

# Q3 FY16 REPORT

January 1, 2016 - March 31, 2016



**KickStart**



# OVERVIEW

As we announced in July, FY16 is the first full year under KickStart’s new strategic plan and the organization has pivoted its business model from selling pumps directly to farmers to selling through institutional partners. This new model entails “complex sales,” which typically involve multiple stakeholders. In comparison with the direct retail sales model, this requires a more thorough understanding of how KickStart’s products can add value to other groups’ existing work with farmers. After restructuring and recruiting key staff to align KickStart’s human resources with the new strategy, we recognized that focused training on complex sales would be needed to further build the capacity of our team. To address this in Q3, senior leaders and all partnership and sales-focused staff underwent an intensive training course to master the skills required for selling a concept along with a product.

To provide the training, KickStart contracted a well-regarded consulting firm known for their work with social enterprises in developing countries. Custom training materials were designed in conjunction with KickStart’s own Senior Management Team to impart the firm’s signature sales methodology, which is based on increasing the “decision intelligence” of a buyer. This entails first helping them to better understand and evaluate the problem they are trying to solve and the cost of the problem if left unresolved, before jointly discussing how to use KickStart’s products as a solution. The consultants also helped develop follow-up materials including an 11 step sales process, against which KickStart can now measure staff members’ incremental progress toward the longer horizon of complex sales, and a user-friendly database for managing these records and relationships.

# Q3 IMPACTS



3,100

**FAMILY FARMING  
BUSINESSES CREATED**



4,138  
**PUMPS  
SOLD**



15,500  
**PEOPLE LIFTED  
OUT OF POVERTY**



\$2.6 MILLION/YEAR  
**PROFITS AND WAGES EARNED  
FOR ONCE POOR FAMILIES**



160,000  
**PEOPLE FED WITH FRUITS &  
VEGETABLES ANNUALLY**

# SALES AGAINST ANNUAL GOAL

*Working through partner organizations and distributors, pump sales will often come through in uneven, large bulk orders. Given that the nature of our business includes an ebb and flow of orders, KickStart is now reporting our quarterly pump sales against the annual target of 25,000 pumps.*



In FY16, KickStart has sold 11,211 pumps—45% of our annual goal.

The months covered in Q3 fall during the primary rainy season in many of the countries where KickStart works. Historically, sales during the quarter are lower because irrigation solutions are most needed when growing rain-fed crops is not an option. This seasonality is taken into account when KickStart sets sales targets and, indeed, sales across our programs achieved 90% of the target for Q3. Relative performance between the partnership-based sales and sales in the more vested country programs, like Kenya, Tanzania and Zambia, however, once again supports the assumptions underlying KickStart's new scaling strategy: partnership-based sales achieved 137% of the associated quarterly target while the overall sales fell slightly short of target due to lower performance in Kenya, Tanzania and Zambia, which still have direct-retail components. Year-to-date sales performance overall grew 11% compared to the same period of FY15.





# EAST AFRICA

**KENYA • TANZANIA • UGANDA • ETHIOPIA • RWANDA • SOUTH SUDAN**

- Partnership-based, GIP sales in East Africa achieved 213% fulfillment against the regional target for Q3 with 850 pumps sold against a target of 400.
- Sales in the region grew 135% over GIP sales from the same period of the previous year.
- In Kenya however, the adoption of MoneyMaker pumps was lower than expected. Kenyan farmers endured an especially severe rainy season coupled with above average temperatures as a result of El Niño.
- KickStart obtained an official introductory letter from the Tanzanian National Irrigation Commission (NIC). This opportunity to work with the country-wide government initiative can be expected to greatly increase awareness of MoneyMaker pumps in the country.
- In neighboring Rwanda, KickStart hosted a widely-attended product launch and began engaging with the National Ministry of Agriculture.
- KickStart also recruited a new distributor in Ethiopia, growing our private sector supply chain. At the same time, we continued fostering demand for and appreciation of MoneyMaker irrigation tools through engagements with government representatives from Oromia, Awasa, Amhara and Tigray regions.

# WEST AFRICA

**GHANA • MALI • BURKINA FASO • NIGERIA • SENEGAL**



- The West Africa regional GIP program reached 90% of its Q3 target, with 358 pumps sold against a target of 400.
- KickStart expanded the private sector supply chain serving West African partners and farmers, recruiting a new distributor in Burkina Faso, four new distributors in Nigeria and six in Ghana.
- In addition to greatly increasing the supply and accessibility of MoneyMaker pumps in the region, KickStart participated in a large agricultural exhibition in Bamako, Mali and in the first ever Agribusiness Forum in Kumasi, Ghana, to foster demand for irrigation and MoneyMaker pumps in particular.



# SOUTHERN AFRICA

ZAMBIA • MOZAMBIQUE • MALAWI • DRC • ZIMBABWE

- GIP sales in Southern Africa surpassed the Q3 target and reached 143% achievement with 1,710 pumps sold against a target of 1,200 pumps.
- In anticipation of the coming peak dry season, KickStart launched an intensive awareness and outreach campaign to attract potential partners, farmers and other stakeholders from across Southern Africa once the rains have ended for the year. The campaign included TV advertisements aired in Malawi and Mozambique as well as localized on-site marketing collateral presented in various indigenous languages.
- Having recently entered the market in Zimbabwe, KickStart hosted a MoneyMaker product launch in the capital city of Harare and participated in Zimbabwe's International trade fair.
- In Zambia, KickStart noticed and took a cue from the trend of government programs and other NGO's initiating programs and increasing staffing in the Northern Province of the country, thusly increasing the potential to forge and develop partnerships with these other groups. To capitalize on this emerging opportunity, KickStart also increased our footprint in the Northern Province in an effort to incorporate irrigation as a component of new initiatives focused on improving rural livelihoods.

Pictured below: In Zambia, KickStart partnered with the Ministry of Agriculture, Ministry of Health, and Concern Worldwide to train farmers from Mumbwa who are part of the RAIN Project (Realigning Agriculture to Improve Nutrition) on KickStart's irrigation pumps.





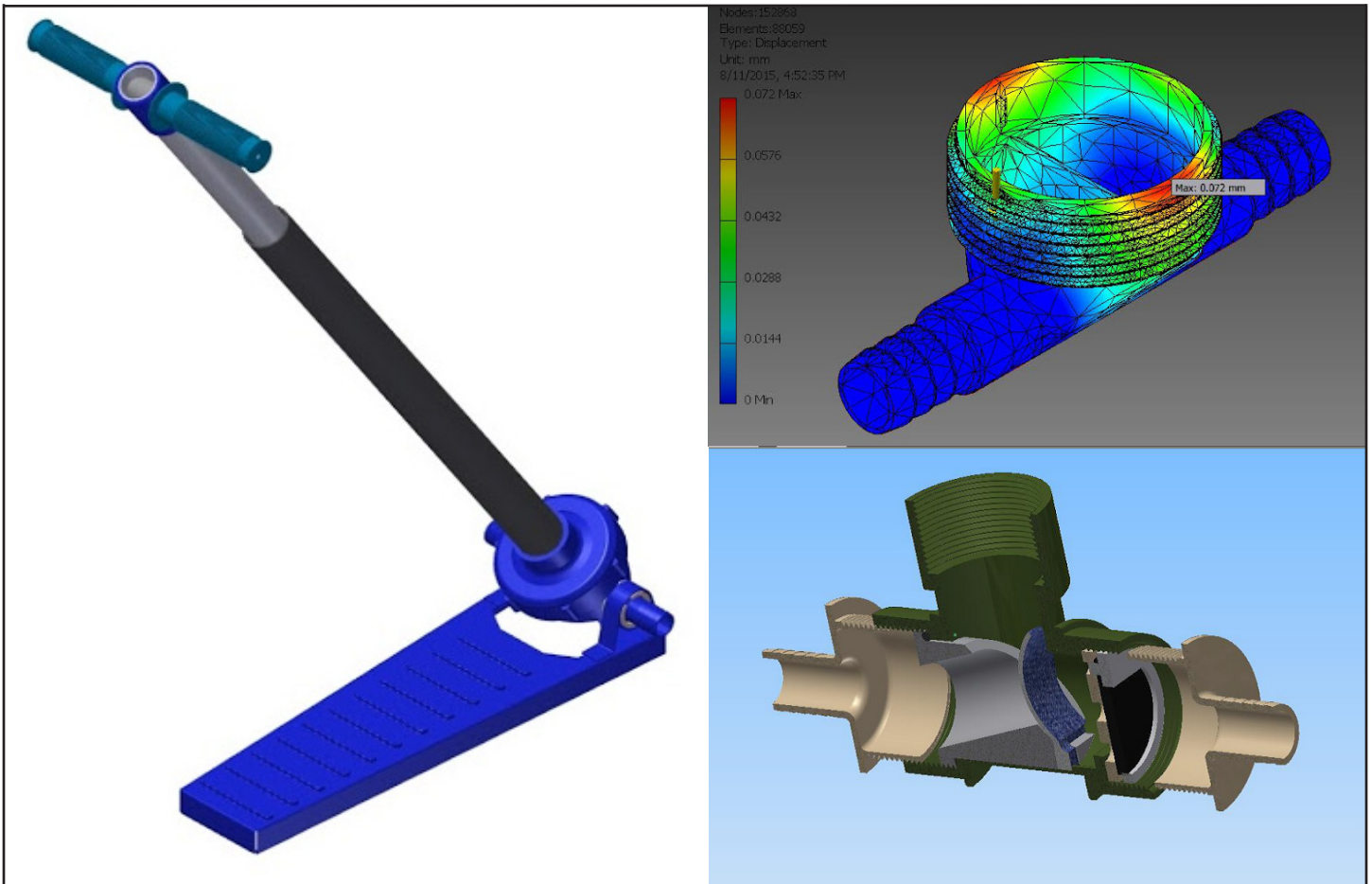
Watch how families move from poverty to prosperity using KickStart's MoneyMaker irrigation pumps in this short motion graphic video generously created pro bono by APCO Worldwide.

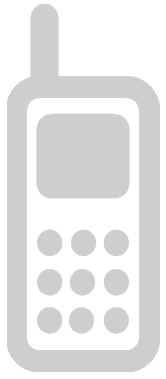
<http://bit.ly/1SXEZnL>



# PRODUCT INTELLIGENCE & DEVELOPMENT

KickStart's product design team in Nairobi, Kenya completed the final cycle of design iterations to refine a model of the MoneyMaker Starter Pump for mass-production. We expect the pump will retail for about half the price of the current Hip Pump and the availability of this new pump will enable even poorer farming families to begin irrigating, growing high-value crops year-round and providing for themselves. Ten of these pumps have been placed in the field for testing where farmers are already using them to irrigate crops on up to  $\frac{3}{4}$  acres of land. With field tests underway, the team prepared to market test the Starter Pump in Kenya in the final quarter of FY16, once the rainy season is over. Three locations within the country have been selected for the market test: Makeni, Siaya and Naivasha, and more than 50 units have been locally produced for this purpose.





# FARMER FRIENDLY FINANCING

The lead researcher from Washington State University (WSU) arrived in Kenya at the end of February and began the end-line data collection for the study on KickStart's farmer friendly financing mechanisms (Rent-to-Own and Mobile Layaway), supported by USAID's Development Innovation Ventures (DIV). KickStart's Kenya Country Director worked with the WSU team to develop the final work plan and also devised an additional questionnaire for the study. The additional questionnaire will be administered to farmers signed up for the Mobile Layaway payment option to distinguish between those who completed their payments and received a pump during the study period and those who did not yet complete payments and so far have only saved toward the future purchase of a pump. The group also developed templates for data entry that will enable the US-based team at WSU to analyze the results as they are collected. Final data collection began in the last week of February and, once complete, this study will provide more insight on how best to provide single asset-based financing to rural customers.



# IMPACT MONITORING

KickStart's Kenya Country Director and researchers from the University of California San Francisco (UCSF) made final preparations for a ground breaking Randomized Control Trial (RCT) that will demonstrate the overlap between food and income security and health outcomes for farmers living with HIV, an especially vulnerable group. The pilot phase of this Shamba Maisha study, which is Swahili for farm life, produced novel and significant findings that demonstrated how access to and use of MoneyMaker pumps enables HIV-positive farmers to grow and eat sufficient, nutritious food, which greatly increases the efficacy of antiretroviral treatments and allows them to earn enough income to consistently adhere to drug treatment plans, resulting in improved health outcomes. These findings were the first of their kind and the pilot study results have already garnered attention and was [featured in Scientific American](#). During the quarter, KickStart and UCSF developed a training manual for the intervention group of 352 farmers who are enrolled to receive pumps. We also officially enlisted Equity Bank to provide financing to the farmers for pump acquisition. The research team also finalized and posted job descriptions for the trainers and research assistants needed to implement the study and recruitment is now underway.



# MAJOR CHALLENGES

- 2016 is a general election year in Zambia and anticipation of the political transition has slowed private sector activity in the country. Election-related uncertainties have been exacerbated by a decline in the value of national currency and the price of copper, on which the economy depends. The election is scheduled for August and while sales into KickStart's distribution network are expected to remain slow until the outcome is known, there are still pumps available for purchase by farmers and partners in the country.
- KickStart's ability to sell our solar-powered irrigation technologies in Kenya continues to be delayed due to regulatory requirements. A license from the Energy Regulatory Commission (ERC) is required to sell any technologies that operate using a clean energy source and the process of securing this license has proven to be difficult due to corruption within the government agencies involved.



# HUMAN RESOURCES

As described in KickStart's Q2 report, Senior Management worked with Whitten and Roy Partnership, a leading consulting firm that focuses on social enterprises in emerging markets, to design a sales training module customized to KickStart's new strategy. During Q3, the resulting training program was conducted in two locations among KickStart's leadership team and all sales and partnership development-focused staff from across the continent. The first training was held in Nairobi and convened staff from Kenya, Tanzania, Ghana and Nigeria. The second training took place in Zambia, building the capacity of KickStart's local team there as well as colleagues from Malawi, Mali and Mozambique. All managers were trained for four full days and field officers completed a day-long training course. A consultant from Whitten and Roy's team was also embedded in KickStart's Zambia office to provide ongoing, one-on-one coaching to members of the senior partnership and sales team over the course of five months. After adjusting the organization's staffing structure and the composition of the teams across Africa to align with our new strategic plan for growth during the first half of FY16, this high-caliber training further positioned KickStart to grow and scale our impacts.



# FUNDRAISING

This year marks KickStart's 25th anniversary and the fundraising team coordinated a communications campaign around this momentous occasion to engage lapsed and existing supporters. KickStart's team would like to take this opportunity to extend our sincere thanks to the recipients of this report. Your commitment to KickStart's mission has enabled us to reach this organizational milestone.

## NEW COMMITMENTS

ExxonMobil Foundation: \$600,000

Autodesk Foundation: \$50,000

The West Foundation: \$25,000

The Cynthia and George Mitchell Foundation: \$13,000

Theodore & Frances Geballe Fund at the San Francisco Foundation: \$10,000

Kevin & Hilary Greene: \$10,000

The Lakes Charitable Foundation: \$10,000

# FINANCIALS

## BUDGETED STATEMENT OF ACTIVITY - UNRESTRICTED BASIS

For the period ending: March 31, 2016

(000's)

|   | (1)     | (2)     | (3)      | (4)     | (5)     | (6)      | (7)     | (8)       | (9)        | (10)     | (11)       | (12)     |
|---|---------|---------|----------|---------|---------|----------|---------|-----------|------------|----------|------------|----------|
|   | YTD     | YTD     | Variance | QTD     | QTD     | Variance | Annual  | %         | Prior Year | Variance | Prior Year | Variance |
|   | Actual  | Budget  | B/(W)    | Actual  | Budget  | B/(W)    | Budget* | Remaining | YTD Actual | %        | QTD Actual | %        |
| (1) Product sales                                 | \$1,173 | \$2,045 | \$(872)  | \$478   | \$757   | \$(280)  | \$2,695 | -56%      | \$1,277    | -8%      | \$462      | 3%       |
| (2) Cost of goods                                 | (990)   | (1,640) | 651      | (405)   | (600)   | 195      | (2,158) | 54%       | (988)      | -0%      | (331)      | -22%     |
| (3) <b>Gross profit</b>                           | \$184   | \$404   | \$(221)  | \$72    | \$157   | \$(85)   | \$537   | -66%      | \$289      | -36%     | \$130      | -44%     |
| (4) Gifts & releases from restriction             | \$3,824 | \$4,431 | \$(608)  | \$1,306 | \$1,453 | \$(147)  | \$6,050 | -37%      | \$4,094    | -7%      | \$1,421    | -8%      |
| (5) Other earned income                           | 30      | 24      | 6        | 1       | 6       | (5)      | 30      | 1%        | 82         | -63%     | 23         | -96%     |
| (6) <b>Total contribution &amp; other revenue</b> | \$3,854 | \$4,455 | \$(601)  | \$1,307 | \$1,459 | \$(152)  | \$6,080 | -37%      | \$4,176    | -8%      | \$1,444    | -10%     |
| (7) <b>Total income / gross profit</b>            | \$4,038 | \$4,860 | \$(822)  | \$1,379 | \$1,616 | \$(237)  | \$6,618 | -39%      | \$4,465    | -10%     | \$1,575    | -12%     |
| (8) Kenya Partnership & Inn. Hub                  | \$574   | \$557   | \$(17)   | \$171   | 186     | \$15     | \$828   | 31%       | \$771      | 26%      | \$278      | 38%      |
| (9) Tanzania Partnership Program                  | 277     | 231     | (46)     | 79      | 76      | (3)      | 306     | 10%       | 442        | 37%      | 130        | 39%      |
| (10) GIP West Partnership Programs                | 286     | 334     | 49       | 108     | 116     | 7        | 458     | 38%       | 147        | -94%     | 67         | -62%     |
| (11) GIP East Partnership Programs                | 100     | 103     | 3        | 41      | 48      | 7        | 163     | 39%       | 104        | 4%       | 27         | -51%     |
| (12) Zambia & Surrounding Countries               | 1,136   | 1,038   | (97)     | 535     | 344     | (190)    | 1,376   | 17%       | 966        | -18%     | 357        | -50%     |
| (13) Product Intelligence & Innovation            | 280     | 303     | 23       | 103     | 121     | 19       | 402     | 30%       | 263        | -6%      | 92         | -12%     |
| (14) Program Services & USA Support               | 1,540   | 2,001   | 461      | 652     | 718     | 66       | 2,675   | 42%       | 1,313      | -17%     | 494        | -32%     |
| (15) <b>Total expenses</b>                        | 4,192   | \$4,567 | \$374    | \$1,688 | \$1,608 | (80)     | \$6,209 | 32%       | \$4,007    | -5%      | \$1,446    | -17%     |
| (16) <b>Operating Surplus</b>                     | \$(155) | 293     | \$(448)  | \$(309) | \$8     | (317)    | \$409   | -138%     | \$458      | 134%     | \$129      | -340%    |
| (17) <b>CAPITAL</b>                               | \$20    | \$231   | \$211    | \$10    | \$216   | \$206    | \$310   | 94%       | \$83       | 76%      | \$7        | -40%     |

\* Annual budget as approved at the September 2015 Board meeting

**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) - ACCRUAL BASIS**

For the period ending: March 31, 2016

(000's)

| <b>Assets</b>                              | <b>End of Year-to-Date Period</b> |                 |                 | <b>End of Previous</b> |
|--|-----------------------------------|-----------------|-----------------|------------------------|
|  | <b>Africa</b>                     | <b>USA</b>      | <b>Total</b>    | <b>Fiscal Year</b>     |
| Cash & equivalents                         | \$ 202                            | \$ 624          | \$ 827          | \$ 756                 |
| Accounts receivable                        | 395                               | -               | 395             | 563                    |
| Pledges & grants receivable                | 1,875                             | 450             | 2,325           | 2,904                  |
| Inventory/stocks                           | 611                               | -               | 611             | 603                    |
| Other current assets                       | 284                               | 57              | 341             | 225                    |
| <b>Total Current Assets</b>                | <b>\$ 3,368</b>                   | <b>\$ 1,131</b> | <b>\$ 4,499</b> | <b>\$ 5,052</b>        |
| Land & Building                            | \$ 57                             | \$ -            | \$ 57           | \$ 58                  |
| Machinery, Equipment & Furniture           | 299                               | 7               | 306             | 301                    |
| Motor Vehicles                             | 738                               | -               | 738             | 748                    |
| Computer Hardware & Software               | 539                               | 197             | 737             | 722                    |
| <b>Total Property and Equipment</b>        | <b>1,632</b>                      | <b>205</b>      | <b>1,837</b>    | <b>1,829</b>           |
| Less Accumulated Depreciation              | (1,413)                           | (199)           | (1,611)         | (1,551)                |
| <b>Net Property and Equipment</b>          | <b>\$ 220</b>                     | <b>\$ 6</b>     | <b>\$ 226</b>   | <b>\$ 278</b>          |
| Long-Term Pledges Receivable               | 235                               | 936             | 1,172           | 1,624                  |
| Other Noncurrent Assets                    | 41                                | 10              | 51              | 54                     |
| Deferred Tax                               | -                                 | -               | -               | -                      |
| <b>Total Non-Current Assets</b>            | <b>\$ 276</b>                     | <b>\$ 946</b>   | <b>\$ 1,222</b> | <b>\$ 1,678</b>        |
| <b>Total Assets</b>                        | <b>\$ 3,864</b>                   | <b>\$ 2,083</b> | <b>\$ 5,947</b> | <b>\$ 7,008</b>        |
| <b>Liabilities and Net Assets</b>          |                                   |                 |                 |                        |
| Accounts Payable                           | \$ 319                            | \$ 45           | \$ 363          | \$ 662                 |
| Accrued Payroll & Withholdings             | 17                                | 37              | 54              | 87                     |
| Lines of Credit & Demand Notes             | -                                 | 750             | 750             | 1,300                  |
| Other Current Liabilities                  | 24                                | 82              | 107             | 108                    |
| <b>Total Current Liabilities</b>           | <b>\$ 360</b>                     | <b>\$ 914</b>   | <b>\$ 1,274</b> | <b>\$ 2,157</b>        |
| Long-term debt                             | \$ (0)                            | \$ -            | \$ (0)          | \$ -                   |
| Less current portion of long-term debt     | -                                 | -               | -               | -                      |
| <b>Total Liabilities</b>                   | <b>\$ 360</b>                     | <b>\$ 914</b>   | <b>\$ 1,274</b> | <b>\$ 2,157</b>        |
| UNA - Board Designated Reserve             | -                                 | 663             | 663             | 516                    |
| UNA - Other                                | (1,467)                           | (132)           | (1,598)         | (1,297)                |
| <b>Total Unrestricted Net Assets (UNA)</b> | <b>(1,467)</b>                    | <b>531</b>      | <b>(935)</b>    | <b>(781)</b>           |
| Temporarily Restricted Net Assets          | 4,970                             | 638             | 5,608           | 5,632                  |
| Permanently Restricted Net Assets          | -                                 | -               | -               | -                      |
| <b>Total Net Assets</b>                    | <b>\$ 3,504</b>                   | <b>\$ 1,169</b> | <b>\$ 4,673</b> | <b>\$ 4,851</b>        |
| <b>Total Liabilities and Net Assets</b>    | <b>\$ 3,864</b>                   | <b>\$ 2,083</b> | <b>\$ 5,947</b> | <b>\$ 7,008</b>        |