Jambo Sana (Hello very much) from Kenya (and RWANDA)!

In East Africa, every inch of planted earth is won the hard way – by hand. These women in Rwanda, like many of our farmers, are working as a group to lighten the load.

This makes a wonderful analogy for One Acre Fund; we have struggled for every inch of progress, but in the company of colleagues like you, the work has been made much lighter. Because of your support, we have made rapid progress through our basic pilot and validation stages, and are pleased to be beginning a period of initial scale-up and growth.

This is our third six-monthly report, which offers a frank look at hard metrics, which we use to guide every step of our operations. From May – October 2007, we:

- Doubled program size to 600 farm families, serving more than 2,000 children
- Had our third harvest, increasing take-home farm income by 100%, with 97% of farmers repaying program fees
- Covered 15% of our field costs through farmer repayments, which will improve over time

In this six-month period, we launched a pilot program in our second country, Rwanda, and hope to prove that our program model is transferable to a completely new setting. As part of our continuing effort to achieve total transparency, this report also covers adjustments to our client impact targets, and more detail on how we calculate our financial metrics. We want to make sure you know exactly what kind of program you are investing in.

This report briefly concludes with our vision for the future, which is what we are truly excited about. Momentum is building at a terrific pace, and we have a realistic dream of creating total life-change for 30,000 families in the next 36 months. This momentum is largely due to you, our loudest supporters. On behalf of the children and families that we serve: Thank You.

Andrew Youn
Founder, One Acre Fund

Matt Forti
Board Chair, One Acre Fund

Board Members:
Chris Ashley, Kellogg School of Management
Anne Marie Burgoyne, Draper Richards Foundation
Taira Hall, Citigroup
Amy Hsiao, Clorox
Diana Lee, Broad Resident: Oakland Unified Schools
Jason Maga, Amtrak

Bhavan Suri, Kellogg School of Management
James Wesner, Marquette Associates, Inc
Meredith Wilson, Abbott Labs
Paul Wormley, Hadley Capital
John Yi, Crowson Technology LLC
One Acre Fund: Core Values and Program Model

The core values that drive us forward, and how our program works

Our mission: We empower persistently hungry farm families to grow their own way out of hunger.

Core values:

- **We don't give handouts** – we empower permanent life-change. Lasting change must rely on the poor themselves.
- **We provide a solution that is realistic for the extreme poor** – our solution includes tools, training, and market access – making it realistic for someone starting from nothing to grow for high-value markets.
- **We must dream big** – limitless human need demands an ambitious response. 80% of the extreme poor in the world are farmers, and we must aggressively scale to meet demanding milestones.
- **We must remain 100% accountable** to both our biggest donors and our littlest children, measured by hard operational metrics that are reported, good and bad, to stakeholders. If we are not improving the lives of children, we are failing, and must find a way to improve.

One Acre Fund’s “Investment Bundle”

1) **Creation of producer groups:** One Acre Fund meets existing women’s self-help groups, and organizes them into a producer group.

2) **Farm inputs:** One Acre Fund finances and delivers all of the planting materials that our farmers need to increase their yields.

3) **Extension:** One Acre Fund field officers deliver education to groups, so they know how to grow the crop.

4) **Output market:** One Acre Fund picks up a portion of the harvest in repayment, and sells it to cover our field costs.

None of the individual pieces of our model is particularly new – but the combination of them is extremely unique. We have packaged together a holistic service that we can take to the poorest of farms – households starting with absolutely nothing. Our goal is to innovate a new program model that will be a new tool in the world’s fight against hunger and poverty among the rural poor.
### Review of Program Metrics: November 2006 – April 2007

**Green** = Met/Exceeded Goal  |  **Yellow** = Additional Opportunity  |  **Red** = Did not meet goal

#### HOW MANY PEOPLE DID WE REACH?

Program doubles to 600 farmers (2,400 children)

<table>
<thead>
<tr>
<th>Scalability</th>
<th>Previous: Nov 06 – Apr 07</th>
<th>Goal: May 07 – Oct 07</th>
<th>Actual: May 07– Oct 07</th>
<th>Rating</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>- # Families Reached</td>
<td>350</td>
<td>550</td>
<td>600</td>
<td>Green</td>
<td>Roughly doubled program size to 600 farm families</td>
</tr>
<tr>
<td>- # Children Enrolled</td>
<td>1500</td>
<td>2750</td>
<td>2400</td>
<td>Yellow</td>
<td>Increased children enrolled by 60%</td>
</tr>
<tr>
<td>- # Acres under Cultivation</td>
<td>100</td>
<td>55</td>
<td>150</td>
<td>Green</td>
<td>Placed 150 acres under cultivation</td>
</tr>
</tbody>
</table>

#### FUTURE ACTIONS:
- Begin “scale-up” phase, more than tripling to 2,000+ farm families in next six months
- We are on track to meet or exceed our target of 30,000 families in the next 36 months

#### WHAT WAS OUR QUALITY OF IMPACT?

Farm income doubles

<table>
<thead>
<tr>
<th>Impact</th>
<th>Prev.</th>
<th>Goal</th>
<th>Actual</th>
<th>Rating</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Pre-One Acre Fund</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
<td>Green</td>
<td>Key baseline poverty indicators are on track: 9% 0-2 mortality, 40% child physical stunting rate</td>
</tr>
<tr>
<td>Poverty: child death rate</td>
<td>3x</td>
<td>3x</td>
<td>3x</td>
<td>Yellow</td>
<td>Raw harvest increased by 3x (estimate)</td>
</tr>
<tr>
<td>- Increased Size of Harvest (year-on-year)</td>
<td>2x</td>
<td>2x</td>
<td>2x</td>
<td>Green</td>
<td>Farm income increased by 2x, after program repayment</td>
</tr>
<tr>
<td>- Increase in Farm Income (year-on-year)</td>
<td>3%</td>
<td>5%</td>
<td>1%</td>
<td>Green</td>
<td>Out of 400 children ages 0-2, we had 3 child deaths in our families</td>
</tr>
</tbody>
</table>

#### FUTURE ACTIONS:
- We are revising our targeted life impact to 2x farm income (see management discussion)

#### HOW MUCH DID IT COST?

Program increases to 15% sustainability

<table>
<thead>
<tr>
<th>Financial Return</th>
<th>Prev.</th>
<th>Goal</th>
<th>Actual</th>
<th>Rating</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Repayment Rate</td>
<td>95%</td>
<td>85%</td>
<td>97%</td>
<td>Green</td>
<td>97% of farmers repaid, well above target of 85%</td>
</tr>
<tr>
<td>- Field cost per Family</td>
<td>$330</td>
<td>$330</td>
<td>$360</td>
<td>Yellow</td>
<td>We spent $360 per family (annualized) in field expenses. Will improve quickly next year</td>
</tr>
<tr>
<td>- Infrastructure investments</td>
<td>n/a</td>
<td>$165k</td>
<td>$165k</td>
<td>Green</td>
<td>We also invested $165,000 (annualized) in field and US infrastructure (e.g. vehicles, IT systems, etc)</td>
</tr>
<tr>
<td>- % of Donations to Program Services</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>Green</td>
<td>100% of individual donations went directly to program; overhead covered by foundation grants</td>
</tr>
<tr>
<td>- Program Sustainability</td>
<td>10%</td>
<td>15%</td>
<td>15%</td>
<td>Green</td>
<td>Farmer repayments covered 15% of field costs</td>
</tr>
</tbody>
</table>

#### FUTURE ACTIONS:
- See management discussion on next page
- We are on track to increase farmer repayments to cover 90% of costs in the next 36 months
Brief Management Discussion

1. Adjustment of client impact expectations

One Acre Fund previously had the goal of tripling the incomes of our families (3x), and after two years of operating experience, we are lowering that to a more realistic doubling of farm income (2x).

The main driver of this is simply client attitudes toward risk. Our families reach double farm income within 12-18 months of program participation, but their desire to expand their planted acreage with One Acre Fund is limited. Instead of investing their initial gains into further farming activities, they tend to diversify into investments in education and livestock. Although this makes our direct program impact lower than anticipated, we believe that this is in the best interest of our clients. We are actually doing more to help farmers invest their gains in a diverse range of income-building activities.

Quality of impact matters – we don’t want to just add up large client numbers – we also want to ensure that we have a deep impact with each client we work with. This is why we are keeping our eye on this important metric, in addition to a broad range of quality-of-life indicators!!

2. Deeper Explanation of Financial Metrics

One Acre Fund reports several financial metrics, and we want to explain them a little more carefully.

1) Field cost per family: the donor cost to deliver “direct services” to each family, including seed & fertilizer, education services, field administration, etc. Over time, we hope to drive this “field cost” to zero – farmers will repay all direct service expenses – so that donor funds will renew perpetually, loaned to a new farmer every planting cycle.

2) Infrastructure: major donor investments in the future. This year, this includes our Rwanda new country startup expenses, two vehicles, development of systems for payroll / monitoring and evaluation/ budget/ logistics, curriculum development, etc. Some of these are program-related costs and some are administrative costs. We will continue heavy investment over the next few years as we build for the future.

3) % Donations for program: This is the percentage of new individual donor funds that go directly to program services. One Acre Fund is fortunate to have the support of several foundations that cover all infrastructure and administrative expenses.
**Picture Gallery: Meet our Families**

< Big Harvests and Healthy Children. The Nangekhe family had a pretty tough holiday season last year; they were forced by their landlord to find a new home.

Before they left, this One Acre Fund family managed to harvest a bumper crop, which kept children Samuel and Judith (pictured) well-fed during this vulnerable time. The mother, Roselyn, decided to move into a home in the same community as before, in order to remain part of her One Acre Fund women’s group.

**One Acre Fund launches in Rwanda!!**

One Acre Fund has taken advantage of a tremendous opportunity to work in Rwanda. We first became aware of an enormous women’s group (organized by World Relief) last year, and have been busy getting to know this group of 25,000 households.

Starting with 40 farm families, we are testing the validity of our program model in an entirely new context and cultural situation. If successful, we hope to rapidly expand our operations to serve most of the women’s group in a five-year period.

< Meager harvests: This picture of a sweet potato harvest in Rwanda (the size of a finger) typify the poor crop yields currently experienced by farmers.

We are finding that it is extremely hilly in Rwanda, as seen in this interview with a farmer in her field.
< Lack of development
Poverty does not just cause the lack of physical resources – food, housing, and education – it creates a complete lack of mental development opportunities for children.

These kids, like so many, spend hours every day, just sitting. Their parents are away finding work, and there is no money for enriching activities.

< Robai Nyongesa holds her baby Dominic.

All three of her children fit the international standard for height-for-age stunting, from simply not eating enough.

As a One Acre Fund passion fruit farmer, Robai is soon to make that all change!

< Lavender Nasimiyu is only a little bit camera-shy. This adorable three-year-old is wearing her Sunday finest for the photographer, on her way to church.

< Bulondo Women’s Group is rapidly becoming our most popular group to visit. Energetic, alive, full of dance and song – they let their appreciation for One Acre Fund’s program be heard!

< Consolata Vincent (left) is One Acre Fund’s field officer for Bulondo. A former farmer herself in our program, she quickly proved her leadership abilities. She is pictured here speaking with a passion fruit farmer (right).
Vision for the Future

Can a promising experiment be scaled into a major force against world hunger?

We have a promising experiment, and we need to reach as many needy people as possible!

We have set an ambitious goal …
We have set an extremely ambitious goal for the next 36 months: to prove a program model that creates total life-change, for a lot of people, with financial sustainability on field programs:

1. Create a 100% gain in farm income and a 50% reduction in child deaths
2. For 30,000 families
3. At 90% financial sustainability (farmer repayments cover field expenses)

We believe that if we can create a program model that achieves all of these things, that we will be in a position to grow to serve millions of lives in the coming decades. Millions of hungry farm families, feeding themselves – the hungry feeding the hungry.

We have a realistic plan …
These are not idealistic words – they are carefully-constructed milestones, supported by our current field experience, and the advice of dozens of prominent advisors.

Annual milestones

<table>
<thead>
<tr>
<th></th>
<th>2007 (current)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
<td>600 families</td>
<td>3,500 families</td>
<td>10,000 families</td>
<td>30,000 families</td>
</tr>
<tr>
<td>Impact</td>
<td>100% average gain in farm income</td>
<td>100% average gain in farm income</td>
<td>100% average gain in farm income</td>
<td>100% average gain in farm income</td>
</tr>
<tr>
<td>Cost-Recovery</td>
<td>15% cost recovery on field programs</td>
<td>30% cost recovery on field programs</td>
<td>55% cost recovery on field programs</td>
<td>90% cost recovery on field programs</td>
</tr>
</tbody>
</table>

... And your support makes it happen
Your support makes this possible! We need to raise a total of $3.4 million dollars over the next five years to execute this plan, and every dollar matters. Maybe you are donating $240 a year, to support one family on the program. That family matters. Maybe you are donating $10,000 a year, to help support an entire women’s group of farm families. That group matters. Maybe you are donating $50,000 a year, to help us make key infrastructure investments. These investments matter.

Your donation matters for real people. Every dollar empowers a hungry person to feed her own family, and every dollar helps us invest for the future. We hope to continue to strive to report exactly how much social impact your investments are making for our families, and please: never hesitate to write to us with questions and comments.

On behalf of our children and families: THANK YOU.
One Acre Fund By The Numbers

One Acre Fund continues its strong growth, evidenced by the numbers below. In particular, the increase in staff members reflects our desire to build infrastructure in advance of our anticipated growth to over 2000 farm families served in the next six months.

<table>
<thead>
<tr>
<th>Metrics</th>
<th>As of 04-30-07</th>
<th>As of 10-31-07</th>
<th>Percent growth</th>
</tr>
</thead>
<tbody>
<tr>
<td># Unique Donors</td>
<td>868</td>
<td>999</td>
<td>15%</td>
</tr>
<tr>
<td># Investment Council Members</td>
<td>444</td>
<td>522</td>
<td>18%</td>
</tr>
<tr>
<td># Staff Members</td>
<td>20</td>
<td>83</td>
<td>315%</td>
</tr>
</tbody>
</table>

Donors (for the twelve months ending 10-31-2007)

One Acre Fund measures its success not only by the impact we have on the ground in Africa, but also by our ability to attract and retain donors. The extraordinary individuals who donate to One Acre Fund represent a group committed to ending hunger through empowerment. We can’t thank you enough for their support.

Honorary Advisory Board Donors, (greater than $25,000)
- Anonymous
- Keith and Katie Boissicat/Rock Paper Scissors Foundation
- Casten Family Foundation
- Draper Richards Foundation
- Echoing Green Foundation
- Horace W. Goldsmith Foundation
- Larry and Carol Levy
- Mulago Foundation
- Satter Foundation

Leadership Circle ($10,000 - $25,000)
- Anonymous
- Dawson Family Fund
- FJC Philanthropic Funds
- David Kabiller
- Knight Family Foundation
- Sheila Lyons
- Mercer Management Consulting
- Edward & Lesyle Phillips Family Foundation
- Robert C Pohlad
- Stanley and Dorothy Winter Fund/Art Winter

Major Supporters ($5,000 - $10,000)
- Anonymous
- Greg and Rita Bustamante
- Nirav and Juhi Dagli
- Brent Dibner
- Muffy, Andy, and Megan DiSabatino
- Hoban Family Charitable Foundation
- La Casa de Cristo
- Woo Lee
- Charles and Sarah McGarraugh
- Robert and Mary Mersky
- Kellogg School of Mgmt, Northwestern University- Charity Auction Ball
- Barbara and Walter Scott Charitable Fund

Investment Council Members

Investment Council members are $20 or more per month recurring donors or $240 or more one-time donors

- Chris Addy
- Dorothy F. Adkins
- Tonya Agent
- Femi Akinrebiyo
- Eric and Nancy Almquist
- Michael Amshen
- Mark Anderson
- Dheeraj Aneja
- Anonymous
- Blake Araki
- John David Armstrong II
- Christopher Ashley
- Eugene Auh
- Catherine Baker
- Joy Barbre
- Ryan Barrows
- Max Barry
- Michele and Tim Barry
- Barbara Bauer
- John and Anita Bauer
- Kenneth Baumann
- Alan Becker
- Tracy Bedwell
- Ethan Bellamy
Special Acknowledgement
A special thanks to the following people who have graciously given their time to One Acre Fund

- Amit Bouri
- Sulakshana Bala
- Blair Blackwell
- Justin Burt
- Kate Duffin
- Sarah Forti
- Dev Ghosh
- Laura Hattendorf
- Mahri Holt
- Liz Howard
- Shruti Jha
- Ben Jones
- Miles Lasater
- Pauline Lee
- Glen Macdonald
- Sandi Medeiros
- Barry Merkin
- Don Newcomb
- Matt O’Neill
- Steve Rogers
- Wally Scott
- Kevin Starr
- Van Tang
- Senoe Torgerson
- Melissa Walker
- Martin and Lora Weinstein
- Scott Whitaker
- Joseph Youn
- Paul Youn

One Acre Fund Financial Statements: One Acre Fund’s audited, full-year 2007 financial statements will be available in our next performance report, for the six months ending 04-30-3008.

Your Feedback
Your candid feedback matters immensely to us. Please contact us at matthewf@oneacrefund.org with your comments, questions, or suggestions.