2021

Strategic Report

This section presents Farm Africa's mission, values and strategic goals. It reflects on the achievements of the recently completed five-year strategy period, and looks forward to the priorities outlined in the new strategic plan (2021-2025). The section summarises Farm Africa's achievements in 2020, particularly in light of the Covid-19 pandemic, and outlines our goals for 2021.

Vision, mission and values

Farm Africa's vision is of a resilient rural Africa where people and the environment thrive.

Effective agriculture transforms lives, underpins resilient food systems, and protects natural resources. Farm Africa supports a just rural transition for farmers and farming communities in eastern Africa, which improves yields, improves food quality and safety, and increases household income. Our technical approaches to sustainable agriculture, market engagement and protecting the environment have the greatest impact when they are integrated in an holistic effort, connecting smallholder farmers to thriving markets and transforming subsistence agriculture into a sustainable business.

We are ambitious to expand our work and increase our impact: to lift more communities out of poverty; to open up more agricultural markets; to provide more expertise and help safeguard natural resources. Climate challenges and the importance of resilient food systems in managing risks such as the current pandemic demonstrate the immediate and increasing relevance of Farm Africa's work.

Our mission

To promote sustainable agricultural practices, strengthen markets and protect the environment in rural Africa.

Our values

- **Expert:** Expertise and insightful evidence-based solutions are at the heart of everything Farm Africa does;
- **Grounded:** Our teams and partners work closely with local communities, engaging them in every level of decision-making;
- **Impactful:** We deliver long lasting change for farmers, their families, and the environments they live in;
- **Bold:** We model innovative approaches and are not afraid to challenge strategies that are failing.

2016 – 2020 strategy

2020 marked the final year of a five-year strategic plan. Before embarking on the new strategic planning process we reflected on the achievements of this plan as well as what did not go as expected.

The three thematic priorities have proven to be very clear and relevant, describing our technical approaches in detail. The business development and market systems approaches have emerged as an important priority, bringing engagement with a wide range of private sector partners to our programmes. Geographical expansion has been achieved through the growth of the programme in Uganda and through new project partnerships in the Democratic Republic of Congo (DRC). Farm Africa has seen impressive growth in restricted funding (from £5m pa to £10-12m pa) and the consistent application of a 15% cost recovery approach. There has been a shift in the management and leadership balance from the UK to eastern Africa, with some progress broadening diversity in leadership. Cost control has been robustly maintained and Farm Africa has an impressive 'charitable ratio' at +/-94%.

There are some areas of the plan that did not deliver as originally expected, including a decline in unrestricted funding and less progress than expected in capturing evidence for change and describing methodologies for Farm Africa's gender and youth work.

New strategy development

In the last quarter of 2020 we activated a participatory process to develop a new strategic plan for Farm Africa (2021-2025). This involved extensive consultation with staff, partners and external advisors to understand the achievements of the last strategy, update our understanding of the regional and sector context, and determine priorities and objectives for the new plan.

The great strength of the previous strategy was the clear articulation of Farm Africa's three thematic priorities: **agriculture**, **business development**, and **environment**.

In **agriculture**, our programmes will continue to support farmers to transition from subsistence to commercial livelihoods. Access to better inputs, technology and information improves income and makes livelihoods more resilient to shocks. Our projects improve yields and quality across multiple value chains, including coffee, sorghum, livestock and edible oil seeds and horticulture. Our climate-smart approaches help mitigate the effects of climate change.

Market engagement improves farmers' linkages to local and international markets, emphasising **business development**, access to financial services and support to the small and medium-sized enterprises that are a crucial intermediary between producers and markets. Our links with food industry sector partners have strengthened our offer in corporate social responsibility.

Our work on protecting the **environment** builds on Farm Africa's experience in landscape management, including participatory forest management and payment for ecosystem services. Progress in avoiding deforestation has developed our role in carbon sequestering, promoted alternative livelihoods for forest communities, and we have seen our approaches endorsed and supported by governments in the region for replication at scale.

While agreeing that these should still form the foundation of our programmatic objectives, the world has changed since the last strategy was developed, and our new plan also takes account of:

- **Climate change and mitigation:** the climate crisis is accelerating in eastern Africa, and farming communities have to adapt quickly to climate shocks and unpredictable weather patterns. Regenerative agriculture becomes an even more important focus of this strategy.
- **Food systems:** the Covid-19 pandemic has illustrated the fragility and interconnectedness of local and global food systems. Understanding Farm Africa's work in the context of food systems opens up new relationships with corporate partners, strengthens our connection to markets and business development, and provides a strong platform for scaling our work through advocacy.
- **Women's economic empowerment:** Farm Africa has developed a strong track record in programmes that support women. The new strategy commits more focus to this, as well as to employment opportunities for young people.
- **Agriculture and technology:** developments in technology are moving quickly from digital extension services, to e-commerce. Our programmes will evolve to ensure that farmers can benefit from available technology, improving information flows and creating new market connections.

The strategy not only sets out our programmatic directions, it is a plan for the whole organisation. It commits the organisation to a culture of 'One Farm Africa' – emphasising transparent communication, accountability in decision making, and learning across teams. The code of conduct, safeguarding policy, and our security measures are prominent in this.

The plan also steers Farm Africa to a sustainable financial future which maintains strong reserve levels and delivers steady growth in restricted and unrestricted income. International aid flows are shifting as donors change priorities, with the UK's decreasing aid budget a clear indicator of this. New funding relationships will be needed to realise the strategy, including engaging with global climate funds and developing new ways of working with corporate partners.

Our activities and achievements

Farm Africa's programmes have continued to benefit smallholder farmers and their communities in 2020, despite the ongoing pandemic. We managed projects across five

countries, reaching more than one million people in eastern Africa.

This section focuses on five of our projects, illustrating the impact our work has had in helping rural communities to increase their yields, improve the quality of their produce, build their links to market and manage natural resources sustainably.

Farm Africa's work varies from rearing goats to producing high-quality coffee to preventing deforestation, but all our work supports building our vision of a resilient rural Africa where people and the environment thrive.

We also outline Farm Africa's response to the impact of Covid-19 on the farmers we work with.

The Covid-19 pandemic

With no means to trade during enforced lockdowns, farmers in eastern Africa suffered damaging losses from unsold harvests. And without a way to access high-quality seeds and fertilisers, many struggled to keep their businesses alive.

In many parts of eastern Africa, the month of March is usually peak planting season. March 2020, however, saw the start of widespread disruption for farmers as the coronavirus pandemic took hold, triggering the closure of national borders, restrictions on movement within countries, curfews and reduced business hours. The pandemic limited farmers' access to labour, inputs and markets, pushed up their price of production and caused household incomes to plummet.

In June 2020 a rapid feedback survey undertaken of 419 smallholder horticultural farmers taking part in Farm Africa's Growing Futures project in Trans Nzoia County in western Kenya highlighted the extent to which the Covid-19 pandemic dealt smallholder farmers in eastern Africa a major economic blow.

A total of 69% of respondents reported lower than usual sales volumes while 67% reported that the price per kilo of produce had fallen. The impact of this reduced demand on farmers' earnings was clear, with 67% of respondents reporting a significant reduction in household incomes as a direct result of the pandemic. While feeling a squeeze on income, a majority of farmers also reported experiencing rising costs of both agricultural inputs and household essentials.

It is a burden the farmers were ill equipped to bear: half of the interviewees reported that they did not have an emergency fund.

Farm Africa's response

From March onwards, curfews, restrictions on the use of cars and motorbikes and social distancing requirements made necessary by the Covid-19 pandemic restricted our ability to reach communities and deliver training. However, we continued to operate wherever possible, helping farmers to overcome the additional struggles they faced in accessing labour, inputs and markets, while implementing measures to

keep our staff, partners and the communities we work with safe.

In Kenya, we adapted our approach to the Growing Futures youth horticulture project by delivering support to individual farms rather than delivering group training. We advised farmers to stagger their harvesting and grading schedules to maintain social distancing; improved hygiene standards and helped deliver agricultural inputs to farms.

Additional funding totalling £175,000 from the Waitrose & Partners Foundation helped Farm Africa support Kenyan farm workers and smallholder farmers in the Waitrose & Partners supply chain. The funds were used to develop healthcare and sanitation measures to prevent the spread of Covid-19, improve workers' access to essential services such as healthcare and childcare, support workers on reduced earnings through food packages and help smallholder farmers to restart the supply of vegetables.

Innovative adaptations to planned activities mean that in some cases we were able to reach more farmers than initially planned. In northern Uganda, in addition to securing permission from local authorities to continue our in-person training sessions on chilli production, funded by aBi Development Ltd, to smaller groups, we introduced radio training sessions that were accessible to a wider audience.

In Ethiopia, our project promoting climate-smart agriculture, funded by Sida, adapted plans to deliver training on the production of high-value crops. Instead of training farmers directly, our staff delivered training to development agents and local government staff, who in turn cascaded the training to larger groups of farmers than originally planned.

Farm Africa also worked alongside local governments in Ethiopia to protect farmers and pastoralists by distributing materials such as infrared thermometers, personal protective equipment, cleaning materials and water containers to district Health Bureaus. We also raised awareness among project participants of the importance of social distancing, regular handwashing and avoiding group meetings.

In Uganda, funding from Irish Aid enabled Farm Africa to step in and cover Community Animal Health Workers' fees to spray, deworm, treat and vaccinate goats belonging to women taking part in our Livestock for Livelihoods project, whose ability to save was disrupted by the pandemic.

"The Waitrose food package really helped me when the Covid-19 pandemic had hit the country hard since our salaries had been reduced. I managed to save funds that could have been used for food purchase and directed them to other basic needs." - Joyce Kariuki, a farm worker from Tambuzi, Kenya, receiving support from Farm Africa and the Waitrose & Partners Foundation.

Livestock for Livelihoods

Farm Africa is unlocking the power of goats to transform the lives of pastoralist women and their families living in the drylands of South Omo in Ethiopia and Karamoja in Uganda.

These are two of the poorest areas in eastern Africa – with a harsh, unpredictable climate that can make it impossible to grow crops or keep cattle healthy. In both locations, many pastoral households rear goats, predominantly for meat, but productivity is constrained by poor access to veterinary and breeding services, and a shortage of fodder and water.

Set up in 2018, our Livestock for Livelihoods project is helping more than 10,000 women in South Omo and Karamoja increase their incomes by setting up goat-rearing enterprises. We are also raising awareness about the nutritional value of goats' milk and balanced diets, and demonstrating how to build kitchen vegetable gardens that make good use of the goats' manure.

Using a revolving goat scheme, we have set up Women's Livestock Groups, each formed of 20 to 30 vulnerable women, many of whom are mothers of young children. Half or a third of the group members receive two or three does (female goats) each from Farm Africa, on the understanding they pass on two or three female goat kids to another woman in the group once the doe has reproduced.

The men in the communities involved in the project were at first resistant to see the elevation of women's status, but over time this has changed. Between the start of the project in 2018 and the end of 2020, the average number of goats in the women's herds had grown from four to 12 in Uganda and from eight to 17 in Ethiopia.

Animal health

Healthy goats produce more kids, milk and meat. Farm Africa has helped women develop the goat husbandry skills they need to keep their goats in good health by delivering practical lessons on feeding, housing, breeding, disease management, fodder and rangeland management. To reduce overgrazing of the rangelands we've encouraged project participants to grow forage and indigenous fodder trees that have multiple benefits (shade, wind breaks, fodder and medicinal plants).

A household survey in Ethiopia in 2020 showed 90% of respondents had adopted better goat feeding, using fodder including hay, crop residues and fodder trees, while 70% had constructed improved goat shelters.

We have trained a network of Community Animal Health Workers (CAHWs) who provide basic veterinary services such as vaccination and de-worming of goats, and spraying them to keep parasites at bay. In 2020, the CAHWs dewormed a total of 27,446 goats, sheep and cattle in Ethiopia and more than 500,000 goats, cows, sheep, donkeys and camels in Uganda.

Improved goat breeds

Farm Africa helps communities to cross-breed local does with exotic, high-yielding breeds of buck: Toggenburg in Uganda and Boer in Ethiopia. The offspring produce more milk and meat than local goats, which tend to produce very little milk.

Higher yields of milk and meat mean that women are able to earn more money from their goats, as well as improve their families' diets. A household survey of project participants in

Ethiopia in 2020 showed half of children under five years old were now drinking goats' milk, compared to 12% in 2018.

In Uganda, the highest average annual production of goats' milk in 2020 was seen in the Kotido District, at 73 litres per household, compared to 19 litres per household in the lowest-producing district (Nakapiripirit). In Kotido, the goats' milk proved to be invaluable for families' survival due to the lack of other available food in light of flooding and insecurity, which both reduced agricultural yields.

Access to finance

As of March 2020, a total of 7,546 women (2,686 in Uganda, 4,860 in Ethiopia) were taking part in Village Savings and Loan Associations (VSLAs) organised by Farm Africa, where members make weekly contributions into three funds:

1. The goat fund, which is used to pay for health services for the goats.
2. The welfare fund, which offers interest-free loans to cope with emergencies such as sickness of a family member.
3. The savings fund, which issues small loans for women to set up businesses, such as goat fattening businesses, which enable them to increase their incomes. The average size of loan issued in Ethiopia in 2020 was 1,724 Ethiopian birr (about £30).

According to Farm Africa's baseline report undertaken at the start of the project in 2018, 69% of women in Karamoja and 37% of women pastoralists in South Omo were living below the poverty line of US\$1.90/day. As of March 2020, household incomes had more than doubled compared to the start of the project.

The Livestock for Livelihoods project is funded with UK aid from the UK government and Jersey Overseas Aid.

"Today I told my children I am going to the group to get the goats. They were so happy that Mummy was going to bring home goats." - Longole from Karamoja, Uganda, received two goat kids from Theresa in March 2020. The women's story was featured in the BBC Radio 4 appeal for Farm Africa, presented by Sir Michael Palin, which was broadcast on 13 December 2020, raising £67,000 including Gift Aid.

Restoring and preserving Ethiopia's Bale-Eco region

Farm Africa is working with NGOs and the local government to protect rivers, forests and grasslands; diversify livelihoods and reduce poverty in the Bale Eco-region.

The Bale-Eco region, a biodiversity hotspot in Ethiopia's Oromia region, is at risk from land degradation. Already home to 1.6 million people, its growing population is using the area's natural resources at an unsustainable rate. Deforestation for farmland expansion is very high, while overgrazing of livestock is leading to a shortage of pasture. Coupled with climate change, this is threatening the region's diverse landscape and endangered species of flora and fauna, and increasing the vulnerability of the communities who depend on the land and rivers for their livelihoods. More

than 12 million people rely on the region's rivers for their water supply.

With funding from the European Union's Supporting Horn of Africa Resilience (SHARE) initiative and Jersey Overseas Aid, Farm Africa is leading a consortium of NGOs to help local people sustainably manage the Bale Eco-region and diversify their livelihoods to reduce reliance on unsustainable practices.

Diversifying livelihoods

In 2020, the project made a number of livelihood improvements including increasing the productivity of non-timber forest enterprises in coffee, honey, gum and resin. Overall, the project helped forest-based cooperatives produce 24,263kg of these four products, 5,059kg over the year's target. This has not only increased farmers' incomes but has provided an economic incentive for the community to protect trees, which along with producing gum and resin, provide pollen for bees, and shade for coffee plants and beehives.

Particular success was seen in coffee production in 2020. The project trained farmers on processing and post-harvest handling, which has increased coffee quality and enabled farmers to sell their coffee at higher prices to lucrative export markets.

Climate-smart agriculture

Farm Africa is working with local governments to provide access to small-scale irrigation systems and training for farmers on climate-smart agriculture (CSA) techniques to help increase productivity on existing agricultural plots and discourage the conversion of forest to farmland.

In 2020, 57% of female-headed households and 67% of male-headed households participating in the project were using at least three CSA techniques. This is a vast improvement for female farmers, as prior to the project only 10% of female-headed households were meeting this target.

Working with women and young people

The project is helping women and young people, who are often excluded from earning money, to engage in new income-generating opportunities. Women also tend to have low access to credit and technology, making them more exposed to the negative impacts of climate extremes and the depletion of natural resources.

Farm Africa supported five new women-led enterprises in 2020. The groups rear and breed goats for milk and meat. We've helped the businesses gain access to improved goat breeds, animal health services and sustainable fodder, applying the revolving goat scheme that is also being successfully used by our Livestock for Livelihoods project to a new context. The businesses generated an income of 233,000 Birr (approximately £4,000) for female members, who collectively sold 205 goats in 2020, surpassing the 2019 sales figure of 90 goats.

Alongside this, the project has set up three youth-led enterprises producing and selling energy-efficient cook stoves and sustainable charcoal. These businesses

collectively sold 850 stoves in 2020, generating a revenue of 255,000 Birr (approximately £4,400). These businesses provide young people with income and also reduce the amount of wood being cut down for cooking purposes.

Covid-19

During 2020, the project team raised awareness about the Covid-19 pandemic and introduced training and equipment to prevent it spreading in the community and ensure the project could continue. The project team distributed personal protective equipment such as face masks, disposable gloves, gowns, overalls and infrared thermometers.

Economically empowering female coffee farmers

Farm Africa is working to close the gender gap in the coffee industry in Kanungu in western Uganda. We're working to provide women with greater autonomy at the household, farm and cooperative level.

Although women are the backbone of Kanungu's coffee industry, which fuels the local economy, it tends to be men who have control over the profits. Women undertake the majority of the work involved in growing, harvesting and drying the coffee. However, men have a near monopoly over the mechanised processing and marketing activities, meaning it is they who make the final sale and receive the payment, often excluding women from participating in financial decisions.

This is exacerbated by women's lack of access to land, coffee trees, finance and representation in coffee cooperatives, which help farmers to sell their coffee to lucrative markets, and provide supplies and services for coffee production.

With matched funding from the UK government for Farm Africa's 2019 Coffee is Life UK Aid Match appeal, we are providing 2,640 women in Kanungu with the support they need to access the coffee market, participate in coffee cooperatives, take on leadership roles, and change decision-making dynamics within households, so they can have more say over the profits generated from their agricultural efforts.

The project's results are significantly surpassing our expectations. In November 2020, a survey of 348 female coffee farmers taking part in the project found the women's economic empowerment in agriculture (WEEIA) score had increased to 85% from 22% in 2019. The score reflects the average percentage of women reporting that they have access to, and control over incomes; strengthened household level decision-making power; and increased access to resources and market opportunities. Our target had been to achieve a score of 40%.

After the Covid-19 pandemic struck, thanks to permission from the local government, the project was able to continue with adaptations including the provision of facemasks to participants to wear during training and meetings and the purchase of disinfectants to sanitise project materials.

Access to finance

The project is helping women save and invest in their businesses by providing women with access to financial resources through the establishment of 150 Village Savings and Loan Associations (VSLAs), groups where women are able to save together and share financial resources, and by linking the VSLAs to financial institutions.

Participation in cooperatives

Farm Africa held events for women promoting benefits of joining the cooperatives and have held awareness raising sessions on gender inclusion with cooperatives and the district government. We have supported cooperatives to amend their standard operating policies to be more gender-inclusive as well as introduce rigorous policies on disability inclusion, human resources, governance, lending, finance and accounting and have offered leadership training to women to help them fulfil positions of responsibility within cooperatives. At their recent Annual General Meeting, the Kanungu coffee growing cooperative elected its first female chairperson.

So far, the project has helped a total of 462 women to sell fair average quality (FAQ) coffee through four different coffee growing cooperatives.

Land use agreements

Often daughters in Kanungu receive markedly less land than sons, or are totally excluded from land agreements. We have held advocacy sessions promoting voluntary household land-use agreements where older generations and men give women and young people access to land on which to produce coffee. A total of 480 model households agreed to implement voluntary land-use agreements and demonstrate the benefits to their respective communities.

Gender Action Learning

We have used the Gender Action Learning System (GALS) approach to bring women and men together to explore the economic and social benefits of joint household planning and gender equality. So far, we have rolled out the GALS approach to 1,717 households, using a training of trainers approach, where we directly trained 320 young 'champion' trainers, who were tasked with replicating the training to other households.

The approach uses a series of visual diagramming tools to vision, analyse, plan and track actions involving each household member.

Forest-friendly businesses in Ethiopia's Central Rift Valley

Farm Africa is working with NGOs, communities and local governments to protect Ethiopia's Central Rift Valley from deforestation, land degradation and climate change, boosting livelihoods through forest-friendly businesses.

The diverse wildlife, lakes and forests of Ethiopia's Central Rift Valley (CRV) are at risk from deforestation, climate change and unsustainable use of natural resources. Since 1983, the area has lost 50 per cent of its forests.

Farm Africa is addressing these problems through a multi-stakeholder, integrated landscape approach, looking at the long-term opportunities across a variety of ecosystems including forests, agricultural land and rangelands, to harmonise the needs of people and the environment, and ensure rural communities develop livelihoods that also protect, restore and sustain their local natural resources.

Since the project started in 2019, deforestation has decreased to 2.27% in the areas in which Farm Africa works. Prior to this, 4% of forests were lost annually to deforestation. This decline is due to the introduction of forest-friendly businesses, a participatory forest management approach, climate-smart agricultural techniques such as mulching, composting, intercropping, integrated crop-livestock systems, and awareness raising within the target community, which have reduced local people's reliance on cutting down trees for their livelihoods.

Forest-friendly businesses and nature-positive production

Farm Africa has been working with smallholder farmers, cooperatives and community groups to build viable forest-based enterprises that give communities an economic incentive to protect the landscape.

With the support of partners and local government, Farm Africa has provided smallholder farmers with training and the resources to boost their productivity of non-timber forest products such as honey and fruit, and build their links to markets so they can get a fair price for their products.

Farm Africa has supported 434 farmers to use modern beehives and beekeeping practices. This has resulted in a threefold increase in honey production, and has contributed to an average 76% increase in household incomes.

Alongside this, the project is improving the productivity of smallholder farmers by introducing climate-smart agricultural techniques such as intercropping and use of improved varieties of crops. This is helping farmers protect ecosystems and reduce agriculture's contribution to climate change.

The project is also helping farmers to access improved seeds and nature-positive alternatives to chemical inputs through vermicomposting and integrated soil fertility management. Training is being provided on water conservation, crop rotation, agro-forestry and improved agronomic practices. These initiatives increased the productivity of the cash crops teff, maize and wheat. The average productivity of maize has risen from 23.4 quintals per hectare of land to 38.0 quintals, and wheat has increased from 26.2 to 35.0 quintals per hectare of land.

Pressure on forest resources has also been reduced by the introduction of green energy technology, such as household-level biogas systems, which turn household waste into renewable energy and reduce the communities' dependence on firewood from the forest.

"When we use biogas stoves, time spent collecting firewood is reduced, firewood consumption is reduced, the workload of women and children is reduced, and the cutting down of trees is reduced." - Gebre Beshno, 43-year-old beekeeper.

Overall, these initiatives have resulted in an increase in the annual gross income of households from 25,000 Ethiopian birr (£432 GBP) in 2019 to 44,000 Ethiopian birr (£760 GBP) per household per year in 2020.

Community-led park management in Senkelle

The project has helped communities to participate in natural park management in CRV to ensure wildlife and ecosystems are protected. This includes the Senkelle Swayne's Hartebeest Sanctuary (SSHS), an area covering 54km² that is home to one of Ethiopia's unique species, the Swayne's Hartebeest.

In 2020, the project team supported the construction of roof water harvesting facilities to supply drinking water to park animals, constructed a park gate and conducted awareness raising workshops and park management training to ensure community members can monitor and preserve the area successfully. As an incentive for this work and to create a sense of ownership over the park, community members are able to earn incomes from selling grass, responsibly harvesting it from an allotted plot of land in the park. Around 6,750 households are estimated to have earned 16 million Ethiopian birr (£275,000) from the sale of grass.

Covid-19

Faced with the challenge of the Covid-19 pandemic, the project distributed sanitation and hygienic materials such as hand sanitiser, face masks, gloves and liquid soaps to 12,500 people in the region including government staff. Farm Africa also collaborated with village health committees, peer educators and health workers to raise awareness of how to reduce the spread of coronavirus, reaching 25,000 people.

Boosting sorghum production in Tanzania

Farm Africa is bringing smallholder farmers together and equipping them with the skills and resources to transition from subsistence to commercial agriculture.

In Tanzania's Dodoma region, communities rely on sorghum for their food and income. Yet, despite growing demand for sorghum, climate shocks are depleting yields, and a lack of secure food storage facilities and poor handling processes see much of farmers' produce going to rot, pushing families into hunger.

Funded by Irish Aid through the World Food Programme, Farm Africa is supporting farmers to learn the best way to plant and grow improved sorghum varieties and achieve a surplus, even in drought conditions.

Improving yields

Farm Africa has linked farmers to suppliers from whom they can buy improved, drought-tolerant varieties of sorghum seed. The project has also established government-approved Quality Declared Seed (QDS) plots with local farmers to ensure a sustainable supply of local seed. We've provided training demonstrations on Good Agricultural Practices (GAP), contract farming and post-harvest handling to 8,858 smallholder farmers, including 4,325 women.

Alongside this, we have helped communities introduce climate-smart agricultural (CSA) techniques including agroforestry, conservation agriculture and crop rotation, and establish home gardens. In 2020, 13,857 smallholder farmers were applying at least one of the CSA best practices.

To promote best practice in post-harvest handling techniques, we've connected farmers to businesses that sell tarpaulins and sacks, which help keep their produce clean and dry, and we've offered training to farmers, warehouses and cooperatives on how to process and store produce safely.

Farmers working with Farm Africa in 2020 increased their yields and collectively produced 25,687 metric tonnes of sorghum per season, of which 10,274 metric tonnes were consumed by households and 10,742 metric tonnes were sold.

Linking farmers to buyers

Farm Africa is working to connect sorghum farmers to formal markets to ensure they are able to sell their produce for a fair price. Farmers have been trained on contract farming to ensure the sustainability of their business. In particular, the project facilitated formal linkages between 846 farmers and Tanzanian Breweries Limited, under an out-grower scheme in 2020. Tanzanian Breweries, who paid a premium of 200 Tanzanian Shillings per kilogram, provided farmers with seeds and crop insurance on credit at the start of the season to support production. Overall in 2020, 2,617 farmers sold sorghum to four contracted buyers, who collectively purchased 4,543 metric tonnes of sorghum for 2.4 billion Tanzanian Shillings.

Women and youth

In the Dodoma region, women have low access to land and capital as land inheritance often goes to male family members. This means that women tend to be at a disadvantage compared to men and are more likely to have lower crop production.

In order to address this inequality and ensure female farmers have access to the capital and skills they need to grow their businesses, Farm Africa is encouraging women to join Village Savings and Loan Associations (VSLAs), where they can save together and invest in each other's enterprises. In 2020, 4,064 farmers took out loans, with each farmer on average receiving 58,900 Tanzanian Shillings from VSLAs.

Alongside this, farmers have been joined and organised into local farmer groups. The year 2020 saw 8,257 women sign up to farmers groups and take part in training on GAP, post-harvest handling services and nutrition, and 356 adult women and 287 young people take on leadership roles within these organisations.

To help women and young people diversify their incomes and reduce their reliance on one crop, we have established clubs promoting income-generating activities such as keeping pigs and poultry, and cultivating vegetables and orange-fleshed sweet potatoes. Seventy-four women and 44 young people have received training in solar dryers (a cost-effective technology that uses solar energy to heat up and dry produce), vines, piggery and orange-fleshed sweet potato value addition skills.

"Improved seeds have increased my production, food security and income." - Elizabeth Kanuta.

Performance against objectives

To aid our planning we have broken down the strategic goals in to a set of annual objectives. These objectives are more specific and time-bound than the strategic goals. The table below sets out how we performed against our key goals for 2020.

Strategic objective	Annual goal	Outcome
Achieving impact at scale	<p>In 2020 we will increase the number of people we reach directly through our projects to one million, and continue to reach many more indirectly in the wider communities in which we work.</p> <p>We plan to sign grants and contracts with a total value of £10 million during 2020. Whilst we expect the Covid-19 pandemic may cause some short-term disruption to donors' procedures for awarding grants we also believe it gives rise to new opportunities in which Farm Africa's approaches and expertise are especially relevant.</p>	<p>In 2020, Farm Africa projects reached more than one million people directly through our projects and many more indirectly.</p> <p>In 2020, Farm Africa has signed grants and contract value amounting to £3.7m.</p> <p>The value of new grants signed in any one year can fluctuate as it is dependent on the duration of the bid and approval processes run by donors.</p> <p>In 2020 we were expecting to develop the Forest Sustainable Development programme with a value of £10.3m to start implementation in January 2021. Due to security issues and Covid-19 this was postponed and the proposal was submitted in 2021, with implementation expected to start in July/August.</p>
Technical excellence	<p>In 2020, we will continue to deliver our "integrated landscape approach" at scale in Ethiopia through two key projects – SHARE 2 and SIDA 2 – and continue to be thought-leaders in participatory forest management in Bale Eco-region. We will also explore research and innovation partnership opportunities with UK universities, think tanks and multilateral expert bodies.</p> <p>We will pilot a livelihoods project in Ethiopia to develop livelihood options in agriculture for both refugee and host communities. We will apply our extensive experience in agriculture and natural resource management in this challenging and complex operating context.</p> <p>We will improve our impact reporting at scale by standardising our project indicators and strengthen our feedback mechanisms to ensure our farmers and communities participate fully in programme review and design.</p>	<p>Both our integrated landscape programmes in Bale Eco-region and Central Rift Valley (CRV) continued to operate in 2020 under the State of Emergency (SoE) and utilising funds where possible to work closely with local government to protect communities and investments from Covid-19. Both programmes hosted their High Level Partner Forum (HLPF) which brought together regional and federal government stakeholders.</p> <p>In 2020, Farm Africa also deepened partnerships with a range of research and innovation partners including GALVmed, Nourish Scotland, the UK Agri-EPI Centre, and the University of Edinburgh.</p> <p>In Ethiopia we have continued to work in Somali Region to improve and support livelihoods of both refugee and host communities addressing food security issues, strengthening agriculture practices through irrigation (using solar pumps) and linking communities to local market for their produce.</p> <p>Farm Africa institutionalised formal community feedback mechanisms via our project performance reviews and continued work on standardised indicators and tools.</p>
Deepen our partnerships with the private sector	<p>Through our projects we will build more linkages between farmer groups and private sector actors, helping to boost sales volumes and incomes for individual farmers.</p>	<p>Farm Africa has explored this through two channels. The first is strengthening market engagement work through our existing projects/programmes by supporting the Waitrose & Partners Foundation in protecting and securing their value chains suppliers in Kenya, increasing volumes through Good Agricultural Practices (GAP) and supporting farmer groups in sorghum, horticulture and sunflowers in Tanzania.</p> <p>Farm Africa also strengthened private sector partnerships in Tanzania via a sorghum supply pilot</p>

We will continue to support emergent rural agri-businesses through our Cultivate BDS programme and provide assistance to around 20 horticultural micro-enterprises in Tanzania.

We will continue to facilitate strong private sector partnerships in the coffee sector through our work in Virunga and via regional coffee cooperative project supporting around 30 coffee cooperatives to improve their operations and access working capital from institutional lenders

project in collaboration with a local brewery, and in Uganda where we brokered export agreements between four local cooperatives and a European coffee trader.

We continued to support 30 rural horticultural SMEs in Tanzania (56% of which are women-owned) as they dealt with the challenges of Covid-19 in terms of supply and sales disruption.

Despite Covid-19, Farm Africa also executed the first round of training for managers of 30 coffee cooperatives in the region, representing over 130,000 farmers, in collaboration with a global social impact lender.

We have secured loans for Kawa Kazururu and Coopade; both co-operatives in DRC. With our technical support we have enabled the co-operatives to ship delayed coffee from the main harvest, strengthen relationships with buyers, and expand exports to other countries with different types of coffee ranging from K3 to-K7 (where K3 is the highest quality). Additionally, work on organic trade certification was carried out with certification secured for both co-operatives in the first quarter of 2021. This will allow for premium prices and a wider range of coffee buyers in the near and medium-term future.

Micro credit loans have been set up and processing support provided to coffee cooperatives in Uganda. In Ethiopia, Participatory Forest Management (PFM) practices have been expanded in our landscapes programme where coffee cooperatives are set up, and an international market for forest coffee has been identified for Bale Forest Coffee, complementing additional income being received through the carbon credits scheme.

Position ourselves for the next stage in our growth

We will develop our next strategic plan, building on the successes of “Driving Prosperity through Agriculture”, with the aim of finalising the new strategy by early 2021.

Development of Farm Africa’s new five-year strategic plan (2021-2025) began in October 2020. Extensive consultations with staff, partners and external advisors were held, reflecting on the achievements of the last strategy, understanding the external context for the region and the sector, and considering priorities for the new strategic period. In December we presented initial priorities and objectives to the Farm Africa trustees, along with outline financial models, and on this basis proceeded to draft the strategy, which was signed off at the beginning of May 2021.

We will establish relations with at least five new donors and development partners to increase our outreach, strengthen the brand and promote our work.

We have reached out to multiple donors and partners to collaborate on potential interventions. In 2020, Farm Africa met with Tanzania Agricultural Development Bank for strategic partnership, Irish Aid in Uganda who have supported us with Covid-19 response for our Livestock for Livelihoods project, with KIT Royal Tropical Institute who are our partners in research on NRM and gender in Ethiopia, AGRA who have funded our Regenerative Agriculture project, and GiZ who are exploring potential sustainable land management initiatives with us.

	We will continue to promote diversity and inclusion, both within the organisation and through our programmes, and embed our code of conduct	The focus for Farm Africa naturally shifted in 2020 to supporting staff through the Covid-19 crisis. We did, however, reform our inclusion working group and there are plans to take inclusion forward both as part of our work to build One Farm Africa and as part of our new strategy.
Income and fundraising	We will explore innovative ways of fundraising in the light of Covid-19 and the UK lockdown, including “virtual” events.	Overall, fundraising performed very well in 2020, with support from our generous donors meaning we were able to raise more income than we had planned, through a mixture of planned and new activity. In 2020 Farm Africa launched its first series of online webinars – Farm Africa Live. This series of online events will continue in 2021, providing access to Farm Africa’s work for a wide audience.
	We will carry out a wide-ranging review of how Farm Africa interacts with the UK food sector.	In 2020 work started on a review of how Farm Africa interacts with the UK food industry, which will feed in to the development of the fundraising strategy in 2021. We saw significant pressures and changes within the sector throughout 2020, which meant the work we had hoped to complete was delayed. However, we will use the insight gained in 2020 to drive our corporate partnerships strategy in 2021, which will look to grow our existing network within the UK food sector, providing corporate partners with the opportunity to support Farm Africa’s work.
A sustainable financial and organisational model	We will seek to minimise the financial impacts of the Covid-19 pandemic by reducing operating costs where possible, with the aim of limiting the net deficit on unrestricted funds to under £200,000 and with the ambition of breaking even next year.	Operating costs were tightly controlled and staff in the UK generously agreed to a temporary reduction in their pay to support the organisation through the toughest months of the pandemic, as well as participating in the government furlough scheme. As a result of this, the generous support of our donors, and the innovative adaptation of planned activities to continue our programmatic work despite the challenges of Covid-19, Farm Africa achieved a break even position on unrestricted funds in 2020.

Outlook for 2021

Goals for 2021 are informed by our long-term strategic priorities, as well as the very immediate challenges facing farming communities in eastern Africa:

- The Covid-19 pandemic continues to accelerate across the region. Vaccine coverage is limited, health facilities are over-stretched and markets continue to suffer disruption. Farm Africa programme delivery is impacted by the need to adjust project activities such as training for social distancing, and by the impact of lockdowns on normal market activity.
- Levels of conflict and insecurity have risen in the region. Armed clashes in eastern DRC, including in the areas around Virunga National Park, have disrupted the work of coffee cooperatives supported by Farm Africa. The conflict in Tigray in Ethiopia, while largely limited to that region, has resulted in widespread displacement and the suspension of activities planned by Farm Africa partners there.
- Locust swarms have continued to plague the Horn of Africa, the worst infestations for 70 years. Government authorities have responded with widespread control spraying programmes, and there are signs that dry weather has slowed the spread of the hopper bands, although prolonged dry periods now present a different threat to agricultural production.

Strategic objective	Annual goal
Supporting prosperous, sustainable and resilient rural communities	<p>We will ensure investments in communities are protected by continual adaptive management and working effectively with all stakeholders involved.</p> <p>We will identify domestic and international market opportunities where farmers can secure higher incomes from their value chains.</p> <p>We will demonstrate impact for 500,000+ community members in projects closing in 2021.</p>
Technical leadership	<p>We will deliver three high-quality and impactful integrated landscape management projects in Ethiopia and deliver impact in the innovative Livestock for Livelihoods project at the nexus of livestock, rangeland management and household nutrition.</p> <p>We will generate insights and learning on rural agribusiness growth from our flagship Business Development Services (BDS) projects (Cultivate and DECIDE) and share learning and evidence on carbon credit verification and community benefit-sharing arrangements after Oromia Forest and Wildlife Enterprise's disbursement of income from carbon credits.</p> <p>We will do further work to standardise project indicators and tools - with a focus on income, resilience, and women's economic empowerment.</p> <p>We will participate meaningfully in the UN Food Systems Summit and/or COP26: United Nations Climate Change Conference.</p>
Deepen our partnerships	<p>We will continue to build partnerships between farmers and food and farming sector actors, with a particular focus on coffee, horticulture and agri-tech sectors.</p> <p>We will explore new partnership opportunities in non-core countries - for example, DRC (building on Virunga) and Liberia.</p> <p>We will further collaborations with three research organisations, universities and/or think-tanks.</p> <p>We will establish partnerships to scale our work with national entities in two countries - leveraging strong relationships with TADB in Tanzania, and the Government of Ethiopia.</p>
One Farm Africa	<p>We will continue to build a positive workplace culture, with greater sense of One Farm Africa, through improved cross team information sharing and working, improved leadership transparency, greater collaboration and transparency and trust.</p> <p>We will also continue to support our inclusion working group to embed into organisational practice and become a powerful change agent.</p>
A sustainable financial future	<p>We will continue to monitor the financial impacts of the Covid-19 pandemic and control operating costs, with the aim of achieving a break-even position for the year.</p>
Achieve growth through diversity in funding	<p>We plan to secure further grants and contracts to the value of £8.7million in 2021 to reach our income targets of £11.4million and £12.0million for 2021 and 2022 respectively.</p> <p>We will continue to explore partnerships with private sector actors as part of our project design and/or partners that strengthen our approaches with other donors.</p> <p>We will submit proposals to existing donors to scale our work and generate results and lessons that will support our growth and footprint with WFP, Sida, Packard Foundation, Irish Aid, EU and others.</p> <p>We will generate £1.7million of income in 2021 through fundraising activity, exploring areas of growth within our four key areas of fundraising – Individual Giving, Corporate Partnerships, Trusts & Foundations and Events. We will also develop a fundraising strategic plan that will identify areas of growth and help to diversify our fundraising portfolio.</p> <p>We will explore new areas of fundraising to supplement existing income, including but not limited to, increased online fundraising through the recruitment of a Digital Communications Officer, fundraising in new territories (USA) and developing further a philanthropic network of giving.</p>

Financial report

In this section we set out Farm Africa's financial performance in 2020 and review its position at the end of the year. We continue to monitor the impact of the Covid-19 pandemic on Farm Africa's reserves and its management of financial risk, including implications for the trustees' assessment of the organisation's going concern status.

Financial performance

Income

Farm Africa receives income principally from three sources:

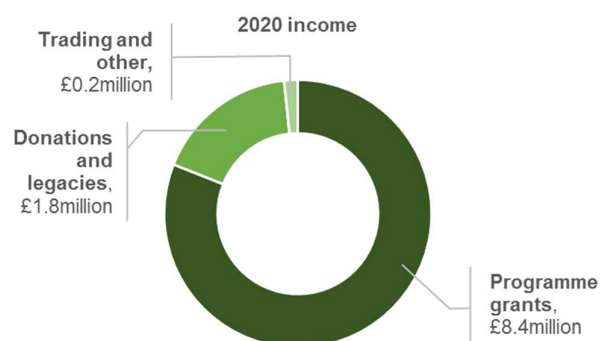
- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding); and
- Donations, legacies, and other fundraising activities (unrestricted funding).

Total income in 2020 decreased to £10.4million (2019: £15.5million). This is mainly due to a fall in programme grants of £4.8million, which can be due to the timing of receipts according to the terms of the grants in progress in a given year, but also reflects a reduction in the number of new grants awarded in a time of uncertainty as donors cautiously monitored the unfolding impacts of the pandemic.

Programme grants remained the largest funding stream at £8.4million (2019: £13.2million). This included income on eight new projects including: the second phase of our project strengthening, consolidating and sustaining market systems for improved livelihood in Ethiopia, funded by the Swedish International Development Co-operation Agency; a grant from World Food Programme to support climate smart agriculture in Tanzania; and funding from Aldi for the next phase of the resilience to climate change approaches project in Kenya.

Donations and legacies remained steady, increasing slightly to £1.8million (2019: £1.7million), with our committed giving and responses to appeals remaining at pre-Covid-19 levels, and several significant legacies offsetting the inevitable loss of income due to the cancellation of in-person fundraising events.

The chart following shows the breakdown of income between the principal sources:



Expenditure

Farm Africa's expenditure falls in to three main categories:

- Direct costs of implementing programmes in Africa;
- Fundraising costs; and
- Support costs, including head office staff and governance.

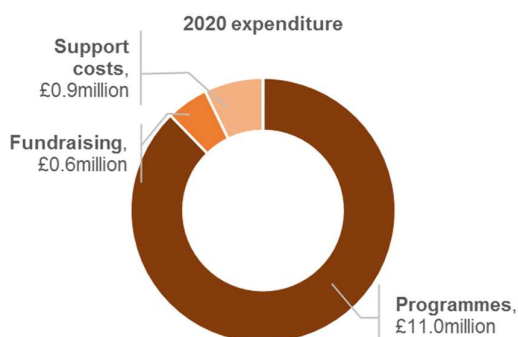
Total expenditure in 2020 fell to £12.5million (2019: £15.0million). Of this, £0.8million is in relation to the Sidai social enterprise costs included in 2019 until the change in ownership from April of last year.

Programme spend fell by £1.2million to £11.0million (2019: £12.2million excluding Sidai) with underspends in significant projects in Ethiopia due to procurement delays and security issues arising during the year.

Support costs decreased by £0.4million to £0.9million (2019: £1.3million), including reductions in travel due to Covid-19 restrictions as well as intentional cost control to sustain the organisation through this period of uncertainty.

Fundraising costs also fell by £0.2million to £0.6million (2019: £0.8million) with expenditure on events in particular reduced.

The chart following shows the breakdown of expenditure between the main categories:



In the Statement of Financial Activities support costs are allocated to spend on charitable activities (programmes) and fundraising, but in this analysis they are shown separately.

Financial results and closing reserves

Farm Africa reported a deficit of £2.2million for 2020 (2019: surplus £1.2million). This is made up of a break even position on unrestricted funds (2019: surplus £1.3million) and a deficit on restricted funds of £2.2million (2019: deficit £0.1million).

The results for the prior year are significantly affected by the removal of Sidai from the consolidated Group accounts. Sidai had net liabilities of £0.7million when it left the Group, comprising restricted reserves of £0.9million and an unrestricted net deficit of £1.6million.

Excluding the impact of this adjustment, the underlying result for 2019 was a surplus of £0.5million, made up of a surplus on restricted funds of £0.8million and a deficit on unrestricted funds of £0.3million.

Unrestricted funds comprise income from general fundraising activities and income earned by our trading subsidiary. This funds the organisation's operating and programme support costs.

Excluding Sidai, the unrestricted fund deficit for 2019 was £0.3million, and it is an achievement to have moved to a break even position in 2020, especially given the challenging circumstances.

In respect to the deficit on restricted reserves of £2.2million (2019: deficit £0.1million), the level of restricted fund surplus or deficit fluctuates from year to year due to the differences in timings between the receipt of grant income and the corresponding project expenditure. In 2020 this figure is a deficit having expended on two major new projects (*SHARE 2* funded by the EU, and *Improving Rural Livelihoods, Empowering Communities and Partners* funded by the Swedish International Development Co-operation Agency), for which the funding was received in advance in 2019. Under charity accounting rules and our accounting policies, income is recognised in full when certain recognition criteria are met, even if the corresponding expenditure is incurred in a different accounting period. Such timing differences may result in restricted fund deficits in some years and surpluses in other years.

Farm Africa has a closing restricted fund balance of £4.1million (2019: £6.4million).

The unrestricted reserves of Farm Africa of £1.4million compares to our target for unrestricted reserves of £1.3million. The process by which the reserves target is set is explained in the section below, "Reserves policy".

Farm Africa's unrestricted reserves have fallen over the last four years, from £2.1million in December 2016 (excluding Sidai) to their current level of £1.4million. In 2020 Farm Africa achieved a break even position. This has been seen by the trustees as an important achievement compared to the previous four years during which Farm Africa ran consecutive budget deficits (excluding the impact of the removal of Sidai in 2019), principally due to the cessation of the DFID PPA after 2016, which was previously income to the unrestricted fund. Over the last four years Farm Africa has been in transition to a new, sustainable financial model in which unrestricted income and expenditure are once again in balance. The annual budget for 2021 predicts another break even position, maintaining stability and the current level of reserves.

This is considered further in the section below, "Going concern".

Reserves policy

Farm Africa's unrestricted reserves on 31 December 2020 were £1.4million and its closing restricted reserves were £4.1million.

The Board of Trustees has determined that Farm Africa needs unrestricted reserves for the following purposes:

- To provide working capital and manage seasonality of income, for the effective running of the organisation;
- To protect against unrestricted income fluctuations;
- To protect against unforeseen project expenditure due to working in inherently risky situations and to manage foreign exchange volatility; and
- To enable Farm Africa to invest in unforeseen funding and growth opportunities should it choose to do so.

The Board considers that the unrestricted reserves target should be set by applying the following methodology:

- Liquidity risk: a percentage of annual budgeted unrestricted expenditure to take account of short-term timing differences between receipt of income and payment of costs (currently 15%), plus a percentage of co-funding income to take account of timing differences between expenditure and receipt of co-funding income;
- Security risk: an assessment of the level of risk in each unrestricted income stream of between 10% and 30% depending on source, plus an assessment of unplanned unrestricted expenditure needs such as budget overpends; and
- Investment reserve: an estimate of an appropriate level of funds to be held in reserve to enable Farm Africa to respond to unforeseen opportunities as they arise.

This methodology translated to an unrestricted reserves target of £1.3million at 31 December 2020. This was approved by the trustees at the December Board meeting and is the same

level as the previous year. The reserves target considerably exceeds the minimum level that would be required for an orderly winding up of the charity.

The trustees have reconsidered the reserves policy and reserves target in light of the Covid-19 pandemic, and concluded that unrestricted reserves could be utilised as part of the charity's response to managing the immediate financial impacts.

The trustees also consider that £1.3million remains an appropriate target in light of the charity's size, operations, and the financial risks to which it is exposed.

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts for a period of 12 months from the date of signing the accounts, and a consideration of key risks, including Covid-19 that could negatively affect the charity.

Our core unrestricted reserves are funded from a combination of fundraising income (in the form of donations and legacies), and programme grants, a portion of which is allocated to funding the charity's running costs. As noted above, the level of unrestricted reserves has declined in the last three years, although at £1.4million at the start of 2021, reserves were still in line with the long term target.

The key risks in our financial model are a decline in income from unrestricted donations and legacies and a fall in programme expenditure leading to lower recovery of core costs.

Income from regular giving has remained steady over the past year and responses to appeals have exceeded expectations. However, events income continues to be impacted by Covid-19 restrictions and we remain cautious given the wider economic uncertainties still facing households across the country.

The pandemic may also continue to affect our ability to carry out programme activities on the ground in Africa. Although, as shown in the case studies detailed in our activities and performance, our programme teams have worked hard to find innovative adaptations to planned activities and in some cases we were able to reach more farmers than initially planned. Restrictions have also eased in several of the countries we work in. However, the potential for resurgences of the virus and intermittent disruptions continues.

Our donors recognise the particular challenges presented by these conditions and have generally expressed a willingness to accommodate changes to plans and budgets, particularly where projects can be adapted to address the immediate impacts on beneficiary communities and potentially extensions to projects. The continued impact however, as well as other external factors such as security issues and the upcoming elections in Ethiopia, means that programme

expenditure and so the proportion of our core costs we can recover from restricted funds remains a risk.

In light of these factors, the trustees continue to review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain responsive to any increasing levels of risk. Together with the charity's management the trustees have considered what options are available to reduce core costs if necessary, to mitigate any impacts and maintain a viable financial position.

Scenario planning indicates that if programme spend continued to be impacted and was less than planned for 2021 and 2022, cost reductions identified could maintain unrestricted reserves at a minimum level of £1.3million through to June 2022.

We have also considered other scenarios in which programme spend in some months is significantly reduced due to events such as the Ethiopian elections or a further period of full Covid-19 restrictions in the first quarter of 2022. As well as adjusting for risk in our fundraising portfolio due to ongoing restrictions and economic conditions, and no significant investment in donor recruitment. In these scenarios reserves would decline at a faster rate, but with the implementation of the cost reductions identified, would not be reduced to a critical level for a period of at least 12 months from the date of signing these accounts.

The course and impact of the pandemic remains uncertain and the trustees are mindful that the financial outlook is subject to change. Therefore, they are reviewing the financial position closely on a regular basis, and updating expected future scenarios based on the actual results and any new information available. Trustees and management are actively pursuing further measures to increase fundraising income. Moreover, whilst the scenario planning does not indicate any immediate liquidity risks, if this changes then appropriate measures will be taken.

Our pipeline in 2021 of projects already secured or very likely to be secured is healthy, with contracts to the value of £18.4million signed at the time of writing this report, of which it is expected £10.1million will go towards our 2021 target of £11.5million. As well as benefiting from a generous legacy of £0.6million in 2021 from the Estate of Mr M Davies, which has enabled us to plan for the coming year with more certainty and modest investment where needed. We have also launched a new 5 year strategy from 2021 – 2025, supported by a steady financial plan, and with opportunities to benefit from our work and expertise in the mitigation of climate change, for which discussions with institutional and corporate donors are already under way.

After considering these factors, the trustees have concluded that the Charity has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Structure, Governance and Management

In this section we set out how Farm Africa is governed, its charitable objects and how it delivers public benefit. We also describe several key policies regarding the operations of the charity.

Statement of Trustees' responsibilities

The trustees (who are also the directors for the purposes for company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Governance and organisational structure

Farm Africa's officers and advisers are as shown on page 25 of this report.

Sir Michael Palin CBE and Sir Martin Wood OBE FRS DL kindly agreed to continue as patron and president respectively of Farm Africa during 2021.

Farm Africa is governed by a board of trustees based in the UK and authority is delegated by them to the chief executive to manage the organisation. Changes to the board of trustees are shared in the officers and advisers section on page 25.

Trustee recruitment is undertaken through a range of routes dependent on the identified needs. For example, when seeking a trustee with audit experience, we have targeted advertising through selected accountancy firms. This is followed by an interview process with a panel of trustees and approval by the board. The trustees are then formally elected by the members at the next annual general meeting. New trustees receive a personalised induction, including briefings from the chairman, chief executive and other senior management team members. They are encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board meetings and as and when specific training needs are identified.

The Finance, Risk and Audit Committee (FRAC) met regularly throughout 2020 under the chairmanship of Nick Allen. FRAC normally comprises at least two trustees, together with external members as required. FRAC agrees the external audit plan, reviews the external auditor's management letter and monitors the implementation of resulting actions. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register and the annual review and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports.

The Programme Advisory Committee (PAC) met throughout 2020 under the chairmanship of Laketch Mikael. PAC comprises at least two trustee members and external

members from a wide range of disciplines. PAC has two objectives:

- to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit, and
- to provide management with advice and a sounding-board and on aspects of its programme work.

The nomination and remuneration committee also continued its work during the year, chaired by John Reizenstein. It comprises no fewer than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development. It also approves salary increments for the senior management team and the annual cost of living increase for UK staff, and makes a recommendation to the board on the salary of the chief executive.

We are supported by Farm Africa U.S.A Inc. which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

Charitable objects

While there has been huge progress in bringing global poverty levels down, sub-Saharan Africa has benefitted the least. Today, almost half of the world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. We tackle the three big challenges trapping people in rural Africa in poverty: ineffective agriculture, environmental destruction and their lack of access to markets.

This work is guided by our charitable objects:

- to relieve the poverty of farmers, agricultural workers and herders enabling them to improve the effective management of their natural resources,
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects. To publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry,
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein, and
- to promote the education of the public in, and the furthering of, the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and related industries.

We implement these objects through pursuing our organisational mission, values and strategy.

Public benefit statement

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

- *The benefits generated by the activities of the charity are clear.* This report sets out in some detail the activities which Farm Africa has carried out in the year to further each of our strategic benefits;

- *The benefits generated relate to the objectives of the charity.* All activities undertaken are intended to further Farm Africa's charitable objectives; and
- *The people who receive support are entitled to do so according to criteria set out in the charity's objectives.* All Farm Africa projects are centred around rural African farmers (pastoralists, agro-pastoralists, smallholders and forest-dwellers), the target beneficiary group specified in our first charitable object.

The trustees have therefore satisfied themselves that Farm Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

Legal structure

Farm Africa is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828) approved & adopted on 29 May 1985 and last updated by special resolution on 23 June 2004. Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities are included in note 13 to the accounts.

Tax status

Farm Africa has charitable status and is exempt from corporation tax because all of its income is charitable and is applied for charitable purposes. Tax charges may arise in the trading subsidiary, in relation to any taxable profits not gifted to the parent charity in the year.

Auditor appointment

A resolution confirming the reappointment of Crowe U.K. LLP as auditors will be proposed at the Farm Africa annual general meeting.

Subsidiaries

During 2020, Farm Africa had one directly owned and active subsidiary, Farm Africa Trading Limited, which enables us to receive sponsorship income from corporate partners in a tax efficient manner.

Farm Africa Trading Limited made a loss for the year before taxation of £52,000 (2019: profit of £62,000). Our corporate sponsorship income is variable as it is dependent on the number of high profile events in a particular year and thus results can differ from one year to another.

Farm Africa no longer holds a controlling interest in Sidai following the change of ownership in April 2019. Sidai therefore ceased to be a subsidiary of Farm Africa on that date. Farm Africa has a residual holding of 24.5% of Sidai Africa Limited.

Risk management

The board is responsible for ensuring that there is an appropriate process for the management of any risks faced by Farm Africa. Assisted by senior staff, the board regularly reviews and assesses the major risks to which Farm Africa is

exposed, in particular those relating to the operations and finances of the organisation. Risks are recorded and monitored on an organisational risk register which includes an assessment of the likelihood and potential severity of impact of each risk. The board receives a report regarding the status of those risks and the mitigating actions and controls that are in place.

Farm Africa's risk register is reviewed quarterly by the Board of Trustees and monthly by the Senior Management Team. Priority risks that were reviewed and managed over the course of the year included:

i) Covid-19

At the onset of the pandemic in April 2020 staff safety measures were introduced for teams in eastern Africa and in the UK, budgets were revised to anticipate reduced income and programme spend, and substantial savings were made to the organisation's cost base. This included making use of the UK Government's furlough scheme and asking staff in the UK to accept temporary and limited pay reductions. Working-from-home arrangements were quickly established with limited disruption to business processes. No redundancies were made in response to the financial challenges resulting from the pandemic. The risk to our financial outlook was reviewed monthly, and steadily improved over the course of the year as unrestricted fundraising exceeded both revised and original forecasts, and programme spend gathered momentum. Farm Africa finished 2020 with a budget surplus, and this is recognised as a considerable achievement at the end of such a challenging year.

ii) Safeguarding

The safeguarding policy is an important part of Farm Africa induction, operations and culture. During 2020 we did not register any incidents on our safeguarding log, but recognised the need for refresher training across the organisation, and this was scheduled for all teams in the first quarter of 2021.

iii) Security

Farm Africa maintains a global security management policy, a stand-by crisis management, and country level security plans. During 2020 security risks and incidents were actively and effectively managed in Ethiopia and DRC. In Ethiopia, civil unrest in June and July following the killing of a prominent Oromo leader gave way to widespread violence. Farm Africa teams suspended programmes and entered hibernation mode in several locations across the country. Team communication and movement control during this period demonstrated excellent use of the security protocols. At the end of the year, violent conflict erupted in Tigray, with tension spilling into neighbouring regions. Again, clear action and communication on staff security kept Farm Africa teams and partners safe during this period.

Security has worsened in North Kivu, DRC, directly impacting Farm Africa's partner Virunga National Park as well as the coffee cooperatives that we are supporting. Farm Africa's technical support to this project was carried out remotely throughout the second half of 2020.

iv) Co-financing

Through a combination of UK government and EU grant contracts, Farm Africa had considerable co-funding obligations to meet over the next three years, with co-funding falling due within the next 12 months presenting a considerable challenge and risk to Farm Africa. SMT reviewed progress towards meeting this match funding monthly. Extra capacity was put into fundraising through trusts and foundations to help secure this co-funding.

Changes to UK Aid budget priorities have substantially reduced this risk in 2021.

v) Unrestricted funding

Farm Africa has not prioritised investment in unrestricted funding in recent years. While restricted grant income has grown, unrestricted has dropped, putting pressure on cost recovery and financial sustainability. 2020 saw a renewed emphasis on the role of unrestricted fundraising, and the response to the pandemic demonstrated the loyalty and generosity of Farm Africa supporters. Recruitment in the External Relations team has increased capacity for fundraising from corporate sources as well as trusts and foundations.

Farm Africa's overall approach is to recognise and accept an appropriate level of risk, in particular ensuring that risk management does not deter innovation and learning. The board fully supports this strategy, and is satisfied that the management systems in place provide reasonable assurance that identifiable risks are managed appropriately.

Grant-making policy

Farm Africa works with a number of delivery or implementation partners where generally Farm Africa is the lead grant recipient and the delivery partners act as sub-grant recipients.

Partner selection is done on a grant by grant basis. The criteria for partner selection include specialist expertise that will broaden Farm Africa's technical expertise (for example, the International Water Management Institute, which works alongside us on natural resource management projects), geographical reach to enable more effective programme delivery (for example, SOS Sahel in Ethiopia), and a complementary core competence.

Before a formal grant agreement is signed all potential grantees are subject to a due diligence process based upon the OCAT (Organisational Capacity Assessment Tool).

A signed grant agreement is put in place with all partners, which covers joint ways of working, delivery criteria and reporting requirements. Grant reporting requirements are generally governed by Farm Africa's grant agreement with the primary donor.

Remuneration policy

Farm Africa is determined to reach as many smallholder farmers and their families as we possibly can. We do not compete with salaries in the private sector but our salaries are pitched at a level to allow us to attract effective, energetic and

innovative leaders who will enable us to increase our impact and achieve our vision of a prosperous rural Africa.

Farm Africa had an annual income of approximately £15million, a track record of world class technical expertise and delivery and around 200 staff internationally. This provides the organisational context in which to set our remuneration policy.

Farm Africa aims to pay around the median level for a charity of our size; for this purpose we benchmark all salaries in the UK and internationally annually against sector-specific salary surveys and cross-reference them against local cost of living indices. The data are translated into salary scales for the UK and each operational country and approved by Farm Africa's senior team. All staff are paid in line with these salary scales.

The nomination and remuneration committee uses the benchmark data to review and fix annual senior salary increases. We believe that our senior salaries paid as a result of this process are a proper reflection of the skills, knowledge and experience required to run an organisation like ours. The bandings for senior staff remuneration are disclosed in Note 11.

Fundraising disclosure

In 2020 Farm Africa conducted all of its fundraising practices "in house" and did not engage any agency to provide fundraising acquisition on its behalf. Farm Africa raises funds from individuals, events, corporate partners and trusts and foundations. All fundraising activity was overseen by the Director of External Relations and all activity was compliant with the Fundraising Regulator.

Farm Africa is a voluntary member of the Fundraising Regulator and as such ensures compliance with the Fundraising Code of Conduct.

Farm Africa did not receive any formal complaints in relation to its fundraising in 2020 but does have a complaints procedure in place which can be actioned if required to do so.

In order to protect vulnerable people, Farm Africa ensures that all communication with donors is recorded on a secure database. Should there be any concerns that a supporter is vulnerable, as per Farm Africa's safeguarding policy, appropriate action is taken to prevent requests for donations from these supporters.

Investment policy

Farm Africa has an agreed investment policy covering both programme-related investments and assets held to fund planned expenditure. As the majority of Farm Africa's funds are held to support planned expenditure the aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

Farm Africa's policy towards programme-related investments (PRI) is to be open towards PRIs subject to assessing a number of tests. These tests are (1) the PRI must primarily be focused on Farm Africa's social impact, (2) the PRI should be in the area of expertise (in particularly African agricultural value chains), (3) subject to the assessment of a business

case by the board – in particular to assess financial sustainability on a case by case basis. The business case will also include the financing mechanism needed for the PRI investment, (4) the level of governance and management involvement associated with the PRI.

Statement of compliance with Charity Governance Code

The Charity Governance Code consists of seven key principles. These are underpinned by the core role and responsibility of the trustees:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

In 2020 Farm Africa comprehensively updated the Board Guide, providing a clear induction for new and existing trustees on the specific responsibilities of board members. This followed on from the self-assessment of board effectiveness that was carried out in 2019. 2020 saw progress on three actions that came out of that review:

- Greater interaction between board and staff members: in spite of the restrictions on travel in 2020, we have a broader representation of staff members attending and contributing to board and committee meetings.
- An active role in setting strategic direction: the board has been closely involved and consulted in setting the priorities and direction for the new strategy, including the financial model.
- Enhancements to the trustee induction process: the new board guide is part of the comprehensive on-boarding of new trustees.

Farm Africa has requested our auditors to provide refresher training to the trustees in on the Charity Governance Code in September 2021.

Safeguarding

Farm Africa's approach to safeguarding is codified in our Safeguarding Policy. Farm Africa is committed to:

- Promote good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensure that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Take any action within our powers to stop abuse occurring and ensure the person who has experienced the abuse receives appropriate support; and
- Be transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries Farm Africa will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the well-being of the people we work with; and

- Manage our work in a way that promotes safety and prevents abuse.

In March 2020 the board appointed a designated Safeguarding Lead who will act on behalf of the trustees to monitor adherence to Farm Africa's safeguarding policy and procedures, participate in the investigation and resolution of any reported incidents, and act as a source of guidance for other trustees on safeguarding matters.

Approved by the board of Trustees of Farm Africa Limited on 24 June 2021 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



John Reizenstein, Chair

Reference and Administrative details

Patron

Sir Michael Palin CBE

President

Sir Martin Wood OBE FRS DL

Chair

John Reizenstein

Trustees

John Reizenstein (Chair)
Judith Batchelar (Deputy Chair)
Nick Allen (Treasurer)
John Young (Board Secretary)
Minette Batters
Colin Brereton
Serena Brown
Jan Bonde Nielsen
Jane Ngige
Charles Reed
Laketch Mikael
Tim Smith
Ken Caldwell (appointed 8 February 2021)

Registered Charity Number

326901

Registered Company Number

01926828

Registered Office and Principal Office

9th Floor Bastion House
140 London Wall
London EC2Y 5DN

Auditors

Crowe U.K. LLP
Chartered Accountants and Registered Auditor
55 Ludgate Hill
London EC4M 7JW

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Lawyers

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

Part 2

Independent Auditor's Report

Independent auditor's report to the members of Farm Africa

Opinion

We have audited the financial statements of Farm Africa ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2020 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the

Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of voluntary and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the

charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 29th June 2021

Part 3

Financial Statements

Consolidated Statement of Financial Activities

(incorporating Income and Expenditure Account) for the year ended 31 December 2020

	Note	2020			2019		
		Unrestricted funds £'000	Restricted funds £'000	Total funds £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Income from							
Donations and legacies	2	1,798	-	1,798	1,719	-	1,719
Government grants	3	59	-	59			
Charitable activities							
General		-	8,403	8,403	-	13,186	13,186
Social enterprise trading income		-	-	-	388	-	388
Total income from charitable activities	4	-	8,403	8,403	388	13,186	13,574
Other trading activities	5	62	-	62	176	-	176
Investments	5	2	10	12	6	1	7
Other income	5	34	-	34	17	2	19
Total income		1,955	8,413	10,368	2,306	13,189	15,495
Expenditure on							
Raising funds	7	644	-	644	792	-	792
Charitable activities							
Social enterprise		-	-	-	504	260	764
Agriculture		358	3,094	3,452	437	4,005	4,442
Business		503	4,341	4,844	522	4,778	5,300
Environment		373	3,218	3,591	365	3,347	3,712
Total expenditure on charitable activities	8	1,234	10,653	11,887	1,828	12,390	14,218
Total expenditure		1,878	10,653	12,531	2,620	12,390	15,010
Increase / (Decrease) in reserves from disposal of subsidiary		-	-	-	1,643	(937)	706
Net income/(expenditure) for the year	6	77	(2,240)	(2,163)	1,329	(138)	1,191
Surplus attributable to the minority		-	-	-	(19)	(42)	(61)
(Surplus)/deficit attributable to the parent		77	(2,240)	(2,163)	1,348	(96)	1,252
Total funds brought forward		1,365	6,365	7,730	17	6,461	6,478
Total funds carried forward	17	1,442	4,125	5,567	1,365	6,365	7,730

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 34 to 49 form an integral part of these financial statements.

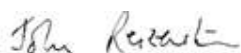
Consolidated and Charity Balance Sheets

As at 31 December 2020

	Note	2020 Group £'000	2020 Charity £'000	2019 Group £'000	2019 Charity £'000
Fixed assets					
Tangible assets	12	85	85	24	24
		85	85	24	24
Current assets					
Debtors	14	1,173	1,352	1,812	1,962
Cash at bank and in hand		5,132	4,985	6,684	6,449
		6,305	6,337	8,496	8,411
Creditors					
Amounts falling due within one year	15	(678)	(676)	(656)	(636)
Net current assets		5,627	5,661	7,840	7,775
Total assets less current liabilities					
		5,712	5,746	7,864	7,799
Provisions for liabilities and charges					
	16	(145)	(145)	(134)	(134)
Net assets		5,567	5,601	7,730	7,665
The funds of the Group and Charity					
Restricted funds	17	4,125	4,125	6,365	6,365
Unrestricted funds - general	17	1,442	1,476	1,365	1,300
Total funds	17	5,567	5,601	7,730	7,665

The deficit for the financial year dealt with in the financial statements of the parent company was £2,064,000.

Approved by the Board and authorised for issue on 24 June 2021 and signed on their behalf by:



John Reizenstein
Chair



Nick Allen
Treasurer

Registered Company No.: 01926828

The notes on pages 34 to 49 form an integral part of these financial statements.

Consolidated Statement of Cashflows

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,476)	(520)
Cash flows from investing activities:			
Dividends, interest, and rent from investments		12	7
Disposal of tangible fixed assets and capital grants		-	5
Purchase of tangible fixed assets and capital grants		(88)	(14)
Net cash used in investing activities		(76)	(2)
Change in cash and cash equivalents in the reporting period		(1,552)	(522)
Cash and cash equivalents at the beginning of the reporting period		6,684	7,206
Cash and cash equivalents at the end of the reporting period		5,132	6,684

Notes to the Statement of Cash Flows

A. Reconciliation of cash flows from operating activities

	2020 £'000	2019 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(2,163)	1,191
Adjustments for:		
Depreciation	26	11
Profit on the disposal of fixed assets	-	(5)
Decrease/(increase) in debtors	639	(428)
Increase/(decrease) in creditors falling due within one year	23	(995)
Increase/(decrease) in provisions	11	(68)
Decrease in stocks	-	336
Dividends, interest and rents from investments	(12)	(7)
Non-cash movement on disposal of subsidiary	-	(555)
Net cash used in operating activities	(1,476)	(520)

B. Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand in the UK and overseas	5,132	6,684
	5,132	6,684

Notes to the Consolidated Financial Statements

1. Accounting policies

The charity is a private limited company (registered number 1926828) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 9th floor, Bastion House, 140 London Wall, London, EC2Y 5DN. The charity is a public benefit entity. More detail on how the trustees have satisfied themselves that Farm Africa has met the public benefit requirements is given in the Trustees report on page 21.

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with the charities SORP (FRS102), applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's subsidiaries have been consolidated using the acquisition method of accounting and minority interest is shown as a separate line in the financial statements. The results of subsidiary undertakings are included from the date of acquisition. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

No statement of financial activities is presented for the charitable company alone because the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under s408 Companies Act 2006. The net deficit of the charitable company was £2,064,000 (2019: net surplus £799,000).

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements including a review of updated forecasts for a period of 12 months from the date of signing the accounts, and a consideration of key risks, including Covid-19 that could negatively affect the charity.

Our core unrestricted reserves are funded from a combination of fundraising income (in the form of donations and legacies), and programme grants, a portion of which is allocated to funding the charity's running costs. As noted above, the level of unrestricted reserves has declined in the last three years, although at £1.4million at the start of 2021, reserves were still in line with the long term target.

The key risks in our financial model are a decline in income from unrestricted donations and legacies and a fall in programme expenditure leading to lower recovery of core costs.

Income from regular giving has remained steady over the past year and responses to appeals have exceeded expectations. However, events income continues to be impacted by Covid-19 restrictions and we remain cautious given the wider economic uncertainties still facing households across the country.

The pandemic may also continue to affect our ability to carry out programme activities on the ground in Africa. Although, as shown in the case studies detailed in our activities and performance, our programme teams have worked hard to find innovative adaptations to planned activities and in some cases we were able to reach more farmers than initially planned. Restrictions have also eased in several of the countries we work in. However, the potential for resurgences of the virus and intermittent disruptions continues.

Our donors recognise the particular challenges presented by these conditions and have generally expressed a willingness to accommodate changes to plans and budgets, particularly where projects can be adapted to address the immediate impacts on beneficiary communities and potentially extensions to projects. The continued impact however, as well as other external factors such as security issues and the upcoming elections in Ethiopia, means that programme expenditure and so the proportion of our core costs we can recover from restricted funds remains a risk.

In light of these factors, the trustees continue to review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain responsive to any increasing levels of risk. Together with the charity's management the trustees have considered what options are available to reduce core costs if necessary, to mitigate any impacts and maintain a viable financial position.

Scenario planning indicates that if programme spend continued to be impacted and was less than planned for 2021 and 2022, cost reductions identified could maintain unrestricted reserves at a minimum level of £1.3million through to June 2022.

We have also considered other scenarios in which programme spend in some months is significantly reduced due to events such as the Ethiopian elections or a further period of full Covid-19 restrictions in the first quarter of 2022. As well as adjusting for risk in our fundraising portfolio due to ongoing restrictions and economic conditions, and no significant investment in donor recruitment. In these scenarios reserves would decline at a faster rate, but with the implementation of the cost reductions identified, would not be reduced to a critical level for a period of at least 12 months from the date of signing these accounts.

The course and impact of the pandemic remains uncertain and the trustees are mindful that the financial outlook is subject to change. Therefore, they are reviewing the financial position closely on a regular basis, and updating expected future scenarios based on the actual results and any new information available. Trustees and management are actively pursuing further measures to increase fundraising income. Moreover, whilst the scenario planning does not indicate any immediate liquidity risks, if this changes then appropriate measures will be taken.

Our pipeline in 2021 of projects already secured or very likely to be secured is healthy, with contracts to the value of £18.4million signed at the time of writing this report, of which it is expected £10.1million will go towards our 2021 target of £11.5million. As well as benefiting from a generous legacy of £0.6million in 2021 from the Estate of Mr M Davies, which has enabled us to plan for the coming year with more certainty and modest investment where needed. We have also launched a new 5 year strategy from 2021 – 2025, supported by a steady financial plan, and with opportunities to benefit from our work and expertise in the mitigation of climate change, for which discussions with institutional and corporate donors are already under way.

After considering these factors, the trustees have concluded that the Charity has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Key areas of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Funds held by the charitable company are:

- restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes,
- unrestricted funds: general – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees, and
- unrestricted funds: designated – these are funds which the trustees have designated for a particular use.

Income

Income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt and the amount is measurable.

In respect of legacy income we consider this to be the earlier of (a) receipt of the income; and (b) grant of probate, confirmation from the executors that there are sufficient assets in the estate (after settling any liabilities) to pay the legacy, and that any conditions attached to the legacy are either within the control of the charity or have been met. Additionally with regard to residuary legacies we consider the amount is measurable where it has been calculated independently by the executors and the estate's assets can be measured with sufficient reliability.

Tax recovered from income received under gift aid is recognised when the related income is recognised and is allocated to the

income category to which the income relates. Where income is received in advance of the point of recognition it is deferred.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate market value at the date of receipt. No amount has been included in the financial statements for services donated by volunteers.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Expenditure

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

Expenditure on charitable activities is reported as a functional analysis of the work undertaken by Farm Africa, against our two strategic outcomes of building income and food security and natural resource management. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs. These costs include salaries and associated employment costs including pensions and any termination payments required.

Grants payable to other institutions for development projects are included in the statement of financial activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK based staff who promote fundraising from all sources including institutional donors, trusts, companies and individuals.

Support costs include UK central functions, and have been allocated to cost categories on a basis consistent with the level of activity.

Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

Foreign currencies

The functional currency of Farm Africa is considered to be the pound sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in pounds sterling.

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling current assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised but are written off on acquisition as direct project expenditure. This policy is employed because ownership of the property does not always pass to Farm Africa upon project completion. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 12.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Machinery & machinery	25% per annum

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

Provisions

Provisions are recognised when Farm Africa has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Financial instruments

Farm Africa has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits, trade and other debtors. Financial liabilities include trade and other creditors and loans. Basic financial instruments are recognised at transaction value and subsequently measured at amortised cost. Details and carrying value of these financial assets and liabilities are given in notes 14 to 16.

Investments represent Farm Africa's equity investment in Sidai Africa Ltd. Since this investment does not have a quoted market price in an active market and its fair value cannot be reliably measured by other means it is held at cost, which is nil.

2. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
General				
Committed giving	453	-	453	480
Appeals and donations	660	-	660	604
Legacies	460	-	460	96
Fundraising events	41	-	41	163
Corporate donations	16	-	16	37
Gifts in kind: donated services	70	-	70	267
Gifts in kind: donated assets	61	-	61	-
	1,761	-	1,761	1,647
Grants				
Trusts and Foundations	37	-	37	72
	37	-	37	72
Total donations and legacies	1,798	-	1,798	1,719

3. Government grants

The charity and group has received £59,000 (2019:£Nil) in government grant funding through the furlough scheme during the year. As this funding is only receivable where a corresponding salary cost exists, the furlough grant income has only been recognised to the extent that it was receivable in the year under the conditions of the scheme. The expenditure, which relates entirely to payments to staff furloughed during the year, is shown in the costs of raising funds in the Statement of financial activities.

4. Income from charitable activities

	Restricted funds 2020 £'000	Restricted funds 2019 £'000
Grants from government, institutional and other similar donors		
Agriconsulting Europe	35	43
Agricultural Markets Development Trust	18	479
Agriculture Business Initiative Trust	131	124
Ajahma Charitable Trust	230	-
Aldi	94	-
Alliance for a Green Revolution in Africa	93	-
Christian Aid	-	84
Comic Relief	-	152
Conservation International	-	129
European Union	17	2,724
Forest of the World	65	-
Pilot House Philanthropy (previously Highwater Global Fund)	122	191
Irish Embassy	67	-
Jersey Overseas Aid Commission	120	350
Mark Anthony Trust	-	25
Medicor Foundation	-	85
Msingi East Africa	14	122
Netherlands Embassy of Kenya	27	507
Norwegian Agency for Development Cooperation	357	126
Open Society Foundation	-	93
Packard Foundation	75	306
Royal Norwegian Embassy	684	455
Slovak Aid	16	185
SOS Sahel	30	288
Swedish International Development Co-operation Agency	3,386	1,764
Technical Centre for Agricultural and Rural Co-operation	6	199
The Deutsche Gesellschaft für Internationale Zusammenarbeit	216	191
UK aid from the FCDO (previously DFID) – Aid Direct	1,082	1,229
UK aid from the FCDO (previously DFID) – Aid Match	235	168
UK aid from the FCDO (previously DFID) – BRACED	-	730
USAID	54	-
Virunga Foundation	75	157
Vitol Foundation	151	79
Waitrose Foundation	191	963
World Food Programme	707	1,104
Other international agencies and other donors	105	134
Total grants from government, institutional and other similar donors	8,403	13,186
Other social enterprise trading income	-	388
Total income from charitable activities	8,403	13,574

5. Other income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
Other trading activities				
Trading	62	-	62	176
Total other trading activities	62	-	62	176
Investment income				
Deposit interest	2	10	12	7
Total investment income	2	10	12	7
Other income				
Sub-lease of office space and other miscellaneous income	34	-	34	14
Profit on sale of assets	-	-	-	5
Total other income	34	-	34	19
Total	98	10	108	202

6. Net income for the year

This is stated after charging:	Total	Total
	2020	2019
	£'000	£'000
Depreciation and amortisation	26	39
Payments under operating leases	82	80
Auditor's remuneration for the annual external audit:		
Charitable company	27	26
Subsidiary companies	2	3

7. Expenditure on raising funds

	2020	2019
	£'000	£'000
Donations and legacies		
Fundraising costs	466	597
Support costs allocated (note 10)	38	62
	504	659
Charitable activities		
Fundraising costs	12	4
Support costs allocated (note 10)	1	-
	13	4
Other trading activities		
Fundraising costs	117	116
Support costs allocated (note 10)	10	13
	127	129
Total	644	792

8. Expenditure on charitable activities

	Operational programmes	Grants payable	Support costs*	Total	Total
	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000
		(note 9)	(note 10)		
Social enterprises	-	-	-	-	764
Agriculture	2,392	798	262	3,452	4,442
Business	3,474	1,002	368	4,844	5,300
Environment	1,611	1,708	272	3,591	3,712
Total	7,477	3,508	902	11,887	14,218

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

9. Grants to partner organisations (note 8)

	2020	2019
	£'000	£'000
Ethiopia projects		
Assosa Environmental Protection Association	32	21
Frankfurt Zoological Society	358	12
International Water Management Institute	176	60
LTS International	-	50
Melca – Ethiopia	141	61
Mercy Corps	46	653
Mothers and Children Multisectoral Development Organization	43	66
Natural Gum Production and Marketing Enterprise	-	18
Organization for Rehabilitation and Development in Amhara	176	293
Organization for Women in Self Employment	-	7
PHE Ethiopia Consortium	434	273
SOS Sahel	662	484
Sustainable Environment and Development Action	270	260
TechnoServe	275	238
Tokuma	-	1
Union of Ethiopian Women Charitable Association	596	587
Kenya projects		
BoP Innovation Centre	-	13
Centre for Development Innovation	-	10
Jewlet Enterprises	18	-
Pioneer Fish Farm	1	2
Stichting PUM	-	19
TIGOI Fish Farm	1	2
UNGA Farm Care Limited	2	3
Tanzania projects		
Friends in Development	16	39
Masupa Enterprises	3	6
Tanzania Horticultural Association	37	2
Uganda projects		
Africa Innovations Institute	105	71
Kahawatu	14	-
North Eastern Chilli Producers Association	100	37
Twin	2	9
	3,508	3,297

Grants were payable during the year to partners working on restricted projects. At year end there were ten payments totalling £278,000 outstanding to Agrics, SOS Sahel, Frankfurt Zoological Society, Mercy Corps, Organization for Rehabilitation and Development in Amhara, International Water Management Institute, Kahawatu and TechnoServe (2019: there were six payments totalling £118,000 outstanding to partners).

10. Analysis of support costs

	Management costs	Office costs	Finance & IT costs	HR costs	Governance costs	Total	Total
	2020	2020	2020	2020	2020	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities (note 8)							
Agriculture	29	79	117	28	9	262	423
Business	41	111	164	40	12	368	504
Environment	31	81	121	30	9	272	351
	101	271	402	98	30	902	1,278
Expenditure on raising funds (note 7)							
Donations and legacies	4	12	17	4	1	38	62
Charitable activities	-	-	1	-	-	1	-
Other trading activities	1	3	4	1	1	10	13
	5	15	22	5	2	49	75
	106	286	424	103	32	951	1,353

Support costs allocated are UK costs only. They have been apportioned proportionally to activity. Overseas office costs have been directly attributed to the costs of delivering charitable activities in country.

11. Employees

	2020	2019
	£'000	£'000
Staff costs		
Wages and salaries (including life assurance)		
Overseas contracted staff	3,565	4,109
UK contracted staff	1,436	1,416
	5,001	5,525
Social security costs	125	147
Pension costs	88	100
	5,214	5,772

Wages and salaries includes £7,000 (2019: £64,000) of redundancy and termination payments which are paid out in accordance with our redundancy policy and the legal requirements of each country in which we work.

The key management personnel of the charitable company comprise the Chief Executive, the Director of Resources, the Director of Fundraising, the Director of Programmes, the Director of Finance, the Head of Human Resources and Country Directors. The total employee benefits paid to these individuals (including employer's pension and national insurance) was £744,000 (2019: £762,000).

	2020	2019
	No.	No.
Employees with remuneration in the range of £60,001 to £70,000	2	2
Employees with remuneration in the range of £70,001 to £80,000	2	4
Employees with remuneration in the range of £80,001 to £90,000	2	1
Employees with remuneration in the range of £90,001 to £100,000	-	1

The average number of employees of the charitable company during the year analysed by function were:

	2020	2019
	No.	No.
Overseas contracted staff		
Farm Africa	196	211
Sidai Kenya	-	22
UK contracted staff		
Fundraising and communications	13	12
Programmes support	6	7
Management and administration of charity	8	10
	223	262

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

No trustees were reimbursed for travel expenses (two trustees in 2019: £1,000) incurred on behalf of the organisation. In addition, £1,500 travel costs were paid directly to suppliers in respect of one non-UK based trustee travelling to board meetings in the UK (two trustees in 2019: £15,000). The cost incurred by the charity for the trustee indemnity insurance was £3,000 in 2020 (2019: £2,000).

Farm Africa makes contributions for its employees to various defined contribution schemes. The amount of contributions due to these schemes at the year ended 31 December 2020 was £11,000 (2019: £3,000).

12. Tangible fixed assets**Group and Charity**

	Leasehold improvements £'000	Vehicles £'000	Machinery & equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2020	82	7	33	89	211
Additions	-	61	-	27	88
Disposals	-	-	-	(1)	(1)
At 31 December 2020	82	68	33	115	298
Depreciation					
At 1 January 2020	(82)	(4)	(31)	(70)	(187)
Charge for the year	-	(15)	-	(11)	(26)
Disposals	-	-	-	-	-
At 31 December 2020	(82)	(19)	(31)	(81)	(213)
Net book value					
At 31 December 2020	-	49	2	34	85
At 31 December 2019	-	3	2	19	24

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £417,000 (2019: £644,000). The accounting policy relating to fixed assets is referred to in note 1(i).

13. Investments

The table below shows the Charity's interests in subsidiaries and investments at 31 December 2020:

Company	Investment classification	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited (company number: 7398449)*	Subsidiary	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited (company number: 9359340)*	Subsidiary	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited (company number: 7401279)*	Subsidiary	UK	100% owned by Farm Africa	IP and registered trade marks
Sidai Africa Limited (formerly Farm Africa Enterprises Limited) (company number: 7401522)*	Investment	UK	24.5% owned by Farm Africa Enterprises Limited ¹	Holding company
Sidai Africa (Kenya) Limited (formerly Sidai Africa Limited)**	Investment	Kenya	796,073 shares owned by Sidai Africa & 1 share owned by Farm Africa	Provision of veterinary services

* Registered office: 9th Floor, Bastion House, 140 London Wall, London EC2Y 5DN

** Registered office: 2nd Floor, Axis Kenya Centre, Ring Road, Westlands, PO Box 41968, 00100 Nairobi

As at 31 December 2020 Farm Africa's holding in Sidai Africa is 24.5%. Where an investing charity holds, either directly or indirectly, 20% or more of the voting power of a company, the general presumption is that the investing charity exercises significant influence over the company, and the company should be classified as an associate. However, the trustees consider that Farm Africa does not exercise significant influence over Sidai. They have concluded this on the basis that it does not actively influence strategic or operational decision-making at Sidai, has no representation on the Sidai board of directors, and does not provide financial assistance, expertise or advice to Sidai. Farm Africa's holding in Sidai Africa (and indirectly Sidai Kenya) is therefore classified as an investment.

The results for the year of the active subsidiaries² are shown below.

	Sidai Africa (Kenya) Limited		Sidai Africa Limited		Farm Africa Trading Limited	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total incoming resources	-	388	-	-	64	179
Total resources expended ³	-	(747)	-	(17)	(164)	(117)
Retained surplus / (deficit) for the year	-	(359)	-	(17)	(100)	62
Total assets	-	-	-	-	173	257
Total liabilities	-	-	-	-	(206)	(190)
	-	-	-	-	(33)	67

¹ On 9 April 2019 Sidai Africa Limited secured a US\$2.25million equity investment from Devenish Nutrition, a leading agri-tech company headquartered in Northern Ireland. As a result of this investment Devenish became the largest shareholder in Sidai, with 42%. Farm Africa's shareholding is 24.5%, and the other shareholders are the Adolf H Lundin Charitable Foundation (28%), and Christabel Peacock, the former Sidai Kenya CEO (5%). Since Sidai continued to meet the FRS102 definition of a subsidiary until 9 April 2019 its financial results are fully consolidated in to the Farm Africa consolidated financial statements for 2019. However, following the change in share ownership Farm Africa no longer exercises control or significant influence over Sidai and therefore holds this as an investment.

² For Sidai Africa (Kenya) Limited and Sidai Africa Limited the results for the prior year are included until 9 April 2019.

³ For Farm Africa Trading Limited, total resources expended includes gift aid donation to Farm Africa.

14. Debtors

	2020	2020	2019	2019
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Amounts owed by subsidiary undertakings	-	204	-	171
Trade debtors	61	54	141	132
Other debtors	55	55	47	47
Prepayments	108	108	143	143
Accrued income – other	53	35	33	21
Accrued income – project grants	896	896	1,448	1,448
	1,173	1,352	1,812	1,962

15. Creditors: Amounts falling due within one year

	2020	2020	2019	2019
	Group	Charity	Group	Charity
	£'000	£'000	£'000	£'000
Trade creditors	96	96	80	62
Deferred income	20	20	40	40
Other creditors and accruals	284	282	418	416
Grant obligations	278	278	118	118
	678	676	656	636

Charity and Group

	2020	2019
	£'000	£'000
At 1 January	118	575
Grants paid to partners in settlement of obligations at year-end	(118)	(575)
New grant obligations	278	118
As at 31 December	278	118

16. Provisions for liabilities and charges**Group and Charity**

	Severance	Potential non-recoverable advance	Dilapidations	Potential non-recoverable project costs	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	93	26	15	-	134	203
Amounts charged to the Statement of Financial Activities	24	-	-	33	57	78
Amounts used during the year	(20)	(26)	-	-	(46)	(147)
As at 31 December	97	-	15	33	145	134

Provisions comprise the following:

- Contract severance provisions for staff on non-UK contracts. Under employment law in some of the countries where Farm Africa operates there is an entitlement to severance payments when an employee leaves. The amount payable is determined by the salary and length of service of each employee. The provision represents the accumulated entitlements of all such employees. The provision is released when payments are made to employees upon their departure from Farm Africa.
- Dilapidation provisions to cover estimated future costs of restoring properties to their required condition at the end of their lease. The provision will be released at the end of the lease, based on dilapidation costs required, provided the lease is not renewed.
- Provision for potential non-recoverable costs on a project in Tanzania where it is likely to be necessary to incur costs in excess of the grant amount in order to complete the project and trigger the final grant disbursement.

17. Movements in funds

	At 1 January 2020	Income	Expenditure	At 31 December 2020
	£'000	£'000	£'000	£'000
Ethiopian programmes	5,591	5,486	(7,005)	4,072
Kenyan programmes	750	698	(1,399)	49
Tanzanian programmes	71	795	(849)	17
Ugandan programmes	(183)	1,137	(1,062)	(108)
UK programmes	25	297	(338)	(16)
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	-	-	52
Movement on restricted funds	6,365	8,413	(10,653)	4,125
General funds	1,365	1,955	(1,878)	1,442
Movement on unrestricted funds	1,365	1,955	(1,878)	1,442
Total movement on reserves	7,730	10,368	(12,531)	5,567

The movement on restricted reserves represents the net of monies received and expended on projects which are funded by grants from specific donors. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request. Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs incurred.

The movements in funds in 2019 are presented below.

	At 1 January 2019	Income	Expenditure	Minority interest	Disposal of subsidiary	At 31 December 2019
	£'000	£'000	£'000	£'000	£'000s	£'000
Ethiopian programmes	4,900	8,808	(8,117)	-	-	5,591
Kenyan programmes	62	2,169	(1,481)	-	-	750
Tanzanian programmes	233	891	(1,053)	-	-	71
Ugandan programmes	55	881	(1,119)	-	-	(183)
UK programmes	(55)	440	(360)	-	-	25
Sidai programme	1,155	-	(260)	(42)	(853)	-
Forestry programme	59	-	-	-	-	59
Other miscellaneous restricted funds	52	-	-	-	-	52
Movement on restricted funds	6,461	13,189	(12,390)	(42)	(853)	6,365
Designated funds – Sidai Africa	(1,546)	388	(504)	(19)	1,681	-
General funds	1,563	1,918	(2,116)	-	-	1,365
Movement on unrestricted funds	17	2,306	(2,620)	(19)	1,681	1,365
Total movement on reserves	6,478	15,495	(15,010)	(61)	828	7,730

18. Net assets analysis (Group)

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fund balances at 31 December 2020 are represented by:			
Tangible and intangible fixed assets	85	-	85
Net current assets	1,357	4,125	5,482
Total	1,442	4,125	5,567
Fund balances at 31 December 2019 are represented by:			
Tangible and intangible fixed assets	24	-	24
Net current assets	1,341	6,365	7,706
Total	1,365	6,365	7,730

19. Constitution

The charitable company, which is limited by guarantee, does not have share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

20. Commitments: Operating leases

At 31 December 2020 Farm Africa has the following commitments under non-cancellable operating leases:

	Equipment	Property	Total 2020	Total 2019
	£'000	£'000	£'000	£'000
In less than one year	15	108	123	182
Between one and five years	32	-	32	189
	47	108	155	371

21. Related party transactions

There were no related party transactions requiring disclosure other than transactions with subsidiaries (2019: none).

Farm Africa Limited charged a management fee of £22,000 (2019: £22,000) to Farm Africa Trading Limited. Farm Africa Trading made a donation of £45,000 (2019: £Nil) to Farm Africa in 2020. At 31 December 2020, Farm Africa Trading owed £204,000 (2019: £171,000) to Farm Africa Limited.

22. Parent company result

The parent company generated a deficit of £2,064,000 (2019: surplus £799,000).

The overall result of the charitable company is a combination of the unrestricted and restricted fund surplus or deficit. The nature of the restricted grants and timing of income recognition of restricted income vary significantly year by year. For example in some years restricted grant funding is received in advance on a number of grants and in others the income already received is spent. Therefore there are significant variations in the overall surplus or deficit of the charitable company.

23. Pension costs

As at 31 December 2020, Farm Africa operated one defined contribution scheme in the UK, provided by Friends Life part of the Aviva Group. It also makes contributions into other individual employee pension schemes. Farm Africa paid contributions at a rate of 8% of employee salary during the accounting period.

The pension cost included in the Statement of Financial Activities for UK employees was £88,000 (2019: £93,000).

24. Legacies

The estimated value of legacies notified but neither received, nor for which we had received confirmation from the executors that a payment could be made as at the year end, and so not included in income is £665,000 (2019: £10,000).

25. Capital commitments

There were no capital commitments outstanding as at 31 December 2020 (2019: none).