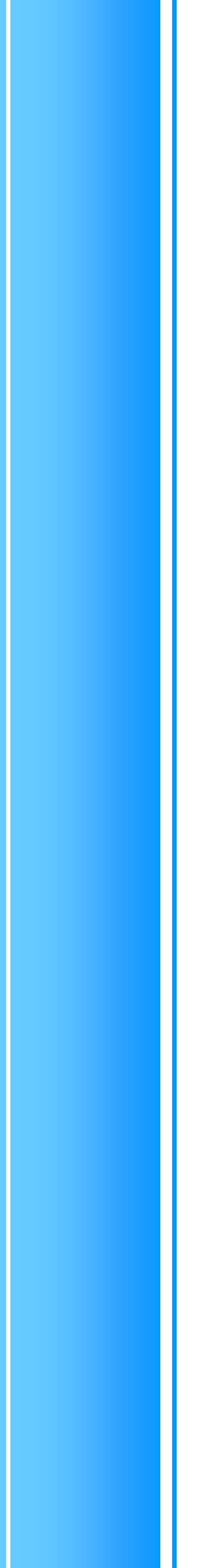




KickStart



KICKSTART INTERNATIONAL
Annual Report FY2010



KICKSTART INTERNATIONAL

KickStart is an award-winning, nonprofit social-enterprise with a unique technology and market based solution for fighting poverty in Africa and beyond.

OUR VISION

KickStart's vision of success is to take millions of people out of poverty sustainably and permanently, and in doing so, to fundamentally change the way the world fights poverty.

Our approach is simple. We see the untapped entrepreneurial drive in the world's poorest people and we harness this potential for massive change. We find profitable business opportunities open to thousands of people. Then we design, manufacture, market and sell simple technologies that unlock these business opportunities.



Our human-powered “MoneyMaker” irrigation pumps allow poor farmers to grow crops all year round, enabling them to move from rain-dependent subsistence farming to commercial agriculture. Farmers who buy and use our pumps increase their net household incomes by between 50% and 400% within the first 18 months of purchase. With cash in their pockets they can acquire the goods and services they need to have a better life; plentiful food, clean water, education for their kids, and healthcare for their families.

Since KickStart began in 1991, **106,700 successful new family businesses** have been started in Africa using our products. Today more than **1,400 new businesses are being created each month**. Each of these enterprises supports a family, so we conservatively estimate that these businesses have lifted **533,700 people out of poverty**¹. Each year

these businesses generate over **\$108 million in new profits and wages** and they have created some **160,000 new jobs**.

¹To KickStart, “**Out of Poverty**” means that a family has sufficient income to meet all of its basic needs: enough food, clothing, fuel, shelter, and basic healthcare, and enough money to **send all of their children to primary school**, and on top of this, they have money left over to invest in their futures. **For the first time these families have real economic opportunities and real choice.**

OUR PHILOSOPHY

KickStart is successful because our efforts are based on two simple truths: Firstly, the cause of poverty is a lack of opportunities for the poor to make enough money. Secondly, the poor are not victims waiting for charity, but entrepreneurs actively looking for solutions. By framing the problem in this way, we have built a systematic approach that addresses the *cause* of poverty rather than the symptoms. KickStart was built on these, and a few other basic truths:

- Poor people have resources; labor, time, land, and a desire to use these resources to improve the lives of their families.
- Even the poorest people in the world live in a **cash-based economy**. They need money to purchase food, medicines, shelter, to educate their children, and to invest in their futures.
- The poorest people are also the **most entrepreneurial**; they have to be. When you live on less than \$1 per day, finding creative ways to earn more money is a matter of survival.
- Aid programs that give things away too often provide only **temporary relief** and **create dependency**. People investing in their own futures create sustainable solutions and dignity.
- Throughout history, the private sector and the marketplace have proven themselves to be lasting and sustainable.

HOW WE WORK

These truths are the foundation for the KickStart model. Finding a way to create millions of new jobs as quickly, cost effectively, and permanently as possible is KickStart's goal. In the process, we are **changing the way the world fights poverty** by bringing together the entrepreneurial spirit of the world's poor and the power of the marketplace. And to accomplish this, we have created a clear, five-step process:

1. **Identify highly profitable and productive new business opportunities** that are viable and affordable for hundreds of thousands (if not millions) of poor people to start.
2. **Design simple, but high quality, tools and equipment** that people can use to create these profitable new businesses.
3. **Establish a private sector supply chain to distribute and sell the technologies**. We have the new tools mass-produced in large factories and sell them through a network of local retail shops. By ensuring that each party makes a good margin, we leave in place a sustainable supply chain that continues to sell the equipment as long as there is a demand.
4. **Develop the market demand for the new technologies**. People must both be aware of a new technology, and also understand how it can improve their lives. To ensure this, we implement

major marketing and educational campaigns to create the demand. This is the most difficult and expensive step in the process.

5. **Exit market subsidies and leave in place a profitable supply chain:** Once a product has reached a critical mass, marketing efforts can be scaled back, sales continue without subsidy and a profitable supply chain is left in place.

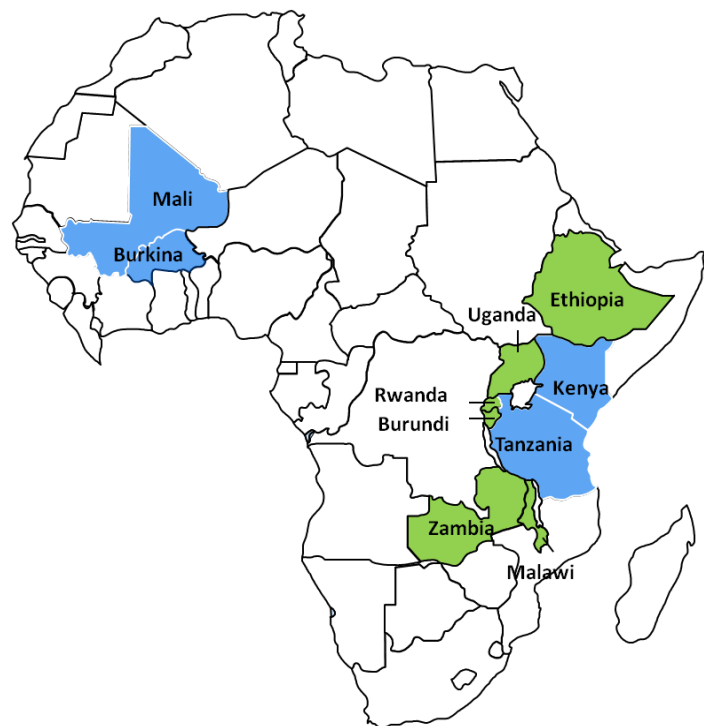
WHERE WE WORK

KickStart sells MoneyMaker pumps throughout Africa, in three ways:

Through a network of over 450 local retail shops in Kenya, Tanzania, Mali and Burkina Faso that stock and sell the pumps directly to poor small-scale farmers

Through KickStart-appointed distributors in Zambia, Malawi, Uganda, Ethiopia, Rwanda and Burundi who on-sell the pumps to local NGOs and farmers

In bulk to local and international NGOs all across Africa who distribute the pumps to poor farmers in their development programs



WHY IRRIGATION PUMPS - THE MONEYMAKER

In Africa, 80% of the poor are small scale farmers. They depend on unreliable rains, and they grow, at most, two cycles of crops per year. Their most valuable assets are their small plots of land and their basic farming skills. The best way for them to make a lot of extra money is to move from rain-fed subsistence farming, to commercial irrigated agriculture.

With irrigation they can grow high value crops like fruits and vegetables all year-round. They get higher yields, and most importantly, can produce crops in the long dry seasons when food supplies dwindle and the market prices are high.

Low cost irrigation pumps have the potential to help a huge number of people in Sub Saharan Africa. Less than 4% of farmland there is irrigated, compared to 42% in Asia. But, petrol and diesel pumps are expensive, fuels are unavailable in rural areas and only 10% of Africans have access to electricity.

So starting in 1998-99, KickStart developed and introduced a line of **MoneyMaker Irrigation Pumps**. These human powered pumps enable farmers to pull water from rivers, ponds, or shallow wells as deep as 25 feet and then pressurize it through a hosepipe, even up a hill, to irrigate as much as two acres of land. They are simple to transport and install, and easy to operate and maintain. And because they are pressurized, these robust pumps allow farmers to direct the water only to where it is needed, so they are highly efficient. Finally, they are very low-cost, retailing for only \$35 and \$100, amounts that many millions of poor farmers can afford, borrow or save.



FISCAL YEAR 2010 HIGHLIGHTS

KickStart made a lot of exciting progress in FY2010. We enabled thousands more farming families in Kenya, Tanzania, Mali, Burkina Faso, and all across Africa to escape from poverty. In addition to creating new impacts, KickStart continued to innovate, increase its efficiency, and build the capabilities needed to power its continued growth. In FY2010 KickStart:



DEVELOPED AND LAUNCHED A WEB BASED PUMP PROMOTION SYSTEM

This new system enables KickStart’s promotion staff and pump dealers to more effectively identify and follow-up with farmers who can benefit from using pumps. KickStart sales staff meets and pre-qualifies, **“hot prospects”** who are likely pump users and upload their details to our computer system. This system then generates detailed work plans that help our sales staff with follow-up, and in closing sales. We launched the system in Kenya in April 2010 and it has greatly increased the average monthly pump sales per staff member. In FY11 we will further refine the system and roll it out across Tanzania, Mali and Burkina Faso.

DESIGNED A NEW PUMP - THE “MONEYMAKER-MAX”

Our Technology and Development Team redesigned our best selling “Super-MoneyMaker” Pump to reduce its cost and weight, and to make it even easier to maintain. We finalized and field tested the new

design, trained a local manufacturer in mass-production techniques and completed a test production run of 160 pumps. Compared to the “Super-MoneyMaker” our new “MoneyMaker-Max”:

- Costs \$17 less, allowing for a larger margin and deeper discounts
- Weighs 5 Kg less so is easier to carry to/from the farm
- Is easier to set-up and maintain
- Pumps 8% more water with the same input effort
- Is more durable in saline conditions



In FY11 we will complete a market test and plan a full market launch of this exciting new pump.

IMPLEMENTED AN ORGANIZATIONAL REVIEW & RECRUITED NEW SENIOR STAFF

As part of KickStart’s growth plans, the Monitor Group implemented a major organizational review. This pro-bono exercise reviewed KickStart’s senior management structure, job descriptions and decision rights in order to streamline decision making and improve cross-functional and cross-geography management and communications.

The outcomes included a realignment of the roles and responsibilities of the organization’s founders and a decision to recruit two new senior executives, a **Chief Operating Officer/Managing Director** to bring the management of our worldwide operations under a single manager, and a **Chief Development and External Relations Officer** to fully coordinate all our fundraising and external relations. Recruiting firms were contracted and candidates were short listed for both positions.

Also, KickStart employed two new senior development economists. Dr. Beatrice Sakwa is our new **Director of Impact Evaluation and Monitoring** and Dr. Valentine Gandhi as the Deputy Director. They will grow and improve our impact monitoring functions and oversee the IFPRI Impact Study.

LAUNCHED A MAJOR NEW IMPACT STUDY



KickStart has always carried out in-house impact measurements. However now, we want our results to be checked by independent experts. In late FY10 we recruited the **International Food Policy Institute (IFPRI)** to design and oversee a three year longitudinal study to measure the impacts of our pumps. We are following 1,300 pump buyers in Kenya and Tanzania and tracking a broad range of metrics including increased incomes and expenditures; education of children; child height, weight and morbidity; empowerment of women; and

changes in agricultural and hygiene practices. Through this partnership we have developed a new control-based methodology to measure the impacts of products that are sold, rather than given away.

INSTALLED A NEW ERP SYSTEM

Over the past two years KickStart has put in place a state-of-the-art, organizational-wide Enterprise Resource Planning (ERP) System. This new system fully defines and integrates all of KickStart's business management practices and processes within our IT system. And it enables us to systematically implement and track all organizational functions and operations. In FY2010 we completed the roll-out of the system's most critical modules and trained all key staff on its use and utility. In FY2011 KickStart will realize the full potential of this comprehensive new system.

OUR IMPACTS

Farmers buy our pumps and start family businesses that grow and sell crops throughout the year. Their **average net farm incomes increase by almost tenfold**, from about \$100 to nearly \$1,000 per year, while **total family incomes increase by as much as four times**.

KickStart's state-of-the-art monitoring program systematically tracks the impacts of our pumps. We visit randomly selected buyers shortly after they purchase a pumps, and then again 18, 36 and even 60 months later to measure what has changed in their lives as a result of owning and using a pump. From these visits we know that for over 80% of pump buyers the additional income enables them to properly feed and clothe their families and send their children to school. And it also leaves them with extra funds to reinvest in their farms, and in other income generating activities, that create an upward spiral of prosperity, and lift their families out of poverty.

The MoneyMaker Pumps **sold in FY2010** alone have helped poor families to...

Create over 13,800 successful new farming businesses (60% of which are managed by women)
Lift 69,000 more people out of poverty forever

These new businesses created with MoneyMaker Pumps:
Created over 11,000 new waged jobs and **12,500 new family jobs**
Irrigated over 10,000 new acres of land
Enabled families to send 21,600 kids to school for the first time, or to better schools

Since Inception, KickStart Has Helped African Families to...

Create **106,700 Successful Farm Businesses**
Lift **533,700 People Out of Poverty Permanently**
Generate **\$108 Million in new Annual Profits and Wages**
Educate **167,500 Children**
(As of January 1, 2011)

STORIES FROM THE FIELD

CATHERINE AND HAWAZI MWMAMI

Catherine Gwambie (left) and her husband Hawzi Mwmami are a very entrepreneurial couple from Tanzania. They had dreams of being successful shop owners in Dar es Salaam. They farmed in their native Kigoma, growing and selling maize and beans to save enough to open a shop selling household supplies.

The shop was reasonably successful, but it did not generate as much income as they needed to support their family. Hawzi decided to buy land to raise chickens and so Catherine could begin growing and selling vegetables. It was a good business but they found it difficult to turn a profit because irrigation with a bucket took so much time a effort.



In early 2007 Catherine heard an advertisement for the Super MoneyMaker Pump on the radio. She excitedly told her husband about this new pump, emphasizing its affordability and ease of use. Hawzi was not convinced. Catherine insisted, and told him that because she was using her own money that she would make the decision. He understood, and together they went to the Kariakoo market in Dar es Salaam to buy a Super MoneyMaker Pump at a shop owned by Mama Songa (another KickStart success story).

The pump worked so well the Catherine increased her vegetable production; she added another plot of land in order to increase land under cultivation. She employs her oldest daughter and younger sister (right). Catherine and Hawzi have three young children and they plan to send them to good secondary schools now that they have this increased income. They even have plans to build a better home for their family. Hawzi freely admits that his wife was right about the pump, and between their two businesses, they see a bright future for their family.



BROULAYE KEITA

If you give a man a fish, he will eat for a day. If you sell him a KickStart Money Maker pump, he may build a fish pond and eat forever. That is exactly what Broulaye Keita did in the remote village of Modibougou, in Mali about 250 kilometers north of the capital, Bamako.

This is a region where people rely entirely on agriculture for both nourishment and income. Broulaye grew henna plants, eucalyptus trees, and sweet potatoes. From these crops he was making less than \$200 per year, and he found that it was difficult to feed and clothe his family.

He made a decision to both expand his agricultural output and earn more money by harvesting fish, an idea he got from the local river; when the water levels dropped, fish would become trapped in small pools where they'd multiply. He decided to imitate the river's behavior and build a fish pond.

He had seen advertisements for KickStart's MoneyMaker pumps at the local market and he knew that a pump could help him fill and maintain his pond, even during Mali's long dry season, which runs from October through May. He bought a pump on credit and began raising fish by using the nearby river as his water source. It wasn't long before he began to see the fruits of his labor. Broulaye says fish are relatively easy to harvest and they bring him an extra \$280 a year.



But even more importantly, with his pump he is no longer dependent on the rain for growing his crops. He now grows high value crops all year-round, has tripled his yields per acre and he made over \$2,200 in the past twelve months, a fortune in his community. Through his success, Broulaye has become a respected member of his community and he no longer needs to worry about supporting his extended family of sixteen.

LOOKING FORWARD

KickStart plans to continue expanding its impacts and to take an additional 500,000 people out of poverty over the next three years. But we also need to continue to innovate. We need to lower the barriers of entry and develop new technologies. And by providing wrap around services, we need to ensure that once farmers buy our pumps they have an even higher chance of getting out of poverty. Here is a sample of some of our exciting new plans for the coming year.

FINANCING

Traditional micro-finance does not reach into rural Africa, because the cost of servicing loans is too high. As a result, poor rural farmers cannot access loans to finance pumps. KickStart is working on an exciting new program to overcome this hurdle. We are developing a modern Lay-Away scheme (*Tone Kwa Tone*)

using an electronic money transfer system called M-PESA that allows people to send money via cell phone. In this new micro-payment system, farmers will make small mobile payments into a secured account until they finish paying for their pump. A pilot will be launched in early FY2011.

DEEP WELL PUMP

Our current pumps are suction pumps, and as such they can only pull water from as deep as eight or nine meters. To reach beyond this, a pump must have a mechanical element down inside the well. We are currently working on designing such a pump using an innovative new mechanism. Like all our pumps, it will be affordable, reliable, and portable, and a farmer will be able to install it without assistance. It will pull water from much deeper wells, and pressurize it out through a hosepipe. And will bring the possibility of irrigated agriculture to millions more farmers in Africa.

PARTNERSHIPS FOR EXPANSION

Before expanding retail sales into new African countries, KickStart needs to seed the market with our solutions. We will continue to partner with like-minded organizations that are already purchasing our pumps and distributing them to poor famers in these countries. And then, as the demand increases we will hire local KickStart staff to support and train the existing buyers, recruit and train new distributors and set the foundation for our future growth.

CELL PHONES AND FARMERS CLUBS

Through our “hot prospecting” system we are gathering what may be the largest cell-phone database of high-potential farmers in East Africa. We will use SMS messages to tell them about our pumps and other useful information such as recommendations on farming techniques. And by partnering with private sector suppliers we will further leverage these lists to inform farmers about other high potential farm inputs. The predominance of cell phones will also enable us to develop a ‘Facebook’ type “farmers club”. So farmers who buy pumps can network to exchange advice and increase their market access.

“We are using the SMMP and MoneyMaker Hip pumps in our on-going project. We should expect more success stories from these pumps with fast growing popularity and income generation for smallholder farmers in Tanzania and East Africa. I remain excited!”

- Dr. Julius Kigalu. Tea Research Inst. of Tanzania

FINANCIALS

KickStart International, Inc. Condensed Audited Financial Information For Years Ending June 30, 2009 and 2008 (in Thousands)

Operating Income	2009	2008
Product sales	\$ 2,290	\$ 1,883
Foundations & trusts	3,040	2,478
Individuals	1,092	580
Corporations	460	3,606
Total operating income	\$ 6,881	\$ 8,548
Operating Expenditures		
Program services	\$ 8,592	\$ 6,991
Management & general	408	421
Fundraising	307	359
Gross operating expenditures	\$ 9,307	\$ 7,772
Operating surplus (deficit)*	\$(2,425)	\$ 776
Surplus related to unrestricted funds	8	819
(Deficit) related to temporarily restricted funds	(2,433)	(43)
Investment & other non-operating activity (net)	49	255
Change in net assets	\$(2,376)	\$ 1,031
Net assets at the beginning of year	\$ 8,670	\$ 7,639
Net assets at the end of the year	\$ 6,294	\$ 8,670

* The operating deficit of \$2.4 million in 2009 represented the difference between spending against restricted gifts received in prior years compared to new gifts raised for those programs for future years. The majority of the deficit (\$2 million) supported the Tanzania program. The unrestricted operating surplus was \$8 thousand, which is the true indication of the organization's operating profitability for the year.

Assets

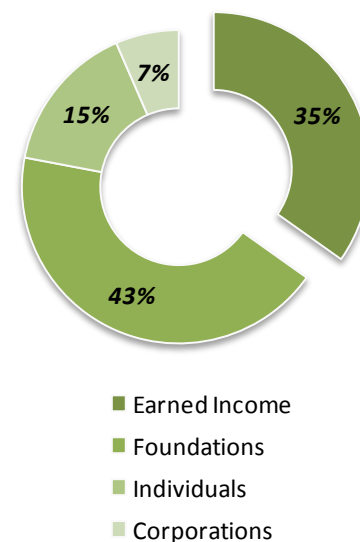
	2009	2008
Cash & cash equivalents	\$ 874	\$ 1,071
Trade & other receivables	4,847	7,256
Inventories	680	472
Property, plant and equipment	462	618
Total assets	\$ 6,863	\$ 9,417

Liabilities & Net Assets

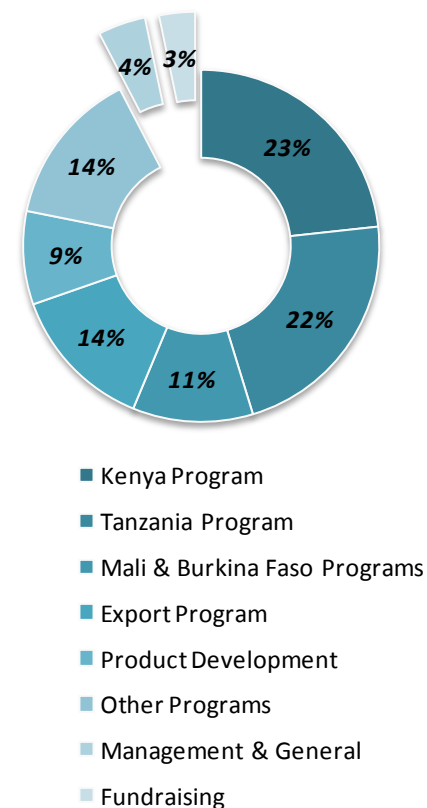
Trade & other payables	\$ 370	\$ 511
Borrowings	200	236
Total liabilities	\$ 570	\$ 747
Unrestricted net assets	\$ 1,650	\$ 1,593
Temporarily restricted net assets	4,644	7,077
Total net assets	\$ 6,294	\$ 8,670
Total liabilities & net assets	\$ 6,863	\$ 9,417

Complete financial statements, audited by PKF International, are available upon request.

Source of Funds



Use of Funds



SELECTED STRATEGIC PARTNERS/DONORS/CUSTOMERS

Since its inception KickStart has been supported by numerous donors and partners, and dozens of major development organizations have bought and used its products.

Bilateral and Multilateral Donors:

AUSAID
DFID (Department for International Development) (UK)
EC/EU (European Community/European Union)
RNE (Royal Netherlands Embassy)
USAID (United States Agency for International Development)

Private/Corporate Trusts & Foundations:

Bill & Melinda Gates Foundation
Case Foundation
Jasmine Charitable Trust (NZ)
John Deere Foundation
Lemelson Foundation
Morgan Family Foundation
Mulago Foundation
New Profit, Inc.
Nike Foundation
Pershing Square Foundation
Planet Wheeler Foundation/Global Development Group (Australia)
Sapling Foundation
SC Johnson & Sons, Inc.
Skoll Foundation
Voxtra Foundation (Norway)
and hundreds of individual donors



Institutional Customers (users of KickStart technologies):

AICF (Action Internationale Contre le Faim)
CARE
Concern
FAO (Food & Agriculture Organization)
ICRC (International Committee of the Red Cross)
Mercy Corps
MSF (Medecins Sans Frontieres)
Oxfam (Great Britain)
Plan International
SCF (Save the Children Fund)
Total Land Care Malawi
WFP (World Food Program)
World Vision
and numerous local NGOs/CBOs

AWARDS & ACCOLADES



[OneWorld's Person of 2008 Award](#)

[2008 Lemelson-MIT Award for Sustainability](#)

[2008 Peter F. Drucker Award for Nonprofit Innovation](#)

[Design News - 2008 Engineer of the Year](#)

[Social Capitalist Award Fast Company Magazine & the Monitor Group](#)

[2006 Argosy Foundation and eTown E-Achievement Award](#)

[2005 Skoll Social Entrepreneur](#)

[2004 IDSA Gold Award](#)

[2003 Schwab Outstanding Social Entrepreneurs](#)

[2003 Beacon Prize for Creative Giving](#)

[2003 TIME, European Heroes](#)

[2003 AGFUND International Prize for Pioneering Development Projects](#)

[2003 Newsweek - Inventions That Will Change the World](#)

[2003 Gleitsman Award of Achievement](#)

[2002 San Jose Tech Museum Award](#)

KickStart International's work has been featured on major networks and publications including:

At the Base of the Pyramid, Wall Street Journal, October 26, 2009

25 Responsibility Pioneers, TIME, September 21, 2009

Social Investing Conference Coming to S.F., San Francisco Chronicle, August 29, 2009

NBC News, Bay Area Tech Awards, 2008

Vator-TV, 2008 ([Link](#))

Britt Bravo Podcast, 2008 ([Link](#))

United Nations Yak Podcast, 2008 ([Link](#))

Martin Fisher, Engineer of the Year, Design News, September 22, 2008

Dream Harvest, Saga (U.K.), January 2007

Product Placement, Chronicle of Philanthropy, January 7, 2007



SUPPORT KICKSTART INTERNATIONAL

*"Give me a lever and a place to stand and I can move the world."
-Archimedes*

KickStart has proven that with the right "lever" you can lift hundreds of thousands of people out of poverty; Or more accurately, that given the right opportunity, hundreds of thousands of people can lift themselves out of poverty.

It has long been our mission to get millions of people out of poverty and in the process to bring lasting change to how the world fights poverty. Together with your help, KickStart can create a new view of the developing world that does not play on pity and guilt but that proves that entrepreneurialism and businesses, empowered with the right new technologies, can solve poverty and many of the problems that come as a result.

We ask you to join us.



KickStart

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