

One Acre Fund



Fall 2010 Performance Report

One Acre Fund Semi-Annual Performance Report

May 2010 – October 2010

Friends – Greetings from the One Acre Fund family!

I wanted to introduce you to one of those family members, Patyster Lusweti. Patyster has been with our organization as staff for two years and four months, and started as a field officer, our ground-level position.

At One Acre Fund, we really believe in helping talented people to build careers and realize their full human potential. Patyster has advanced steadily, and recently completed our “fast-track management program.” She is now the second-in-command in Chwele District of Kenya, where she helps to lead a staff of 60.



Please read on – there will be more about Patyster later in this report. Our program continues to grow rapidly, with your generous support. This is our seventh 6-monthly report, which offers a frank look at hard metrics, which we use to guide every step of our operations. From April 2010 – October 2010, we:

- Grew program size from 23,000 farm families to 30,000 farm families, serving more than 120,000 children
- Had our eighth harvest, increasing take-home farm income by 100% per acre, with 99% of farmers repaying program fees
- Covered 60% of our field costs through farmer repayments, which will continue to improve over time

This report briefly concludes with our vision for the future, which we are truly excited about. Our momentum continues to build at a terrific pace, and we are on track to create life change for 120,000 families in the next 36 months. This growth is largely due to you, our loudest supporters. On behalf of the children and families that we serve: **Thank You.**

A handwritten signature in purple ink, appearing to read "Andrew Youn".

Andrew Youn
Founder, One Acre Fund

A handwritten signature in blue ink, appearing to read "Matt Forti".

Matt Forti
Board Chair, One Acre Fund

Governing Board Members: Joel Ackerman, Dipak Jain, Wally Scott, John Wood

Fundraising Board Members: Chris Addy, Chris Ashley, Taira Hall, Amy Hsiao, Diana Lee, Briehan Lynch, Jason Maga, Jason Miller, Bhavan Suri, James Wesner, Paul Wormley, John Yi

One Acre Fund: Core Values and Program Model

Our purpose: We serve small-scale farmers. In everything we do, we place the farmer first. We measure success in our ability to make more farmers more prosperous.

Core values:

- **Humble Service** - We meet farmers in their fields and we get our shoes muddy. Farmers are our customers and we serve them with humility.
- **Hard Work** – We work hard every day. We execute with world-class professionalism and business excellence. Farmers deserve nothing less.
- **Continual Growth** – We improve every season. We work with determination to meet our goals and then stretch ourselves by raising the bar even higher.
- **Family of Leaders** – We bring together the best leaders, and build long-term careers. We care for team members like family.
- **Dreaming Big** – We envision serving millions of farm families. We build for scale with every idea and solution.
- **Integrity** – We do what we say, and our words match our values.

One Acre Fund's "Market Bundle"

1) Group formation: 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) Education: One Acre Fund field officers deliver trainings on planting, weeding, and fertilizer application to groups in their fields.

4) Market access: One Acre Fund offers a harvest buyback program to its farmers, and trains them on crop storage.



None of the individual pieces of our model is particularly new – but the *combination* of them is extremely unique. Our "market bundle" is an innovative new tool in the world's fight against hunger.

Review of Program Metrics: May 2010 – October 2010



++ = Met/Exceeded Goal **+** = Additional Opportunity **-** = Did not meet goal

HOW MANY PEOPLE DID WE REACH? Program grows to over 31,000 farmers

Scalability	Previous Nov 09- Apr 10	New goal Apr 10- Oct 10	Actual Apr 10- Oct 10	Rating	Rationale
- # Families Reached	23126	30000	31956	++	- Exceeded goal due to strong Rwanda enrollment
- # Children Enrolled	92504	120000	127824	++	- Our clients have an average of four children
- # Acres under Cultivation	11563	16500	17576	++	- Placed over 17,000 acres under cultivation

FUTURE ACTIONS:

- We plan to increase the average number of acres per farmer in 2011
- We are on track to meet or exceed our target of 50,000 families in the next 12 months

WHAT WAS OUR QUALITY OF IMPACT? Farm income doubles

Impact	Previous	New goal	Actual	Rating	Rationale
- Increased Size of Harvest (year-on-year)	3x	3x	3x	++	- Raw harvest increased by 3x (estimate)
- Increase in Farm Income (year-on-year)	2x	2x	2x	++	- Farm income increased by 2x, after program repayment (estimate)

FUTURE ACTIONS:

- Farm income targets are on track

HOW MUCH DID IT COST? Program improves to TBD sustainability

Financial Return	Previous	New goal	Actual	Rating	Rationale
- Repayment Rate	98%	95%	99%	++	- 99% of farmers repaid, well above target of 95%.
- Field cost Per Family	\$120	\$100	\$100	+	- We are attacking operations cost at the district level
- Infrastructure investment	\$1.1 mil	\$1.6 mil	\$1.5 mil	+	- We came in under budget for infrastructure in 2010
- % of Donations to Program Services	100%	100%	100%	++	- 100% of individual donations went directly to program; overhead covered by foundation grants
- Program Sustainability	63%	65%	60%	+	- Farmer repayments covered 60% of field costs

FUTURE ACTIONS:

- Our target is to cover 75% of our field expenses through farmer repayments by the end of 2011

Management Discussion

1. Fast-Track Management Program

As One Acre Fund grows, we will need more and more Kenyan and Rwanda senior-level managers. We believe that the best senior managers are individuals who started as field officers and had a group of farmers that they served on a daily basis. However, as our star field officers are promoted to field managers, we have realized that many middle managers need 1-2 years of support to become senior managers. To achieve our growth targets, we need to turn middle managers into senior managers in six months.

In early 2010, One Acre Fund's Kenya operation started a fast-track management program. Field directors selected 2-3 outstanding field staff from their districts, and each person agreed to take part in a six-month management training program. These nine people (four women) committed to attending a full day of training on Saturdays, and completing homework assignments during the week. The trainings covered topics such as computer skills, district work planning, mentoring, and how to be a trainer of trainers. By the end of the program in August 2010, three staffers were promoted, all to an assistant field director role. We are excited to continue this program in 2011, and look forward to building a strong pipeline of senior managers to lead our expansion in western Kenya.



2. From London to Kampala to Iowa, Celebrating Our Successes

One Acre Fund has had a spectacular 2010. In April, we received the Skoll Award for Social Entrepreneurship, a validation that One Acre Fund is poised to create as much human impact as the best organizations in the world.

In June, we received the Financial Times Sustainable Banking Award for Achievement in Basic Needs Financing. This award is a tremendous validation of One Acre Fund's work from some of the preeminent thought leaders in the banking world.

In September, One Acre Fund's Andrew Youn attended the Clinton Global Initiative, where he publicly pledged that One Acre Fund will reach 300,000 farmers in the next five years—ten times our current program size!

In October, One Acre Fund spoke at the AgriBusiness Forum in Kampala, Uganda, as well as at the World Food Prize Symposium in Des Moines, Iowa. Our team is sharing the accomplishments of our field staff far and wide—always with a focus on our ethos, Farmers First!

The Maize Harvest



< Harvesting Cobs

The first step of harvest is cutting down the maize stalks. The stalks can be stacked up in piles to dry for several days. Then, farmer groups work together to remove the cobs from the stalks. Each stalk has one cob; after it is removed, the stalk is saved for compost, and the cobs are collected in a pile in the field.



< Drying and Shelling >

After a farmer harvests all her cobs, they must dry in the sun for at least a week. Then, she can use a sheller, provided by One Acre Fund, to remove the maize kernels from the cob. After the kernels are removed, they must be dried further in the sun. Moist kernels lead to storage rot.



Storage >

Once all a farmer's kernels are dry, she must bag them and store them in a secure place, safe from thieves, pests, and rain. Field officers train our farmers on how to store their maize to minimize post-harvest losses. They provide storage bags and actellic dust to protect the maize against pests. Non-One Acre Fund farmers can lose up to 40% of their harvest during storage.



Meet Patyster Lusweti, Assistant Field Director, Kenya



< Patyster and Jemimah

Patyster is 29 years old. She grew up in Chwele District, Kenya. When she finished secondary school, she moved to Nairobi, where she found work at an industrial factory. In 2006, she got married, and in 2007, she had a daughter, Jemimah. In 2008, she and Jemimah moved back to Chwele to take care of her family's farm.

< In the Field >



Six months later, Patyster joined One Acre Fund as a field officer. Her jovial manner and skill at building relationships helped her achieve 100 % repayment from her farmers. In September 2009, she was promoted to field manager, and in April 2010, she joined the fast-track management program.



Mentorship >

In August 2010, Patyster was promoted to assistant field director of Chwele District. "I never thought I would find a job in this area," she said. "Now, I look forward to helping us climb higher." She is excited by the opportunity to lead 60 field staff—she learned mentorship skills in her management program—and to someday running her own district.



Vision for the Future

Can our model be scaled into a major force against world hunger?

We have proven our program model, 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 begin expanding a program model that we have proven. Our milestones in the next three years are to:

- 1 Create a 100% gain in farm income per acre
- 3 At 85%+ financial sustainability (farmer repayments covering 85% of field expenses)

We believe that if we can create a program model that achieves all of these goals, we will be in a position to grow to serve millions of lives in the coming decades. Millions of 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 advisers.

Annual milestones

	2010	2011	2012	2013
Scale	30,000+ families	50,000+ families	85,000+ families	120,000+ families
Impact	100% average gain in farm income	100% average gain in farm income	100% average gain in farm income	100% average gain in farm income
Financial sustainability	65% cost recovery on field programs	75% cost recovery on field programs	80% cost recovery on field programs	85% cost recovery on field programs

... And your support makes it happen

Your support makes this possible! We need to raise a total of \$12.0 million dollars over the next three years to execute this plan, and every dollar matters. Maybe you are donating \$240 a year to support two families in our program. Those families matter. Maybe you are donating \$10,000 a year to help support an entire village of farm families. That village 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 will 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.