MODULE 1: INTRODUCTION
During Module 1, the Introduction to the playbook, you will:

- Learn about the playbook’s purpose and structure.
- Learn more about KadAfrica, the enterprise “originator” that’s the basis of the playbook.
- Learn about the KadAfrica Experience.
- Understand the difference between the OSG and OG programs.
- Define terms used in subsequent modules.
- Decide which aspects of KadAfrica’s operations you will adopt.
MEET KADAFRICA

• KadAfrica envisions a world where out-of-school girls are economic drivers of their communities. It uses passion fruit farming as a vehicle for girls to build their own support systems to become independent and empowered decision makers. KadAfrica was founded in 2012 by Eric and Rebecca Kaduru in Fort Portal, Uganda.
MEET SANTA CLARA UNIVERSITY AND MILLER CENTER

Santa Clara University

- Santa Clara University, a comprehensive Jesuit, Catholic university located 40 miles south of San Francisco in California’s Silicon Valley, offers its more than 9,000 students rigorous undergraduate curricula in arts and sciences, business, theology, and engineering, plus master’s and law degrees and engineering doctoral degrees.

Miller Center for Social Entrepreneurship

- Miller Center is the largest and most successful university-based social enterprise accelerator in the world. Founded in 1997, Miller Center is one of three Centers of Distinction at Santa Clara University, located in the heart of Silicon Valley. Miller Center leverages this entrepreneurial spirit with the University’s Jesuit heritage of service to the poor and protection the planet.
ENTERPRISE PLAYBOOK PURPOSE

• The enterprise playbook will guide partner organizations (you) through adopting KadAfrica’s operations.
The enterprise playbook contains 11 modules.

Each module explains an aspect of KadAfrica’s operations.
MODULE STRUCTURE

• Each module will have a page that contains:

  **Purpose / Choice Points:** These are "learning goals" for the module. This is what the module aims to teach you.

  **Visual Introduction:** These are images or diagrams that will assist you in understanding the material in the module.

  **KadAfrica Key Resources:** These are documents or templates provided by KadAfrica to help you when implementing the module.

  **Prompts:** These are questions to get you thinking about how exactly you will implement the activities in the modules.

  **Road Map Outputs:** These are activities you will complete as you go through each module.

  **Go Do It!:** These are actions you should do to help you get going.
KADAFAIRCA OPERATIONS OVERVIEW

• KadAfrica economically empowers Ugandans through passion fruit farming. KadAfrica gives them the tools and training to grow passion fruit and promises to buy back any fruit they produce.

• KadAfrica has two main programs: the out-of-school girls program (called the KadAfrica Experience) and the outgrower program.

• Both will be explained in detail in the following pages.

• At the end of this module, you will decide which programs you want to adopt.
# Glossary of Terms

<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSG</td>
<td>Out-of-school girl</td>
<td>Site manager</td>
<td>Teacher of agriculture curriculum for KadAfrica Experience</td>
</tr>
<tr>
<td>OG</td>
<td>Outgrower</td>
<td>Agronomist</td>
<td>Expert in passion fruit and general agricultural practices</td>
</tr>
<tr>
<td>Site</td>
<td>Land where the OSG plant their fruit</td>
<td>SILC</td>
<td>Savings and Internal Lending Community</td>
</tr>
<tr>
<td>KadAfrica Experience</td>
<td>1-year program enrolled in by OSG. Also referred to as “OSG Program”</td>
<td>SILC Facilitator</td>
<td>Teacher of savings curriculum</td>
</tr>
<tr>
<td>LC</td>
<td>Local council; local government of village</td>
<td>MOU</td>
<td>Memorandum of Understanding; contract</td>
</tr>
<tr>
<td>Cluster coach</td>
<td>Teacher of life-skills curriculum for KadAfrica Experience</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OUT-OF-SCHOOL GIRL PROGRAM OVERVIEW

• The KadAfrica Experience started after the founders saw the challenges of women in the surrounding villages of Fort Portal.

• KadAfrica started as a vegetable farm in Fort Portal. When payday came around, the women farmers would ask KadAfrica to pay their child’s school fees directly or buy them groceries. They explained that their husbands would use the wages they brought home on alcohol or gambling.

• So the KadAfrica Experience program was born. KadAfrica started economically empowering out-of-school girls between 14 and 24 through passion fruit farming.
THE KADAfrica EXPERIENCE

• Out-of-school girls ages 14 to 24 are recruited from villages to enroll in the 1-year program.

• Each “site” is comprised of 30 out-of-school girls who live in the same area. This group is called a “cohort.”

• The ”KadAfrica girls” receive education in the following areas: agriculture, life skills, and savings.
  • KadAfrica girls receive weekly passion fruit agriculture lessons for the first year of the program, and receive weekly site visits for the entirety of the program.
  • KadAfrica girls receive weekly life-skills education for the first year of the program.
  • KadAfrica girls attend weekly savings group meetings for the entirety of the program.

• Once the out-of-school girls harvest the passion fruit, KadAfrica promises to buy everything they produce.
The outgrower program began as a response to the needs of the community.

At the OSG community engagement events, there were many women and men who were not between 14 and 24 that wanted to get involved.

The outgrower program is a way to economically empower people who don’t qualify for the KadAfrica Experience through passion fruit farming.
OUTGROWER PROGRAM

• KadAfrica does not provide the same support to the outgrowers as they do to the out-of-school girls.

• Outgrowers receive seedlings, agricultural trainings, and regular farm visits for free.
  • KadAfrica does not provide land or farming supplies.

• To become an outgrower, the farmer signs a contract agreeing to:
  • Follow the agricultural practices.
  • Only sell passion fruit to KadAfrica (no side selling).
RESOURCES

• The out-of-school girls in the KadAfrica Experience are given almost all of the resources they will need to grow passion fruit and participate in the life-skills and savings education.

• For the agricultural portion of the KadAfrica Experience, they are given land, seedlings, hoes, chemicals, clothes for chemical spraying, scissors for pruning, and many other materials.

• The OSGs have to provide two materials for the agricultural trainings: 1) poles for stalking and 2) bottles for irrigation.

• For the life-skills and savings program, the OSGs are given notebooks, pencils, any materials necessary for workshops, and the lockbox and keys.

• The outgrowers are not given the same number of resources to grow passion fruit. They are given seedlings, agricultural trainings, and support in the form of weekly visits.
**DIFFERENCE BETWEEN THE KADAFRICA EXPERIENCE AND OUTGROWER PROGRAM**

<table>
<thead>
<tr>
<th>RESOURCE/SERVICE</th>
<th>KADAFRICA EXPERIENCE</th>
<th>OUTGROWER PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land provided</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Seedlings provided</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Agriculture trainings</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Life-skills education</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Savings groups</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>KadAfrica buys back fruit</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
ADDITION OF KADAFRICA EXPERIENCE OR OUTGROWER PROGRAM

• If you choose to adopt the KadAfrica Experience operations, all of the following modules (Module 2 – Module 11) are applicable.

• If you choose to adopt only the outgrower program operations, you may skip the following modules:
  • Module 4: Community Engagement
    • Part 1: Land Use & Selection
  • Module 6: Education & Training
  • Module 7: Savings Groups
In each of the modules of the playbook, you will be prompted to produce specific outputs helpful in launching your business. Here is a list of all of these outputs.

<table>
<thead>
<tr>
<th>MODULE</th>
<th>OUTPUT</th>
<th>MODULE</th>
<th>OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Mission statement</td>
<td>6</td>
<td>Life-skills Curriculum Work Plan</td>
</tr>
<tr>
<td>2</td>
<td>Impact metrics</td>
<td>7</td>
<td>Example constitution</td>
</tr>
<tr>
<td>3</td>
<td>Value chain diagram</td>
<td>8</td>
<td>Example pitch to customers</td>
</tr>
<tr>
<td>3</td>
<td>Impact model diagram</td>
<td>9</td>
<td>Your team</td>
</tr>
<tr>
<td>4, Part 1</td>
<td>Potential land owner contact sheet</td>
<td>10</td>
<td>Estimated costs for KadAfrica Experience</td>
</tr>
<tr>
<td>4, Part 2</td>
<td>Example pitch to community</td>
<td></td>
<td>Estimated costs for outgrower program</td>
</tr>
<tr>
<td>5</td>
<td>Size and location of nursery and shade house</td>
<td>11</td>
<td>Potential funders table</td>
</tr>
</tbody>
</table>
MODULE 2: BUSINESS OPPORTUNITY & IMPACT
MODULE 2
BUSINESS OPPORTUNITY & IMPACT

Purpose / Choice Points
- Review the need and business opportunity
- Review KadAfrica’s mission and problem statements
- Define your own problem statement and mission
- Review original KadAfrica impact metrics
- Determine your top impact metrics & how to measure

Prompts
- What is the mission of your enterprise?
- What are your enterprise’s top three impact metrics?
- How will you collect data for this metric?

Visual Introduction

KadAfrica Key Resources
- KadAfrica mission and problem statement
- KadAfrica impact metrics and measurements

Road Map Outputs
- Mission statement
- Impact metrics

Go Do It!
- Revise your mission statement and impact metrics after reflecting on questions encouraging focus
Module 2: Purpose

In this module you will...

Need in Community
Learn about the community needs that inspired KadAfrica.

Business Opportunity
Understand the profitable passion fruit market that exists in Uganda.

Problem & Mission
Review KadAfrica’s mission and problem statements. Consider how they could be different than yours.

Value & Impact
Identify impact metrics and how these will be measured.
The Importance of Defining Your Business Opportunity & Impact

1. Focuses and guides your organization.
2. Clearly defines your business opportunity and helps you to align investors, partners, and staff towards the same goals.
3. Profitability and impact at low and middle income markets are linked; a successful business produces the intended social impacts.
COMMUNITY NEED

• There are few opportunities for out-of-school girls to earn money safely, especially if they are rural.

• There is a high frequency of early child marriage, lack of appropriate child spacing, and a general prevalence of gender imbalances in society.

• It is difficult for out-of-school girls to access information about health and hygiene. Many of these girls do not have the confidence to use that knowledge to help themselves and their families.
BUSINESS OPPORTUNITY: WHY UGANDA?

• There are approximately 19 million hectares of land available for agriculture in Uganda and less than 1% is dedicated to fruits and vegetables.

• The November to February harvest period coincides with the northern hemisphere winter, which is a period of peak demand for fresh fruits and vegetables in Europe.
• Passion fruit juice is consumed regularly by Ugandans. There is a market for bulk passion fruit and pulp in hotels, restaurants, and supermarkets.

• **70%** of passion fruit consumed in Uganda is imported from neighboring countries.

• Because of its quick 6-month growth period, long shelf life, and easy transportability, passion fruit is a low-cost cash crop for smallholder farmers.
ECONOMIC DEPENDENCE AND LIMITED KNOWLEDGE FORCES GIRLS INTO RISKY LIVELIHOOD OPTIONS LIKE SEX WORK AND EARLY MARRIAGE.

"We noticed that a lot of the staff that we had were women. And a lot of these women would come up to us on payday and say ‘hey, instead of paying me my full salary could you perhaps pay my kid’s school fees directly with half of my salary and then give me the other half to take home for my family? So that my husband doesn't end up either drinking the cash or spending it on other things.’ So we started providing these ladies with seedlings, so they would take it home, they would grow the seedling, and this would be to subsidize their monthly salary. And they would bring back the fruit and we’d buy it. So slowly this started turning into a thing where a lot more women in the community were getting impacted by this idea.”
CREATE ECONOMIC OPPORTUNITY FOR GIRLS AND COMMUNITIES THROUGH PASSION FRUIT FARMING.
KADAFRICA IMPACT METRICS

**LIFE SKILLS**
- Perception of change in confidence
- Change in household decision making
- Influence in home

**HEALTH & HYGIENE**
- Access to menstrual products
- Purified water
- Private latrine
- Family planning

**BUSINESS CREATION**
- Ability to start small business
  - Goal: 90% of graduated OSG should be in a position to do so.

**SAVINGS & ACCESS TO FINANCE**
- Amount saved
- Access to loans for education and health purposes

**AGRICULTURAL PRODUCTION**
- #kg passion fruit
- Income earned
- Attendance rate
- Attrition
- Hours in training
THE IMPORTANCE OF MEASURING IMPACT

1. Records social impact that your organization has achieved.

2. Shows areas for improvement and may advise extra attention on certain impact areas.

3. Great marketing tool when searching for investment.
MEASUREMENT OF IMPACT METRICS

1. Pre-program survey (during registration of farmers)
   - See Module 4, Part 2 for details

2. Post-program survey (after graduation of farmers)

3. Biannual survey (six months after graduation)

4. Monthly reports on savings and agriculture (see M6 and M7)
   - Site manager collects invoice and delivery note to track #kg passion fruit and income earned.
   - SILC facilitator monitors savings on a monthly basis.
Prompts: Sharpen Your **Mission** Statement

**Things to consider:**

- A good mission statement should describe what your enterprise wants to change and for whom in ~10 words or less.
- Try using the structure of **verb, target, outcome.**
- If you need to, write out a few different potential statements and ask for feedback from your peers and advisors.

**Mission statement:**

_______________________________________________________________

_______________________________________________________________
1. What are your top three impact metrics?

________________________________________________________
________________________________________________________
________________________________________________________

2. How will you measure these metrics?

________________________________________________________
________________________________________________________
________________________________________________________
MODULE 4: COMMUNITY ENGAGEMENT
Module 4
Community Engagement

Purpose / Choice Points
- Review the importance of community engagement.
- Understand the slow process of gaining community’s trust through engagement.
- Review KadAfrica’s community events.

Prompts
- Where will the site launch be hosted?

Visual Introduction
- Photos of Site Launch, Family Farm Day, Advocacy event, and Graduation

Road Map Outputs

Go Do It!
- Start planning the details of the site launch

KadAfrica Key Resources
- KadAfrica Agriculture curriculum (containing information about events)
In this module you will ...

Module 4: Purpose

- Community Engagement
  Understand why community engagement is crucial to KadAfrica’s success.

- Site Launch
  Learn about an event that introduces KadAfrica to the community.

- Engagement Events
  Learn about KadAfrica’s other events during the KadAfrica Experience (Family Farm Day, Advocacy, Graduation).

- Graduation
  Create an agenda for celebrating the girls’ completion of the life skills curriculum.
COMMUNITY ENGAGEMENT: THE “SPECIAL SAUCE” OF KADAFRICA
IMPORTANCE OF COMMUNITY ENGAGEMENT

• KadAfrica’s success is dependent on engaging with the community.

• Having the community involved helps mitigate issues of theft; KadAfrica can go to the local council to report crime.

• The community will become KadAfrica’s ambassador and advocate for their presence in other communities.

• It is important for community to see that KadAfrica is run by Ugandans.

• Community engagement allows KadAfrica to:
  • Gain free land for passion fruit planting.
  • Recruit people for the OSG and OG programs.
INTRODUCING KADAfrica TO THE COMMUNITY

• Before KadAfrica enters a community, they meet with local leadership.

• The community engagement officer visits the LC1, LC2, and LC3 village leaders. They arrange for an in-person, 1-on-1 meeting.
  • Lets them know that they will be working with girls.
  • Tells them how often they will be visiting the site.
  • Gives them documents describing the program to leave in their office.
SITE LAUNCH

PURPOSE

• The site launches are an important way for community members to feel safe with having KadAfrica in their community.

• The site launches occur after the OSG girls have planted their passion fruit seedlings. It is a celebration of the girls beginning the KadAfrica Experience.

• The site launch is attended by all KadAfrica staff, the girls, family members of the girls, the landowner, and local leadership.
SITE LAUNCH PREPARATION

- Girls check in and receive their KadAfrica t-shirts and headscarves.
- Chairs and tent are set up.
- Circulate sign-in sheet around site launch attendants.
- Attendants should sit in tent in following way:
  Front

<table>
<thead>
<tr>
<th>Religious and community leaders, landowner, LC representatives</th>
<th>The girls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family members of girls</td>
<td>KadAfrica staff</td>
</tr>
</tbody>
</table>
SITE LAUNCH AGENDA

1. Opening remarks by site manager
   • Go over agenda for site launch
2. Prayer by local priest
3. Presentation by girls (Welcome/Thank You song)
4. Introduction of KadAfrica Staff (name, job title)
5. Speech by cluster coach
   • Overview of KadAfrica Experience and time commitment
6. Speech by program director
7. Go to the site
   • Plant passion fruit seedling
8. Refreshments
   • Cakes and sodas are handed to everyone
9. Presentation by girls
10. LC speech welcoming KadAfrica to community
11. Site manager: thank you to various people involved in process
12. Q&A with crowd
CLUSTER COACH SPEECH

- Overview of KadAfrica Experience
  - 1-year program
  - Agricultural, life skills, and savings curriculum
  - Savings groups meet once a week
    - To parents: girls will need some seed money during the first week.

- To the community
  - Thanks parents for supporting their children.
  - Calls on community for security of the plants.
    - Don’t allow animals to destroy plants.
  - LC should remain vigilant to protect the crops.
    - There is a collective responsibility on the community.
  - If community members are interested in getting involved, they can become outgrowers.

- To the young children
  - Understand that your mom is trying to do something important for her and your future and respect that.
Seedling planting

• The girls, their families, and other attendees will walk to the site to plant the “first” passion fruit seedling (depending on scheduling of the site launch, girls may have already planted their seedlings).

• After the site manager has described how to transplant passion fruit seedlings, the program director of KadAfrica, the landowner, and local religious or community leader will all plant passion fruit seedlings.
FAMILY FARM DAY

- Family farm day allows girls to bring families to their sites to show them their plants’ progress.

- This also allows the community to give feedback on how program is going.

- Awards are given to best preforming girls.
  - 1. Best garden
  - 2. Best attendance
  - 3. Best overall
  - This keeps girls motivated and pushes girls who are lacking to put in more effort.

- This event is described in detail in the KadAfrica Agriculture Curriculum.
Advocacy Event

• The advocacy event allows the girls to teach their community about one subject that they learned about during their life skills training.

• The girls will create a play or song to demonstrate what they have learned about that subject.

• The girls are in charge of arranging the agenda of the event and inviting their families.

• This event should be held a few months into the KadAfrica Experience.
GRADUATION

- Graduation occurs after exams, one year after the beginning of the KadAfrica Experience.
- Graduation is an event to celebrate the girls completing the life skills curriculum.
- The agenda for the event is up to the discretion of the cluster coaches and site managers.
Community engagement allows for land use and recruitment of farmers.

• Community engagement is a crucial factor in both getting land for the passion fruit farms and recruiting girls for the program.

• KadAfrica is able to borrow land from community members for free because of their engagement and positive reputation in neighboring villages.

• Because KadAfrica is frequently and consistently visiting villages, KadAfrica is able to recruit girls for the KadAfrica Experience program and community members for the outgrower program.

• The specific ways in which community engagement allows for land use and recruitment of girls is explained in Part 1: Land Use & Selection and Part 2: Recruitment of Farmers.
Things to consider:

• Once you have secured a site for planting, you will need to find an area nearby to host the site launch to be located nearby (so families and KadAfrica staff can walk to the site during the site launch).
• Oftentimes, the site launch is hosted on the landowner’s property.

Brainstorm locations for the site launch:

_______________________________________________________________
_______________________________________________________________
_______________________________________________________________
MODULE 7: SAVINGS GROUPS
**Module 7**  
**Savings Groups**

**Purpose / Choice Points**
- Understand girls’ leadership roles.
- Review contents of the constitution.
- Understand value of savings groups and agenda of meetings.
- Review timing of savings, loans, and division of group savings.

**Prompts**
What rules will there be for savings groups?

**Road Map Outputs**
Fill out your own example constitution

**Visual Introduction**
Photo of savings group meeting

**KadAfrica Key Resources**
Example savings group constitution

**Go Do It!**
Start gathering materials: lock box, locks, and keys.
Module 7: Purpose

In this module you will ...

**Education**
Understand the length and frequency of the savings curriculum.

**Elections**
Learn about the leadership roles within the cohort and the election process.

**Constitution**
Understand the purpose and components of the constitution.

**Savings Meetings**
Review the agenda and rules of the savings meetings.
1. The savings curriculum emphasizes the importance of saving any amount of money, even if it isn’t a lot.

2. The savings group mandates that girls put aside money every week, encouraging a regular practice of saving.

3. Many of the groups have continued to save collaboratively after the KadAfrica Experience has completed.
OVERVIEW OF SAVINGS EDUCATION

• The savings curriculum is much shorter than the agricultural and life skills curriculum.

• The SILC facilitators teach one lesson once a week for 2 hours for the first 4 weeks of the program.

• The savings curriculum teaches the importance of savings, ways to save, how to manage money, how to take out a loan, and the process of the savings meeting.
IMPORTANT OF SELF-GOVERNANCE

• Although the savings group are initiated by KadAfrica, they are entirely self-governed by the girls in the KadAfrica Experience.

• KadAfrica facilitates making a constitution, but within the constitution, the KadAfrica girls will write the rules of elections, their responsibilities, and penalties.

• All decisions about saving and loaning are dictated by the group. KadAfrica does not make decisions about who gets a loan and who does not.
OVERVIEW OF SAVINGS GROUPS

• Every week, the girls gather to save and borrow money.

• Money is added to a large lock box. The lock box stays with one of the girls each week. The large lock box has three different locks with three different keys. No one girl with one key can open it.

• Every savings group has a constitution with rules for saving, borrowing, and attendance. The constitution is based on a template with questions from KadAfrica that guide the girls on setting rules.

• There is a fixed minimum for how much a girl can save.

• There is a varied maximum for how much a girl can borrow each week (this is dependent on how much that girl has saved in the past).
ELECTIONS

• Each site has a leadership council. The roles are: chairperson, treasurer, secretary, and key holders.

• Every post has to be contested for.

• Girls can nominate themselves, or girls can be nominated by peers and accept the nomination.

• During voting, small pieces of papers are handed out and girls write the name of the person they want.

• Votes are tallied and a winner is chosen based on who got the most votes.

RESPONSIBILITIES

• Chairperson: Leads group during savings group meetings.

• Treasurer: Collects money during meetings.

• Secretary: Takes notes on meetings. Keeps the book (tracks how much money there is total, who has contributed what)

• Key holders: Holds onto keys that open locks for the lock box.
SAVINGS MEETING
AGENDA

- Roll call: see who is present, note who was late.
- Girls contribute to the social support fund.
- Girls contribute to the savings fund.
- Girls take out social support loans.
- Girls take out regular loans.
- Girls who have taken out loans pay them back (with interest).
- Key holders unlock lock box and store savings from that week. Treasurer takes out money if loan is taken.
- Key holders lock box.
**SAVING**

- Social support fund
  - Names of girls are called, girls respond with how much they will be contributing, secretary records, treasurer collects and counts.
    - Suggested minimum: 500 UGX

- Savings fund
  - Names are called, girls respond with how much they will be contributing, secretary records, treasurer collects and counts.
    - Suggested minimum: 500 UGX
TAKING LOANS

• Social support loan (meant for emergencies, unforeseen circumstances)
  • Has to be returned in 2 weeks (interest free), or becomes a loan with 10% interest.
  • Maximum: depends on how much girl has contributed
    • Example: If girl has saved 90,000 UGX, she will be allowed to take out only 90,000 UGX.
  • Loan taker has to sign book.

• Regular loan
  • Maximum: depends on how much girl has contributed
  • Interest is 10%. Has to be returned within 1 month.
  • Group agrees on whether girl can take out loan if she is asking for more than she has contributed.
  • Loan taker has to sign book.

• Interest is not taken by KadAfrica. The interest on a loan will be added back into the girls’ savings, which they will divide fairly. Loans can only be given when KadAfrica staff is present.
DEFAULTING

• If the loan is not paid back, there are a series of actions taken until the loan is paid back.

  1. Group writes letter to girl.
  2. SILC facilitator visits girl to talk.
  3. KadAfrica consults local council (LC).
REPORTING SAVINGS

- SILC facilitators should track each girl’s savings and borrowing.

- Each month, they will create a monthly report for each girl of how much she has saved and borrowed that month. This will also include when a loan was repaid and how much interest was paid on it.

- Each month, they will create a monthly report for the site in general. This will include the total for how much the girls at that site have saved that month.
• At the end of each year, the girls divide the savings according to how much each girl contributed over the year.
  • Example) Girl who put in 20,000 UGX a month versus a girl who put in 10,000 UGX a month will receive twice as much at the end.
  • This will be calculated by the SILC facilitators.
• Because of interest gained through loans, girls will make some interest on their savings.
You can either:
1. Set rules about saving and borrowing in the savings groups.
   --OR--
1. Guide the girls on creating their own rules for saving and borrowing in the savings groups.

If you decide to dictate the rules, fill out the following questions to create your constitution. If you allow the girls to dictate the rules, have them fill out the following table.
## Questions

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the minimum for social support savings?</td>
<td></td>
</tr>
<tr>
<td>What is the minimum for regular savings?</td>
<td></td>
</tr>
<tr>
<td>What is the penalty for coming late to the meeting?</td>
<td></td>
</tr>
<tr>
<td>What is the maximum for taking out loans?</td>
<td></td>
</tr>
<tr>
<td>What is the interest for loans?</td>
<td></td>
</tr>
<tr>
<td>When do the loans have to be paid back by?</td>
<td></td>
</tr>
<tr>
<td>What is the penalty for not paying back a loan on time?</td>
<td></td>
</tr>
</tbody>
</table>
MODULE 8: MARKETS, CUSTOMERS & SALES PROCESS
Module 8
Markets, Customers & Sales Process

Purpose / Choice Points
Understand how to prepare fruit for sale
Review characteristics of target markets
Review how KadAfrica’s customers are found
Review why customers stay with KadAfrica
Review prioritizing when supply is limited
Understand the different delivery methods

Prompts
Who are your target customers?
What is your pitch to customers?

Visual Introduction
Concentric circles segmenting markets

Road Map Outputs
Example pitch to customers

KadAfrica Key Resources
Invoice for customer

Go Do It!
Start making contacts with supermarkets, hotels, and restaurants in your area.
Module 8: Purpose

In this module you will...

- Preparing Fruit for Sale
  Understand the importance of sorting. Review price points for passion fruit.

- Finding Customers
  Review target markets and how to convince customers to buy from KadAfrica.

- Keeping Customers
  Learn about why long-time customers stay with KadAfrica. Understand best practices for selling passion fruit.

- Delivery
  Understand how passion fruit gets from the office to the customer.
1. Understanding the market value of passion fruit is crucial in maximizing profits for your organization.

2. Knowing typical customers will help you narrow your search for potential customers.

3. Predicting challenges in the sales process will allow you to face the problems head-on.
**Visual Introduction: Markets & Customers**

**Total Addressable Market:**
If you imagine your enterprise years in the future, at the biggest scale it could reach, with no competitors, globally, what would this be?

**Served Available Market:**
This is the part of the Total Addressable Market that your enterprise can actually reach, not just theoretically, but really, in the medium-long term.

**Target Market:**
This is a well-defined target for your enterprise to reach, a realistic short-term goal—it must be serviceable and obtainable.

**Primary Customers**
**KADAFAICNA’S MARKETS & CUSTOMERS**

**TOTAL ADDRESSABLE MARKET:**
Every business in Africa that sells passion fruit or passion fruit products. This includes businesses that already have passion fruit suppliers.

**SERVED AVAILABLE MARKET:**
All of the businesses in the city or village where your organization is located.

**TARGET MARKET:**
Supermarkets, hotels, and restaurants in your area.

**PRIMARY CUSTOMERS:**
Supermarkets, hotels, and restaurants within driving distance of your organization.
Prompts: Define Your Target Market

What is your target market? Write it down in 1-2 sentences.

________________________________________________________
________________________________________________________
________________________________________________________
Responsibility for Sales

- Your organization size and distance from Fort Portal will determine how your passion fruit will be sold.
  1. If you are close to Fort Portal, KadAfrica may be purchasing all of your fruit. In that case, you will not have to find any customers to purchase your fruit.
  2. If you are too far away, you may be responsible for selling the fruit produced by the OSGs and OGs.
PREPARING FRUIT FOR SALE: SORTING

• Before selling the passion fruit, it will need to be sorted into grade A, B, and C.

• This grade is based on the size of fruit, A being the biggest. Grade A, B, and C passion fruit taste the same on the inside. The grades are sold at different prices.

• This is an important step; many customers will not want to buy grade B or C (“ugly fruit”). This passion fruit is great for pulping.
PREPARING FRUIT FOR SALE: SETTING PRICE POINTS

• KadAfrica will purchase passion fruit from your organization at a fixed price. If you sell straight to market, you should expect between 3,500 to 6,000 UGX per kilogram.
  • Grade A will sell for more than Grade B, Grade B will sell for more than Grade C.
  • This number sometimes drops to 2,500 UGX during harvest season, as the market is flooded with passion fruit.
  • You should expect most of your sales to occur between September and November (after March planting) and between April and June (after October planting).
Target Markets and Grade Predictions

- KadAfrica’s typical customers are hotels, restaurants, and supermarkets.

- Supermarkets buy passion fruit to be sold as bulk fruit. They usually prefer Grade A passion fruit.

- Hotels and restaurants buy bulk passion fruit and usually make it into juice. They may prefer Grade B and Grade C, because it is the cheaper option.
FINDING POTENTIAL CUSTOMERS

• Sales manager should do research on market areas. Find out where passion fruit is being sold in the largest amount for the best price.
  • This may include traveling to neighboring villages and markets and comparing prices of fruit.

• Once potential customer is found, whether that is a restaurant manager, supermarket owner, or hotel manager, the sales manager should exchange phone numbers and arrange a time to meet.
  • At this meeting, the sales manager should bring passion fruit for sampling.
  • Sales manager should emphasize that once harvest begins, they will have a consistent supply and will deliver weekly at the specified time of the customer.
MEETING WITH POTENTIAL CUSTOMER

At the meeting between the sales manager and potential customers, the sales manager should do the following:

• Bring passion fruit for sampling.
• Emphasize that once harvest begins, they will have a consistent supply and will deliver weekly at the specified time of the customer.
• Negotiate a fixed price.
• Set terms for payment.
SECRET TO SUCCESS: RELIABILITY, TIMELINESS, QUALITY, AND CONSTANT COMMUNICATION.

Why long-time customers stay with KadAfrica:

1. KadAfrica always delivers the right amount of fruit.
2. KadAfrica delivers on time, consistently throughout the year, even during the off-season.
3. KadAfrica delivers high-quality fruit.
4. KadAfrica constantly communicates with them and gives them notice if there are any problems with delivery.
AGREEMENT WITH CUSTOMER

• Usually, there are no formal contracts between KadAfrica and the customer.

• The sales manager should record how often the customer wants passion fruit to be delivered, when it should be delivered, the price agreed upon, and the terms of payment. They should not rely on their memory to remember these details.

TERMS OF PAYMENT

• The sales manager sets the terms of payment with the customer. The customer may choose to pay at every delivery, every other delivery, on a weekly basis, or monthly basis.

• When passion fruit is delivered, the sales manager will leave an invoice for the amount owed by the customer.
PRIORITYING

- Sometimes, there is a shortage of fruit and the sales manager will not be able to deliver the correct amount to all of the customers.

- When supply is limited, the sales manager can either choose to 1) limit the amount of fruit delivered to many customers or 2) not deliver any fruit to a handful of customers.

- The sales manager will then have to prioritize some customers over others. The sales manager should prioritize delivering passion fruit to the following types of customers:
  1. Oldest customers
  2. Customers that pay in-full and on time.
  3. Customers who pay the most best prices.
  4. Customers with the most regular deliveries.

- IMPORTANT: The sales manager should always let the customers know far in advance if they will be receiving a smaller delivery or no delivery at all. KadAfrica will lose customers if the customers are kept in the dark.
DELIVERY

- Passion fruit is transported in two ways: via a car or public transport.
- If it is a large delivery, the sales manager may choose to deliver it themselves in a car.
- If it is a smaller delivery, the sales manager may choose to hire casual labor to use public transit.
Once you find a customer, you will need to convince them to buy passion fruit from you. Brainstorm a 30-second pitch.

Example pitch:

“KadAfrica always delivers the correct amount of passion fruit on time. You tell us when and where you want the passion fruit, and we will be there with the highest quality passion fruit you will find on the market.”

Create your 30 second pitch below:
MODULE 9: TEAMS & ORGANIZATION
Module 9
Teams & Organization

Purpose / Choice Points
Review key positions on staff
Understand qualifications and responsibilities of that position
Understand how each position fits into each module
Determine traits appropriate for each position

Prompts
Determine your own positions: Which will be combined?
Which positions will be eliminated?

Road Map Outputs
Positions you will fill next: Your Team

Go Do It!
Start asking around to find qualified candidates

Visual Introduction
Current KadAfrica team

KadAfrica Key Resources
Current KadAfrica team
Module 9: Purpose

In this module you will ...

- Review the importance of each of the positions. Understand how each of these positions play a role in KadAfrica’s impact and success.

- Review experiences that make applicants qualified for positions. Review the responsibilities of each position.

- Understand which staff members participate in which modules.

- Understand KadAfrica’s organization of their staff, and create your own company organization based on which of KadAfrica’s activities you are adopting.
1. Having clear expectations for your staff about their responsibilities ensures productivity and an efficient use of time.

2. Knowing the responsibilities of a staff member will allow you to know what to look for in an applicant.
Currently, there is no one on staff who only works for the outgrowers program. Every staff member either works with the OSG and OG, or just the OSG.
PROGRAM DIRECTOR

• Qualifications: Prior work in community development.

• Responsibilities:
  • Oversee the operations of the KadAfrica Experience program.
  • Help plan the weekly work plan to ensure site managers and cluster coaches are on track with completing the curriculum.
  • Create weekly work plans for site managers and cluster coaches based on agricultural and life skills curriculum.
  • Complete grant applications.

• Primary activities and involvement are found in:
  • Module 6: Education & Training
  • Module 10: Financial Model
  • Module 11: Modes of Financing
ADMINISTRATION AND ACCOUNT ASSOCIATE

• Qualifications: Experience in accounting at another organization.

• Responsibilities:
  • Approve weekly budgets created by site managers, community engagement officers, agronomists, and cluster coaches.
  • Distribute funds for weekly expenses.
  • Distribute reimbursements for unexpected expenses (gas, motorbike repair).
  • Distribute money for sale of passion fruit from OSG and OG to agronomists and site managers.
  • Manage the office.
  • Create invoices for passion fruit orders.

• Primary activities and involvement are found in:
  • Module 10: Financial Model
FINANCE MANAGER

• Qualifications: CPA required.

• Responsibilities:
  • Create annual and quarterly budgets for OSG and OG programs.
  • Advise administration and accounts associate with approving weekly budgeting.
  • Procurement: buying vehicles, fertilizer, seeds, larger equipment, and anything required for planting.
  • Complete grant applications.
  • Complete due diligence, report compliance, and audit.
  • Oversee outgrower operations.

• Primary activities and involvement are found in:
  • Module 10: Financial Model
  • Module 11: Modes of Financing
CLUSTER COACH

• Qualifications: Completed degree beyond secondary school. Experience working with girls ages 14 to 24.

• Responsibilities:
  • Teach life skills lesson once a week.
  • Track attendance of girls.
  • Administer exams at the end of the KadAfrica Experience.

• Primary activities and involvement are found in:
  • Module 4: Community Engagement
    • Part 2: Recruitment of Farmers
  • Module 6: Education & Training
SITE MANAGER

• Qualifications: Site managers should have a background in agriculture. Many site managers were once farm managers.

• Responsibilities:
  • Monitor crops once a week.
  • Teach agriculture lesson plan once a week.
  • After harvesting begins, weigh and track how many kilograms each girl produces.
  • Pay girls each week for the passion fruit harvested.
  • Help in registration of farmers.

• Primary activities and involvement are found in:
  • Module 5: Passion Fruit Agricultural Practices
  • Module 4: Community Engagement
    • Part 2: Recruitment of Farmers
SILC FACILITATOR

• Qualifications: Sufficient education in math and finances (at least up to secondary school education).

• Responsibilities:
  • Train cluster coaches on savings curriculum.
  • Monitor girls’ savings.
    • Go to each site twice per month to attend weekly savings group meetings.
  • Report monthly savings for each site and for each girl.
    • Which girls have taken loans, amount of each loan, when it was paid back.
    • Amount each girl has saved that month.

• Primary activities and involvement are found in:
  • Module 6: Education & Training
  • Module 7: Savings Groups
COMMUNITY ENGAGEMENT OFFICER

• Qualifications: Should be charismatic, talkative, and organized. Should be from the area and have pre-established contacts in the community.

• Responsibilities:
  • Engage community in order to find 1) potential landowners and 2) recruit farmers.
  • Follow leads on potential landowners and convince landowners to loan their land to KadAfrica for free.
  • Hold recruitment and registration meetings to register girls into the KadAfrica Experience.

• Primary activities and involvement are found in:
  • Module 4: Community Engagement
    • Part 1: Land Use & Selection
    • Part 2: Recruitment of Farmers
AGRONOMIST

- Qualifications: Should have background in passion fruit farming and general agriculture practices.

- Responsibilities:
  - Plant and maintain the seedlings in the nursery.
  - Transfer the seedlings from the nursery to the shade house and care for them in the shade house.
  - Grow and maintain mature passion fruit plants for outgrower trainings.
  - Instruct outgrowers on agricultural practices.
  - After harvesting begins, weigh and track how many kilograms each outgrower produces.
  - Pay outgrower each week for the passion fruit harvested.

- Primary activities and involvement are found in:
  - Module 4: Community Engagement
    - Part 1: Land Use & Selection
  - Module 5: Passion Fruit Agricultural Practices
SALES MANAGER

• Qualifications: Should have a background in sales.

• Responsibilities:
  • Find potential customers and keep in constant contact.
  • Deliver passion fruit and collect payments.

• Primary activities and involvement are found in:
  • Module 8: Markets, Customers, and Sales Process
Prompt: Your Team

Remember that KadAfrica is a well-funded, well-developed social enterprise that has been growing since 2015. It is not likely that you will have the resources to hire for all these positions when you first start.

Answer the following questions:
• How many people can you hire?
• Which positions can be combined?
• Which positions can be eliminated?

_______________________________________________________________________
_______________________________________________________________________
_______________________________________________________________________
The table below reflects KadAfrica’s current team composition. Looking ahead: you’ll sooner or later need to fill such positions, as you grow. Use the table below, combining positions if needed.

<table>
<thead>
<tr>
<th>TITLE</th>
<th>RESPONSIBILITIES</th>
<th>WHERE WILL YOU FIND CANDIDATES?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Director</td>
<td></td>
<td></td>
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<tr>
<td>Administration and Account Associate</td>
<td></td>
<td></td>
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<tr>
<td>Finance Manager</td>
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<tr>
<td>Cluster Coach</td>
<td></td>
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<tr>
<td>Site Manager</td>
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<td></td>
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<tr>
<td>SILC Facilitator</td>
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<tr>
<td>Community Engagement Officer</td>
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<td></td>
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<tr>
<td>Agronomist</td>
<td></td>
<td></td>
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<tr>
<td>Sales Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Purpose / Choice Points
Review largest expenses
Understand that bundles combine expenses from past modules
Learn price points for selling passion fruit
Review appropriate fluctuations for price

Prompts
Make estimates for large upfront costs to get your enterprise up and running

Road Map Outputs
Cost estimates for KadAfrica Experience and outgrower program

Go Do It!
Start looking at prices for resources

Visual Introduction
Sale of Passion Fruit Chain

KadAfrica Key Resources
OSG annual budget for KadAfrica
Weekly budget template
Module 10: Purpose

In this module you will...

- Understand KadAfrica’s largest expenses.
- Learn about how much money it takes to support an OSG or OG through growing passion fruit.
- Review how much your organization should be purchasing passion fruit for.
- Create an annual budget for your operations based on approximations given in this module.
1. It is important to have honest expectations for how much you will be spending by taking on the OSG and/or OG programs.

2. Knowing the market value of passion fruit will allow you to maximize your earnings.
KADAFCIRA LARGEST EXPENSES

• Bundles
  • There are two main bundles: the life skills bundle and agriculture bundle.
  • A bundle is the cost of all the materials that a single farmer will need to complete that curriculum and training. This includes transportation for staff, but not staff salary.

• KadAfrica Experience community events
  • The site launch, family farm day, and graduation each requires funding.

• Office supplies
TYPES OF BUNDLES

• Agriculture bundle for OSG: includes seedlings, fertilizers, chemicals, t-shirts, headscarves, farming equipment, vehicles, transport and airtime for site managers.
  - Cost: 2,675,000 UGX per site (~89,166.7 UGX per girl)
• Agriculture bundle for OG: seedlings, airtime and transport of agronomists to OG’s land.
  - Cost: Estimation not exact, but less than 50,000 UGX per farmer
• Life skills bundle for OSG: notebook, pencils, supplies for workshops and games, SILC materials (book, lock box, locks and keys), transport and airtime for cluster coaches.
  - Cost: 665,000 UGX per site (~22,166.7 UGX per girl)
**KADAFRICA EXPERIENCE**

**EVENT COSTS**

- These numbers are approximations and may vary based on location and size of organization.

- Site launch
  - 381,000 UGX per site, 12,700 UGX per girl

- Farm family day
  - 448,500 UGX per site, 14,900 UGX per girl

- Graduation
  - 668,000 UGX per site, 22,266.7 UGX per girl
OFFICE SUPPLIES

• In order to run KadAfrica, staff will need to work in an office equipped with appropriate materials.

• These may include: renting an office space, laptops, printer, paper, and internet.

• You will also need to print multiple copies of the Life Skills Curriculum and Agriculture Curriculum for the cluster coaches and site managers.
PRICE POINTS FOR PASSION FRUIT

• Buying passion fruit from farmers
  • OSG will receive 2,000 UGX per kilogram
  • OG will receive 2,500 UGX per kilogram
  • The difference is to account for the much larger investment that KadAfrica has made in the OSG

• Selling to market
  • KadAfrica will purchase passion fruit from your organization at a fixed price. If you sell straight to market, you should expect between [REDACTED] to 6,000 UGX per kilogram.
  • This number sometimes drops to [REDACTED] during harvest season, as the market is flooded with passion fruit.
  • You should expect most of your sales to occur between September and November and (after March planting) and between April and June (after October planting).
Visual Introduction: Sale of Passion Fruit Chain

Farmer -> You -> Sell -> Customer

FARMER

YOU

SELL

CUSTOMER

$ $ $
QUALITY OF PASSION FRUIT

• Typically, the girls in the KadAfrica Experience produce higher quality fruit. This makes sense, as they have been given all of the materials for farming.

• Outgrowers usually produce lower quality fruit, which is understandable, since they do not receive the same materials as the girls in the KadAfrica Experience program.
The administration and account associate will create a yearly budget based on the bundles, KadAfrica Experience events, and miscellaneous office expenses.
WEEKLY BUDGET

• After creating the weekly work plan (see M5), the site managers and cluster coaches will make a weekly budget according to the activities they will be running that week.

  • Example: An expense during a week with the “Safety with Chemicals” lesson may be the chemicals and spraying tanks.
# Road Map Output: KadAfrica Experience Costs

<table>
<thead>
<tr>
<th>RESOURCE</th>
<th>ESTIMATED COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land for nursery and shade house</td>
<td></td>
</tr>
<tr>
<td>Farming tools for nursery and shade house</td>
<td></td>
</tr>
<tr>
<td>Transportation (motorbikes, gas, repair)</td>
<td></td>
</tr>
<tr>
<td>Site Launch</td>
<td></td>
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<tr>
<td>Family farm day</td>
<td></td>
</tr>
<tr>
<td>Graduation</td>
<td></td>
</tr>
<tr>
<td>Agriculture bundle (per girl)</td>
<td></td>
</tr>
<tr>
<td>Life skills bundle (per girl)</td>
<td></td>
</tr>
<tr>
<td>Office supplies</td>
<td></td>
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<tr>
<td>Staff salary</td>
<td></td>
</tr>
</tbody>
</table>
## Road Map Output: Outgrower Costs

<table>
<thead>
<tr>
<th>RESOURCE</th>
<th>ESTIMATED COST</th>
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</thead>
<tbody>
<tr>
<td>Land for nursery and shade house</td>
<td></td>
</tr>
<tr>
<td>Farming tools for nursery and shade house</td>
<td></td>
</tr>
<tr>
<td>Transportation for agronomist to go outgrowers (motorbikes, gas, repair)</td>
<td></td>
</tr>
<tr>
<td>Transportation for outgrowers to travel to site for trainings</td>
<td></td>
</tr>
<tr>
<td>Agronomist staff salary</td>
<td></td>
</tr>
</tbody>
</table>
MODULE 11: MODES OF FINANCING
MODULE 11
MODES OF FINANCING

Purpose / Choice Points
Explore different types of funding
Define desired modes of financing & potential funders
Begin meeting potential funders and tracking your funding pipeline

Prompts
Create a two-sentence justifiable ask
Define modes and potential sources of financing for your enterprise

Road Map Outputs
Fill a detailed table of potential funders

Go Do It!
Schedule meeting with potential funders

Visual Introduction

KadAfrica Key Resources
Definitions: equity, grants/donations, debt, working capital loans
Module 11: Purpose

In this module you will...

Modes of Financing
Explore different types of funding available to enterprises.

Creating a Justifiable Ask
Learn how to convert your capital requirements into a compelling request for funding.

Funding Your Enterprise
Determine what modes of financing are most appropriate for your enterprise, and identify potential funders.

Funding Pipeline
Dig into potential funding sources, one by one. Then begin meeting potential funders, refining your funding pipeline along the way.
To start operations, you will need to attract more than one mode of financing. You should be familiar with each mode.

Each mode of financing comes with its own administrative burden, legal implications, and reporting requirements.

The same amount of funding can enable or disable your enterprise, depending on how that funding is structured.
Visual Introduction: Modes of Financing

Total Financing Needs of Your Enterprise

- This is the overall amount of money you need to raise for your enterprise.

Modes of Financing to Generate This Total Amount of Money

- Equity: Earnings and capital contributions
- Debt: Long-term debt including leases
- Working Capital Loans: Short-term debt targeting specific parts of an enterprise (inventory, receivables, payables, etc.)
**Equity** includes:

1. Earnings

2. Capital contributions:
   - Outside investments into your enterprise: investors contribute money to your enterprise in exchange for an ownership stake.
   - Grants and donations that you use to fund your enterprise.

Let’s look at each of these in turn.
Earnings is the percentage of your enterprise’s revenue that is from the sales of passion fruit.

You should set an annual target for your yearly earnings.
  - Example: We want 20% of our funding to come from passion fruit sales.

You will grow your earnings by growing and improving your operation.
It can be exciting to secure an equity investment into your enterprise. **Equity investments** can help you or hold you back. Remember:

- Equity investment is money invested in a company by purchasing shares of that company. Equity investors are not just contributing cash; they are buying a part of your company; beware of dilution when accepting outside investments.

- Accepting an equity investment is serious; think of it like getting married!

- You are gaining money, and giving up ownership and some control—e.g. board seats, decision rights on major changes to the enterprise, etc.

- Equity investors have different goals, styles, and expectations of financial returns; it’s up to you to align expectations and requirements before committing to take an investment.

- Make sure you understand what sort of **exit** each investor is seeking. An investor seeking to exit profitably in 2-3 years is very different than one who assumes 10+ years to exit.

- To attract equity investors, you may need to finance other parts of your enterprise with grants or loans, to reduce risk or increase projected returns to equity investors.
Key Resource: Debt

**COMMERCIAL**
The lender expects a timely return of capital and a % return on capital (“interest”) consistent with other investment opportunities the lender perceives

- Commercial loans are more readily available than soft loans. Example: your local bank offers commercial loans
- More expensive and riskier than a soft loan; you must pay it back or you could lose your business

**SOFT**
The lender expects a return of capital, and potentially a % return on capital, but these expectations are less rigorous than in a commercial loan. This can take various forms:

- A loan with a longer-than-usual term
- A loan with lower-than-usual % interest
- A loan which is partially guaranteed by a third party
- A loan which only needs to be paid back once the enterprise is profitable

**BOTTOM LINE WHEN CONSIDERING DEBT**
Focus on the details. Make sure when considering taking on debt, you understand exactly the terms of the loan, how the loan will affect your cash flow, and the implications if you fall behind on re-paying the loan.
You may hear the term “convertible loan”. This is a loan that the lender has the right to convert to equity at a defined point in the future. The borrower agrees to give the lender this option in exchange for more favorable loan terms. For example:

- Lower interest rate
- Lower closing costs
- Lower penalties, or payment “vacations” to help the company during times of difficult cash flow
“Working capital” is a term of art. You create working capital by the nature of your business. Think of working capital loans as a form of short-term debt targeted at very specific parts of your enterprise. For example:

- Inventory and other accounts payable: Financing your inventory can represent a substantial percentage of the funds you need to raise. And the terms you negotiate with your suppliers can make a big difference to your cash flow and financial viability.

- Receivables: You’ve made sales and are awaiting payments from customers (e.g. Some enterprises allow customers to start with a 30% down payment and pay the remaining 70% later). What if you can’t wait for this money to arrive? You can sell your accounts receivables to a bank; they will wait to collect those funds and front you the money in the meantime, for a price. This is called “factoring” your receivables.

Even in cases where it would be too risky or expensive to finance your overall enterprise with debt, it still might make sense to secure working capital loans for specific purposes such as these examples.
• The Miller Center has developed a helpful framework for creating a justifiable ask to use when approaching potential funders. This is a way of converting your capital requirements into a compelling request for the types of funding you will be seeking.

• A justifiable ask has four components, as represented in the diagram to the right.
Key Resource: Funding Amount, Type of Capital

**FUNDING AMOUNT:**
- Enough money to implement the next phase of your growth strategy
- Clear timing and outcomes, correlated to your strategic initiatives
- Can be a range, e.g. $200k - $500k. Explain how your enterprise will be different in the $200K scenario vs. the $500k scenario.

**TYPE OF CAPITAL:**
- Equity
- Debt
  - Commercial ↔ Soft; Convertible
- Working Capital Loans
  - Financing receivables, etc.
USE OF FUNDS:
- Enough money to implement the next phase of your growth strategy
- Correlated to your growth plan
- Correlated to your strategic initiatives
  - New products/services, geographies, infrastructure, personnel, service capacity etc.
- Tied to cash flow projections

INVESTOR RETURN:
- Value exchange
  - What is the funder exchanging their money for?
- Social impact
  - Include resources to document impact
- Financial return
  - Equity: Define exit or next round
  - Debt: Repayment included in cash flow
Prompt: Create a Two-Sentence Justifiable Ask

Create a two-sentence summary of a justifiable ask for your enterprise.

Follow this format: “[Enterprise name] is seeking [$ amount] of [type of capital] funding to [use of funds]. That investment will enable us to [social impact] and [financial return to investor].”

Example: “Better Fruits Africa is seeking 150,000 USD equity funding in 2019 to open and operate 1 new passion fruit site in Kyangabukama in Kabarole Uganda. This investment will help us provide passion fruit farming training and life skills education to 30 out-of-school girls in the area and to refine and open 3 more sites throughout Uganda in 2020.”

Type your two-sentence justifiable ask here:

_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
When seeking funding, target specific funders based on:

• Type of capital
• Sector
• Geographic focus
• Personal connection: funders are often flooded with requests from enterprises seeking funding. A personal connection can help distinguish your enterprise in the eyes of a funder.
Fundraising is hard work

- You may be able to fund your enterprise with funding from a handful of funders, but securing funding from a handful of funders will likely require visiting dozens of potential funders.

Fundraising is a continuous process

- Just as your sales agents are continually managing their leads and customers, you will need to actively manage your pipeline of potential funders.

Be picky

- You may feel desperate, but it’s worth the time and effort to find funding that’s aligned with your mission and will allow you to work in geographical areas where you can succeed.

Before accepting funding...

- ...make sure you understand the financial and administrative implications.
Prompt: Modes and Sources of Financing for Your Enterprise

<table>
<thead>
<tr>
<th>MODES OF FINANCING</th>
<th>POTENTIAL SOURCES OF FINANCING</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHICH TYPES OF FINANCING WILL YOU BE SEEKING FOR YOUR ENTERPRISE?</td>
<td>BRAINSTORM A LIST OF 2–3 POTENTIAL FUNDING SOURCES FOR EACH TYPE OF FINANCING YOU WILL BE SEEKING</td>
</tr>
<tr>
<td>Equity Investments</td>
<td></td>
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<tr>
<td>Long-Term Debt</td>
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</tr>
<tr>
<td>Working Capital Loans</td>
<td></td>
</tr>
<tr>
<td>Other (grants)</td>
<td></td>
</tr>
</tbody>
</table>
## Road Map Outputs: Potential Funders Table

<table>
<thead>
<tr>
<th>INFORMATION</th>
<th>FUNDER 1</th>
<th>FUNDER 2</th>
<th>FUNDER 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector(s) This Funder Targets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic Focus of This Funder</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Connection / Pathway to Get This Funder’s Attention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Website</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encouraging Examples of Funding This Funder Has Awarded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Capital You Will Seek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Exchange: 1-2 Sentences: Why Would This Funder Fund Your Enterprise?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What Are they Exchanging Their Money For?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status of Your Conversation with This Funder, and Next Steps</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Now that you’ve identified possible sources of financing, **begin scheduling meetings** with the potential funders on your list.

- In the course of your meetings, you might find out that some of the potential funders you identified are realistic sources of funding for your enterprise, others are not, and still others might have leads to other potential funders you might explore.

Based on this feedback, continue refining your list of potential funders, using the table in the previous slide.