**FSD Africa and Rabobank ACORN/Rabo Foundation to fund sustainable farming for African small-scale farmers with loans for carbon credits**

*FSD will support Acorn projects in the initial scale phase that aims to benefit around 3.000-5.000 small-scale farmers whilst Acorn has the ambition to reach 1 million farmers all over the globe following the scale-up.*

**Nairobi, July 27th, 2022** – FSD Africa and Rabobank ACORN / Rabo Foundation today launched their collaboration in helping small-scale farmers with their transition to Agroforestry, a sustainable and climate resilient farming practice.

Acorn – Agroforestry Carbon removal units for the Organic Restoration of Nature – is a program being developed by Rabobank to unlock the international carbon market for smallholder farmers in the developing world. It aims to help farmers transition to agroforestry at scale and monetize the carbon stored in the trees planted through Acorn’s global transparent and technology-enabled marketplace for carbon sequestration. The collaboration will focus on kick-starting new small-scale farmers agroforestry projects in Kenya, Nigeria and Zambia.

Via local implementation partners, Acorn supports the initiation and development of agroforestry projects and facilitates the subsequent trade of the so-called carbon removal units (CRUs) that are generated from the sequestered carbon, earning farmers an extra source of income. An Acorn CRU has an ex-post character, meaning it is only sold after trees have converted CO2 into biomass. The biomass will be measured on a smallholder farmer’s land with the help of remote sensing technology, such as satellite imagery. On top of this Acorn is developing its own algorithms. This technology makes it a scalable solution. This ex-post character and certified methodology is what makes an Acorn CRU different from the typical carbon credit.

FSD Africa together with Rabo Foundation will provide finance to the small-scale farmers to help them transition to sustainable agroforestry. The local implementation partners will collect the farmer data and onboard the farmers onto the Acorn platform. They will then be able to sell carbon removal units (CRU) to corporate off-takers through Acorn’s technology-enabled marketplace. The proceeds of the CRUs will be used to pay back the loan. For FSD Africa as the financier, testing this innovative finance structure will be an important outcome of this first scale phase.

**The collaboration envisions two subsequent phases:**

**Phase One:** *Finance pilot projects* – this will involve the disbursement of carbon loans to allow smallholder farmers to invest in their farms and transition towards agroforestry. The loans will be repaid by the farmers using future income generated by the revenue generated by the sale of carbon credits. From the sales revenue, 80-90% will flow back to the farmer.

**Phase Two:** *Set up a potential capital market instrument based on the results of the pilot project*

Learnings from the pilots will be used to develop a suitable capital market instrument such as a revolving facility or a carbon-linked green bond. This instrument can provide scale and expansion at a regional level providing much-needed access to finance for small-scale farmers who want to invest in their farms to adopt sustainable agricultural practices.

The pilot projects aims to benefit around 3.000-5.000 small-scale farmers and their families whilst the Acorn program itself has the ambition to reach 1 million farmers globally by 2025

Commenting on the collaboration, **FSD Africa CEO, Mark Napier, said:** “*The Acorn program has a great potential for improving farmers’ income through the sale of carbon credits and other income from the agroforestry projects. It will create green jobs, address vulnerability by improving food security and by all those means will lead to the poverty reduction. We are proud to acknowledge, that this program will contribute to 8 out of 17 UN SDGs, including those related to poverty reduction, food security, reduction of pollution, economic productivity, resilience, sustainability of forests and capital mobilization*.”

**Jelmer van de Mortel, Head of Acorn** says, “*With FSD Africa, we have a partner that contributes to the scaling of Acorn. With their financial solutions, they fuel the agricultural development in African countries. In this manner, FSD Africa plays a pivotal role to finance the regreening of Africa, empowering the farmers and building climate resilience. Using the proceeds of the carbon removal units for repaying the loan, we have introduced an innovative financial solution that has the potential to create a paradigm shift in financing rural development”.*

**—ENDS—**

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**About FSD Africa**

FSD Africa is a specialist development agency working to help make finance work for Africa’s future. Based in Nairobi, FSD Africa’s team of financial sector experts work alongside governments, business leaders, regulators, and policymakers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

For more information, visit: <https://www.fsdafrica.org>

**About the Acorn initiative of Rabobank**

Acorn – Agroforestry CRUs for the Organic Restoration of Nature – unlocks the international carbon market for smallholder farmers in the developing world. To do this, Acorn is introducing a scalable agroforestry and carbon sequestration monitoring system. Using remote sensing technology and AI, it brings down the costs of biomass measuring, making CO2 sequestration monitoring and monetization cost-effective and scalable, while also making it more transparent and data driven. This is what sets Acorn apart. Smallholder farmers will not only reap the benefits of agroforestry, but also the profits of the voluntary carbon market. The use of such technology makes it possible to operate cost effectively and offers the possibility to scale up and reach a significant number of smallholder farmers. 80- 90% of revenues from the carbon removal units sold, will flow back to the smallholders and their communities. Unlike other programs, Acorn’s carbon removal units are fully traceable. Each one is linked to an actual plot of land and to the carbon the trees there have removed from the atmosphere. In the coming years, Acorn will support hundreds of projects, helping millions smallholder farmers make the switch to agroforestry by compensating them for their contribution to our world’s ecosystem.

For more information, visit: <https://acorn.rabobank.com/en/>