

One Acre Fund



Year-End 2012 Performance Report

One Acre Fund Semi-Annual Performance Report

May 2012 – December 2012

Friends – Greetings from the One Acre Fund family!

In May 2012, the world was introduced to four One Acre Fund farmers in the book *The Last Hunger Season: A Year in an African Farm Community on the Brink of Change*. This is Rasoa Wasike and her sons, one of the farm families featured in the book along with Leonida Wanyama, Zipporah Biketi, and Francis Mamati.



Journalist Roger Thurow followed these farmers through a year in their lives as One Acre Fund members, employing improved agricultural inputs and techniques in the hopes of growing enough food to feed their families for the year to come, as well as to invest in their children's futures. Leonida strived to keep her children educated, especially Gideon, a bright student in secondary school. Rasoa invested her income from an improved harvest in a cow to eventually pay for her eldest son's education. Zipporah wanted to build a better home for her family. Francis hoped to grow the best harvest of his 53-year life. Now, a year after Roger's last visit with the farmers, we are able to see that One Acre Fund has made the hunger season a distant memory for these families.

There will be more about Leonida, Rasoa, Zipporah, and Francis later in this report. One Acre Fund is able to make such remarkable impact on the lives of these farmers because your generous support has ensured our program's continued success. Our latest 6-month report offers a frank look at the hard metrics we use to guide every step of our operations. From May 2012-December 2012, we:

- Grew program size from 130,000 farm families to 137,000 farm families, serving more than 540,000 children (most of our enrollment happens in the first half of the year).
- Had our twelfth harvest, increasing take-home farmer income by about 100% per acre, with 97% of farmers repaying program fees.
- Covered 84% of our field costs through farmer repayments.

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 nearly doubling in size every year. This growth 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
Founding Board Chair, One Acre Fund

Governing Board Members: Joel Ackerman, board chair; CEO, Champions Oncology, Inc.; Karl Hofmann, CEO, Population Services International (PSI); Fred Ogana, Kenya country director, TechnoServe

Fundraising Board Members: Chris Addy, Chris Ashley, Bill Bennett, Sue Diamond, Taira Hall, Amy Hsiao, Briehan Lynch, Dev Patel, Jen Splansky, Bhavan Suri, Dave Tomback, James Wesner, Paul Wormley, Liz Vadas, 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.



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



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.

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



4) Market facilitation: One Acre Fund trains its farmers on post-harvest crop handling and storage, and helps link farmer groups to traders.



Review of Program Metrics: May 2012– December 2012

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

HOW MANY PEOPLE DID WE REACH? Program grows to over 137,000 farmers

Scalability	Previous Nov 11- Apr 12	New goal May 12- Dec 12	Actual May 12-Dec 12	Rating	Rationale
- # Families Reached	134,115	145,000	137,302	+	- We revised our scale target upward too aggressively
- # Children Enrolled	536k	580k	548k	+	- Child enrollment was also slightly lower
- # Acres Cultivated	94k	100k	96k	+	- We narrowly missed our acreage target

FUTURE ACTIONS:

- We narrowly missed our 2012 target of 145k farmers, but we had revised that target upward from 120k.
- We beat our initial target by a wide margin, and will be more careful about revising targets in future.

WHAT WAS OUR QUALITY OF IMPACT? Farm income doubles per planted acre

Impact	Previous	New goal	Actual	Rating	Rationale
- Increased Size of Harvest (year-on-year) Per Acre	3x	3x	3x	++	- Raw harvest increased by approximately 3x per planted acre (verified by One Acre Fund M&E staff)
- Increase in Farm Income (year-on-year) Per Acre	2x	2x	2x	++	- Farm income increased by approximately 2x per planted acre, after program repayment

FUTURE ACTIONS:

- Farm income targets remain on track, and we are entering year 2 of a rigorous research collaboration with UC Berkeley to evaluate our impact in a more sophisticated way.

HOW MUCH DID IT COST? Program improves to 84% sustainability

Financial Return	Previous	New goal	Actual	Rating	Rationale
- Repayment Rate	98%	97%	97%	+	- 97% of farmers repaid
- Field cost Per Family	\$80	\$80	\$80	+	- Our field cost per family remains steady
- Infrastructure investment	\$3.3 mil	\$4.5 mil	\$4.5 mil	++	- We continue to invest aggressively in our organizational backbone
- % of Donations to Program Services	100%	100%	100%	++	- 100% of individual donations went directly to program; overhead covered by foundation grants
- Program Sustainability	82%	77%	84%	+	- We took a small hit on sustainability due to increased spending on maize disease in Kenya

FUTURE ACTIONS:

Our target is to cover 77% of our field expenses through farmer repayments by the end of 2013. We aim to break even in our Kenya and Rwanda operations in the next four years.

Management Discussion

New Maize Disease in Kenya

In late 2012, a new maize disease appeared in western Kenya that causes near total to total crop loss. This disease, known as MLND, has quickly spread throughout the main food-producing areas of Kenya. 2013 will be its first full season, and it poses a significant threat to food security in Kenya.

A food crisis in Kenya would be devastating for many people. Already, one in ten children die before the age of one. Among the children who survive, about 40 percent are physically stunted from a lifetime of not eating enough. Adding a crop failure to these chronic challenges would be a huge blow for millions of people.

Luckily, One Acre Fund spotted the risk of MLND early. We are in a great position to help prevent a major food crisis. In fact, not only are we continuing operations, we are expanding as planned this year.

We recently completed a major overhaul to our Kenya operations to switch aggressively to alternative crops. We are diversifying away from maize and focusing on sweet potato, beans, cassava, millet, and sorghum. The new Kenya loan packages are now similar to the loan packages we offer in Rwanda.

We are also doing things that could be productive for all of Kenya. For example, we are currently multiplying Kenya's entire supply of sweet potato vines. We are also collaborating closely with the Kenyan government and the national research agency.



Region affected by MLND

All of our new research into alternative crops will affect our ability to increase our financial sustainability this year. But we are willing to take a temporary hit on sustainability in the service of an enormous humanitarian opportunity. There is also some possibility that MLND will affect our ability to scale as quickly as we had planned. We'll know more about this potential effect later this year.

MLND presents a serious risk to Kenya's food security in the coming years. By acting early, we can help Kenya's farmers. At this challenging time, our services are more important than ever.



Catching up with farmers from *The Last Hunger Season*



< Leonida Wanyama

Leonida remarked in *The Last Hunger Season* that she wanted to go “to the land of milk and honey.” She has continued to enjoy fruitful harvests, which have enabled her to pay for her son Gideon’s secondary school fees. Gideon graduated in January 2013 in the top ten students of his class!

< Investing in Education >

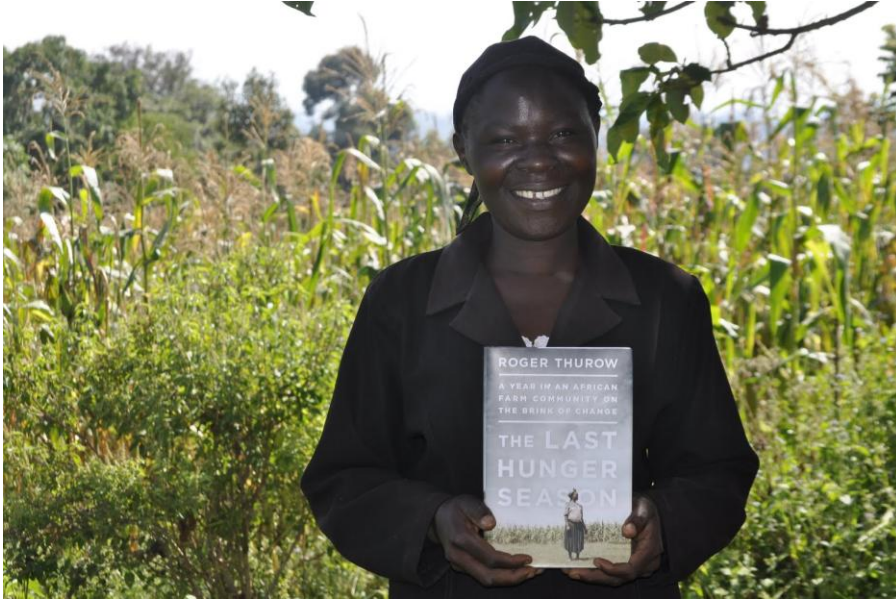
Leonida remains determined to educate *all* of her children. To ensure that she is able to pay future school fees, she made a long-term investment in a cow. Rasoa is also committed to her sons’ education: her son Ernest attends Standard 3 at a local private school. His brothers David and Timothy are also in private school.



Rasoa Wasike >

In addition to sending all three of her sons to private school, Rasoa is building a new house for her family. She and her husband continue to experience the results of their hard work: here, Rasoa compares a large maize cob from her fields with a smaller cob from a neighbor’s harvest.





< Zipporah Biketi

Throughout the book, Zipporah's family endures a home with a leaky roof and her youngest child, David, shows signs of malnutrition. Zipporah finished her new home at the end of 2012 – with a sturdy roof – for her family. She can afford the home after her first One Acre Fund harvest. David's health is also improving now that there is always food to eat.

< Improving Harvests >



Zipporah and Francis' successful harvests were not a one-time occurrence. All farmers have continued to experience increased yields, allowing them to continue to invest in their futures.



Francis Mamati >

The most experienced farmer of the four, Francis was excited to try out new technologies and planting methods to improve his harvests. He has applied what he learned through One Acre Fund to his other crops, like tomatoes. Francis also bought four goats to supplement his family's income after his first harvest as a member of One Acre Fund.



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 12 months: to begin expanding a program model that we have proven. Our milestones in the next year are to:

- 1 Reach 163,000+ farm families
- 2 Create a 100% gain in farm income per acre
- 3 Achieve 77%+ 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. Our vision is millions of farm families feeding themselves.

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

	2011	2012	2013	2014
Scale	75,000+ families	135,000+ families	163,000+ families	251,000+ 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	75% cost recovery on field programs	85% cost recovery on field programs	77% cost recovery on field programs	83% cost recovery on field programs

... And your support makes it happen

Your support makes this possible! We need to raise a total of \$18.0 million dollars over the next two 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.

Note: Future scale and sustainability targets revised as of March 2013.