FARM AFRICA

2022 Annual Report and Financial Statements

Farm Africa Limited

Company Number: 01926828

Contents

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 1:400[1], 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, grevilia, 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.

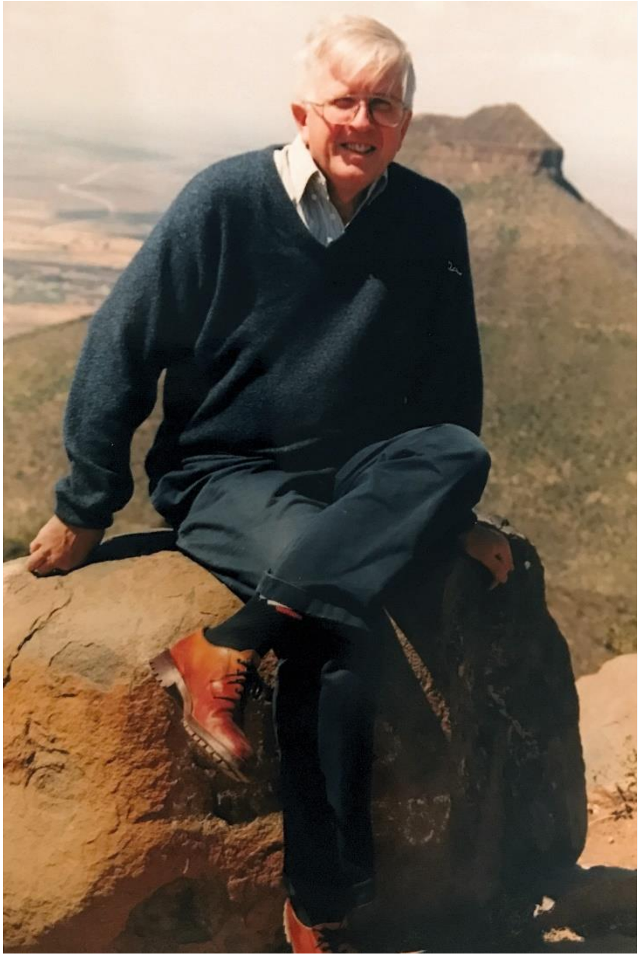
David was born in 1937 in Welwyn Garden City. In 1957 he was called up for National Service, and while in the army decided to go into farming. After working on a farm in Kent for a year, he attended the Royal Agricultural College, Cirencester, to study for a diploma in agricultural science. Driven by 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.	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. 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. 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.
	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.	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. 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. 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

Strategic objective	Annual Goal	
		very large £1.6 million legacy in June 2022 has provided a considerable boost to Farm Africa. 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.
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 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.
	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.	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. 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. 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.

Strategic objective	Annual Goal	
	We will explore broadening our geographical reach, including operational presence in DRC.	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. We await a decision from CAFI to embark on the full-scale project.
	We will define Farm Africa's organisational offer in the coffee value chain	Farm Africa has organisational expertise in several important value chains, including coffee, livestock, sorghum, horticulture and oil seeds. 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).
	We will demonstrate impact for 500,000+ community members in 2022.	718,000 people were reached through our programmes during 2022. 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.
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.	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. 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). 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,

Strategic objective	Annual Goal	
		multi-stakeholder interventions aimed at sustainable results in green growth and landscape management brings significant results and can be achieved at scale. 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.
	We will document policy breakthroughs in participatory forest management, benefit sharing, aquaculture and forest reserve management	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.
	We will do further work to embed standardisation of project indicators and tools - with a focus on income, resilience and women's economic empowerment.	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.
Deepen our partnerships	We will establish new partnerships to further explore the potential of Farm Africa projects to access carbon markets.	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. And we are working with GeoTree/Hartree to explore new carbon investment opportunities in Tanzania.
	We will build on our programme expertise and reputation to extend our technical and funding networks.	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) 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

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	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). 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.
Deliver the break-even budget and build reserves towards the revised board target of £2.5 million	Raise and spend £14.4 million of grant funding for 2023 and £14 million of grant funding for 2024[1] (of which 80% by 30/09/23). Raise £1.76 million of unrestricted income in 2023. Complete carbon credit sales on behalf of partners in Ethiopia. Further strengthen unrestricted fundraising and brand awareness through the redesign of our website. 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.
Development of programme expertise, reputation, and technical and funding networks	DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project. Security training implemented for all country teams, including crisis management Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management. New strategic partnerships progressed to secure diversified funding, including new carbon opportunities progressed.
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	Carry out the 2023 staff survey. Continue regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings. Develop and implement a framework of inclusive language that is appropriate to the context our staff are operating in.

[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:

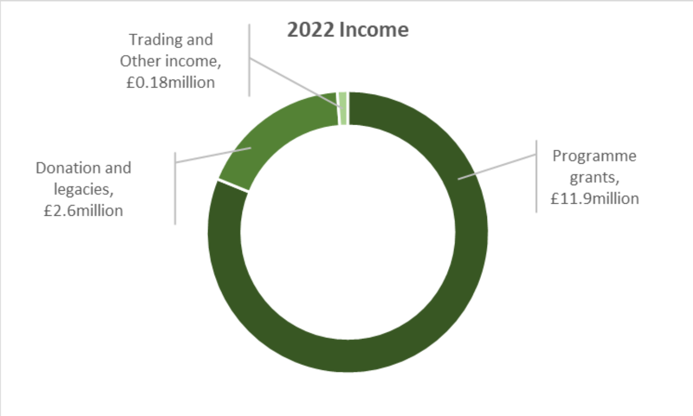
- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding);
- Donations, legacies, and other fundraising activities (unrestricted funding).

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.

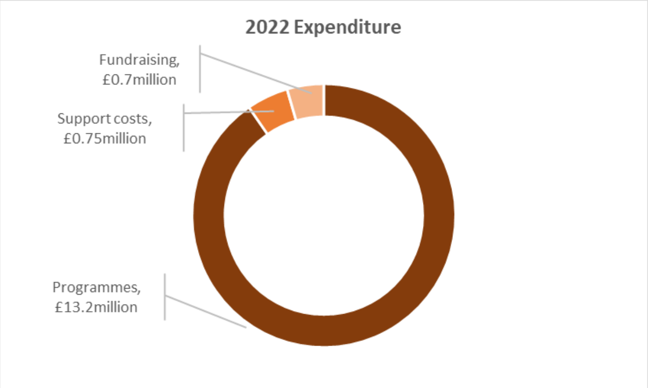
Total expenditure in 2022 increased to £14.6m (2021: £11.7m).

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 advisors 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 millon 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.

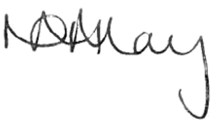
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

		2022			2021		
	Note	**Unrestricted funds**	**Restricted funds**	**Total funds**	Unrestricted funds	Restricted funds	Total funds
		£'000	**£'000**	**£'000**	£'000	£'000	£'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	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 2022 £'000	Restricted funds 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'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 2022 £'000	Total 2021 £'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 £'000	2021 £'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 £'000	2021 £'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 £'000	2021 £'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 No.	2021 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 No.	2021 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	Vehicles	Machinery & equipment	Computer equipment	**Total**
	£'000	£'000	£'000	£'000	**£'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	2021
	£'000	£'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	Restricted funds	Total funds
	£'000	£'000	£'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	Property	**Total 2022**	Total 2021
	£'000	£'000	**£'000**	£'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).