

## **Kakuma Ventures Grant Proposal**

Dear Potential Donor,

We are delighted that you have interest in Kakuma Ventures and we invite you to join us in our mission to build a sustainable economy in Kakuma Refugee Camp. We are building a storage and logistics supply chain powered by refugees.

With your help, we can jump-start our project. Our goal is to raise \$50k to expand our proof-of-concept, begin building a warehouse and logistics center that stores food, filters water, and transports these goods to a hub in Kakuma Region 1. After this proves success, we can raise more capital to expand throughout Kakuma. Your grant is extremely important to us, so that we can continue to grow our work in Kakuma.

With your donation, we would like to invite you to become a part of the Kakuma Ventures USA non-profit board to assist us along the way. As part of the proposal, we plan to set up a 501(c)(3) NGO in the USA to offer tax benefits to donors.

We are excited to share our proposal with you. We look forward to a follow-up meeting soon.

Kindest Regards,

Innocent, Kurt, and the Kakuma Ventures Team

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# 1.0 Executive Summary

## 1.1 Our Mission

We empower displaced individuals in refugee camps by building a logistics platform that offers tools necessary to build businesses. Our goal is to help them build a sustainable economy for years to come.

## 1.2 Our Services

We are building a storage, supply, and distribution business for access to products in Kakuma Refugee Camp. First, we will build infrastructure - creating a warehouse as the main storage facility. We will create small distribution hubs in the camp that will house a clean water facility (filters and cooling), bins for perishables, and hermetic bags for beans and grains. Each hub will be run and financed by our team and local entrepreneurs. Additionally, we will operate a logistics business for supplies-delivery-purposes via a truck and motorcycles.

In order to grow within Kakuma and scale to other refugee camps, we will empower refugees in the camps to become entrepreneurs by financing them to build out and operate parts of each hub. How will we do this? First, we will train entrepreneurs and make sure each passes an evaluation before we proceed. We will have our own curriculum or may work with other companies who offer a curriculum service. Once they pass our test, they can start operating with us. We will provide them supplies with a loan repayment schedule. This include water filters, vegetable bins, refrigeration, hermetic bags, and motorcycles for delivery. With supplies, they can start their own businesses. As the entrepreneurs grow, we will provide them capital to expand as they choose.

The key is that we will own the core infrastructure and rent out the infrastructure or supplies to the entrepreneurs. Empowering the refugees to control their own destiny through entrepreneurship is key to our success.

## 1.3 The Market

Kakuma is a town in northwestern Turkana County, Kenya, bordering South Sudan, Ethiopia and Uganda. It is the site of UNHCR Kakuma Refugee Camp, one of the largest refugee camps in the world, home to over 186,000 people currently, estimated by UNHCR. A majority of the refugees come from Somalia, South Sudan, Sudan, Ethiopia, D.R. Congo, Eritrea, Uganda, Burundi and Rwanda.

Most people in the camp receive food from United Nations distributions which are flown in every month. Although in recent years, rations have been cut because donor countries are failing to meet financial obligations to the World Food Programme. During the handouts, people fight for

food and the women and children tend to be left behind. If they do not get rations from the UN, there are a few small stores owned and operated by Kenyans who supply the stores from Nairobi or Kitale. Their intent is to profit off the refugees, not help them build a sustainable economy. Most people cannot afford food from these places.

There is also no proper setup for broad distribution of essential products and services. In the case of food, insects penetrate bags damaging the food and harsh weather spoils perishables like vegetables. Access to safe-drinking water is limited to either expensive bottled water or pumped water that is often too salty or contaminated for drinking.

Lastly, for entrepreneurs, there is little to no access to capital. Though many of the community members are educated and motivated, they also lack the resources to get started. The existing commercial community is run by a few Kenyans or Somalis who receive money from abroad. They collude with each other and drive up prices, leaving most people in need of food.

Our initial focus will be on Region 1 of Kakuma Refugee Camp - where 40% of residents live. Many of these are youth (8-15) who wander into the camp without family. Others are single mothers who have no support. Worse, kids (2-8) are left to fend for themselves. Once we establish ourselves and provide for Region 1 of Kakuma Refugee Camp, we will expand further into the camp.

#### **1.4 Startup Financing Overview**

The grant will provide expansion capital to build out the warehouse, supplies, and motorcycle delivery. Then we will raise an additional \$100k to complete our build-out of Kakuma Region 1. This includes a warehouse, four distribution hubs, motorcycle and truck. Once we complete this network of warehouse + hubs, we anticipate building 20 distribution hubs throughout Kakuma's growing refugee camp.

#### **1.5 Executive Team**

**Innocent Ntumba, Managing Director:** Innocent is a humanitarian and supply chain expert with 7 years of experience working with international organizations across the world. He is originally from the Democratic Republic of Congo and is currently managing director of Kakuma Ventures in Kakuma, Kenya. Innocent holds a degree in Electrical Engineering from Goma Polytechnic College (DRC) and Liberal Studies and Business Administration from Regis University (USA). Innocent was also a volunteer ICT professional at the University of Geneva – InZone. He was recently awarded participation for the Regional Mandela Fellowship.

**Kurt Davis, Managing Director:** Kurt is an entrepreneur, business development expert, and philanthropist. He currently runs his own firm Sunrise Ventures focused on investing in companies that tackle large global problems. One of these problems is the refugee crisis. He started a micro-VC fund called [www.kakumaventures.com](http://www.kakumaventures.com) in Kakuma Refugee Camp, one of

the world's largest refugee camps. An 8-month trip to 20 countries through Africa in 2017 inspired this idea.

Before that Kurt spent his 20-year career between Silicon Valley and Asia (Japan, China, SE Asia) building and investing in tech companies. He spent the previous 7 years working at Boku, a mobile payments company that went IPO in London in 2017. There, he was the first business hire and spent 7 years building and running the global business development teams. The last 3 years he lived in Japan where he built the Asian operations. During this time he closed deals with the largest tech companies in the world including Apple, Microsoft, Sony, Spotify, Tencent, and Softbank.

Previous to Boku, Kurt worked in finance doing corporate venture capital at Mitsui and GE Hong Kong. He has lived abroad over 12 years including in Japan (twice), China, Singapore, London, and Africa. He loves to learn languages and speaks Japanese, Chinese, Spanish, and working on Swahili. He especially loves traveling to developing countries and working on the opportunities they offer. Originally from the South, Kurt is a graduate of Davidson College and has a Duke MBA.

## **2.0 Problem Statement**

*“The efficiency of our supply chain is often literally a matter of life and death to the refugees and families we serve, so any improvements we can make could have a massive impact,”* said Vicente Escribano, UNHCR’s head of Supply Management Logistic Service.

There are three challenges that hinder Kakuma’s vision of becoming a thriving city like any other: 1) Access to basic living needs for all people, especially children and single mothers, 2) Infrastructure that promotes better supply and distribution of goods, 3) Capital lending/investment structure that supports entrepreneurs.

### **1) Access to basic living needs for all people, especially children and single mothers**

In Kakuma, as in many refugee camps, access to safe-drinking water is limited to bottled water and pumped water that is often contaminated or too salty for drinking. Lack of proper food storage causes food to rot - insects penetrate bags and harsh weather rots perishables like fruits and vegetables. Distribution and storage of essentials like healthy food and water is limited to a few solely owned entities that benefit only a few people.

Since children and women are often neglected during the UN ration distribution, we will focus our distribution on them.

### **2) Infrastructure for supply and distribution of goods**

Most refugee camps face lack of proper infrastructure. Building infrastructure that can supply goods is the most important first step. Once this is built, we can create a platform that allows for our entrepreneurs to service others with these goods (water filters, refrigerated vegetable bins, hermetic bags).

### **3).Capital lending/investing structure to support entrepreneurs.**

Because of the lack of enterprises in Kakuma, refugees depend on monthly food ration distributed by the UN - which is not sufficient for their living. We need to make them less dependent of this by promoting self-sustenance through entrepreneurship.

The current economy of the camp is in the hands of a few lucky individuals who own sole proprietorship businesses that do not seek to empower or leverage new entrepreneurs. These owners focus on the most profitable goods such as bottled Cola or chips. This practice will not help the community at large.

We also have a goal to have at least 50% of our entrepreneurs be women. One woman entrepreneur is already in charge of our water filtration hub

## **3.0 Proposed Solution**

Our solution has a two-phased approach:

We plan to promote a competitive marketplace in Kakuma by building a logistics, storage and distribution business for better access to basic living supplies. We will create one major warehouse that will store supplies which are brought in from outside the camp. Then, we will make smaller distribution hubs in the camp that will house clean water facilities, bins for perishables, and hermetic bags for grains and flour. Once we succeed in providing food necessities, we will allow our entrepreneurs to expand to other areas. These hubs will be run and financed by our team and local entrepreneurs. To supply the warehouse, we will order and deliver supplies and food from the neighboring town of Kitale. Part of our business will be in delivery, which will require a truck and motorcycles. We aim to own these assets, but for now we will hire them.

In the second phase, we will empower and train refugees to become social entrepreneurs. The goal is to empower the entrepreneurs to own and operate their own businesses that provide services to the community. This solution will also minimize social problems such as idleness, drug abuse and early marriage. We plan to expand and grow throughout the refugee camp by being inclusive.

### **3.1 Methodology**

Our goal is to make the supply chain within the camp more efficient. We have a rough idea of how we will roll this out:

#### **Assessment Phase**

This phase is where we conduct initial groundwork - we are in this phase currently. We are creating a detailed plan of how we will build the warehouse, delivery businesses, and multiple distribution hubs throughout Kakuma 1 (Region 1 of Kakuma Refugee Camp is where 40% of residents live). In addition, we will use \$5k to expand the current facility which is a small hub located in Kakuma Region 1, Zone 1, Block 9 - we started this hub in October of 2017. We currently only have a water filtration shop in this hub.

#### **Warehouse Phase**

We will have used the assessment phase to plan and spec the warehouse. Here, we will invest in one large storage and distribution warehouse and three small distribution hubs that include water filtration, food storage, five motorbikes for delivery, a moto repair center and a truck for delivery from Kitale. By starting in Kakuma 1, we can test the model of distribution based on needs and density. We estimate that the initial cost for Kakuma 1 will be around \$100k which includes the warehouse and 5-6 hubs. Once we prove the model, we will replicate the model in Kakuma 2-5. The cost to replicate will be around \$30k per additional area.

#### **Hub Rollout and Financing**

We will make about five distribution hubs in Kakuma 1 which will cost about \$6,000 per hub. Each hub will have a motorcycle, small storage unit, refrigeration, solar cells, sealed bins, and water filtration. Each hub will have a variety of entrepreneurs operating and running the businesses there.

#### **Financing Entrepreneurs**

Once the physical infrastructure is set up, we will start to finance the entrepreneurs with supplies to operate their businesses. In the beginning, we will loan them supplies, and later, we can loan them cash if necessary. We will recoup the initial investment over time and increase investment provided the entrepreneur pays back within our time frame. The loan will be paid by either a revenue share or principal + interest repayment. We are still discussing this structure. We believe that a revenue share that pays back the supplies in full with a guaranteed return is a better structure for KV.

We plan to execute in Kakuma 1 within six months:

Month 1: Nairobi - Create a visual map of how to implement the logistics center in Kakuma. Purchase vehicles and building supplies.

Month 2-3: Build initial warehouse and distribution hubs. Simultaneously, we will recruit entrepreneurs to run the centers, stores, and transportation.

Month 4: Purchase water filtration, food storage bins and hermetic bags. Start delivery of food from Kitale and Nairobi.

Month 5: Begin operations of warehouse/hubs. Monitor financial expenses.

Month 6: Continue operations in Kakuma 1. Make adjustments and begin planning for roll-out into other areas.

We will track our progress by using these KPIs:

1. Progress of warehouse
2. Amount of fresh water filtered daily
3. Amount of food sold within the refugee camp
4. Number of entrepreneurs we empower to help us build and scale the logistics and distribution centers
5. Repayment of loans and profits on the business
6. Number of different products distributed

### **Community of entrepreneurs**

Our community has people who have skills and knowledge from colleges or previous working environments. Displaced people are often those who are the scholars of a society. We are finding these people and including them as leaders of the KV team. And yes, they are ready and willing to work. Our team at KV has representation from all the countries in the camp. This gives us the ability to build throughout the camp quickly, have diversity of thought, and maintain peace as we expand.

### **Ideation and Iteration**

Every few months, we re-evaluate our progress and financial situation. We must be frugal and reach our targets within the budget. It is important to show impact in each phase. Additionally, we will do a beneficiary survey. Based on these needs, and with the help of individuals in the community, we will create new businesses or optimize on current ones. Based on the capital required and the social, environmental and fiscal impact, we select a few businesses to start.

### **Partnership Model**

Kakuma Ventures operates as a cooperative and a partnership. We work together on different businesses and share the profits based on pre-agreed terms for each business. We understand that if businesses succeed, we are all better off. Our goal in the end is to create a platform that than acts like a venture capital group, investing in businesses.

## **3.2 User Experience Map**

A simple way to understand what we are doing is through a user experience flow. This flow is as follows:

1. Vincent cannot find drinking water. 2. Vincent's friend tells him about Kakuma Ventures. Vincent visits KV hub/mini-store, takes business skills training, gets a loan from KV for a water

filtration device. 3. Vincent sets up a water filtration depot near his family. He starts selling water to his local community and commences his own business. 4. As Vincent's water filtration depot grows in popularity, he pays a revenue share to KV. Vincent's business grows and he offers vegetables stored in special bins as a next product.

### **3.3 Working with Other Organizations**

We will seek partnerships with commercial, government, non-profit & AID, and community leaders. The more visibility and influence we have, the better chance of success.

We plan to establish commercial partnerships with overseas supply companies like CHEP, Lifestraw, ZeroFly, Picsnetwork.org and others who can provide bins, hermetic bags, and filtration products that are needed at cost.

National and local government support is crucial. We are trying to build a relationship with policy-makers and officials from the Government of Kenya (i.e. The Camp Manager, District Commissioner, Area Chief) - we must get their consent to operate next. We also plan to work with local community leaders, religious leaders, and community-based organization such as soccer clubs or children's clubs by educating them about our project. They not only serve as a platform to market for customers but also to communicate that KV will benefit the good of the camp. The goal is to work together and expand.

Lastly, there are many AID and non-profits working on the refugee problems. It is important for us to work with United Nations and World Food Program since the UN is reducing food aid to refugees to once per month. There are several humanitarian agencies such as WFP, UN, US/UKAID, AAH and more who we continually educate about our initiative at Kakuma Ventures. If we raise funds and further our efforts, we believe we can get more support from them. After all, we do solve their problems of logistics and distribution.

### **3.4 Schedule and Benchmarks**

It is important to establish a schedule and benchmark for success. Our goal is to maximize impact on each phase.

<b>Phase</b>	<b>Completion Date</b>	<b>Financing</b>
Initial Planning Phase	09/2018	\$15,000
Warehouse Phase + Hubs	12/2018	\$35,000
Full Roll-Out Kakuma Region 1	03/2019	\$40,000

Hub Financing	06/2019	\$30,000
Kakuma Region 2-5 Rollout	12/2019	\$150-\$200,000

## 4.0 Financial Assessment

Our objective is to raise capital for the first two phases, amounting to \$50,000. That will enable us to complete the warehouse and several initial hubs in Kakuma 1.

### 4.1 Cost

#### 1. Cost to build large warehouse \_\_\_\_\_ \$5,000

Iron sheets	\$ 700
Wire mesh	\$ 300
Timber	\$ 550
Palette	\$ 800
Cemented Floor	\$ 400
Plot	\$ 1,500
Nails & accessories	\$ 50
Labour	\$ 700

#### 2. Motorcycles \_\_\_\_\_ \$3,450

Motorcycle 1	\$1,150
Motorcycle 2	\$1,150
Motorcycle 3	\$1,150

#### 3. Water filtration hub (water filtration, refrigerator, energy) \_\_\_\_\_ \$1,410

Water filter	\$ 300
Refrigerator	\$ 300
Accessories (tables, caps, bottles, chairs)	\$ 300
Rent (3 month)	\$ 90
Electricity (3 months)	\$120
Partition and renovation	\$300

#### 4. 20 hermetic bags and stock \_\_\_\_\_ \$5,120

Rice (20 bags)	\$ 800
Sugar (10 bags)	\$ 550
Bean (10 bags)	\$ 600
Sorghum (5 bags)	\$ 200
Green gram (10 bags)	\$ 700

Wheat flour (10 bags)	\$ 350
Maize flour (10 bags)	\$ 280
Cooking oil (10 cans)	\$ 290
Milk (5 bags)	\$ 750
Soft drink (20 crates)	\$ 400
Canned fish(4 cartons)	\$ 200

**5. Vegetable store setup** \_\_\_\_\_ \$1,420

Potatoes (100 kgs)	\$ 70
Tomatoes (100 kgs)	\$ 150
Cabbage (100 kgs)	\$ 120
Onions (100 kgs)	\$ 100
Kale/spinach (100 kgs)	\$ 100
Oranges (50 kgs)	\$ 60
Banana (50 kgs)	\$ 60
Mangoes (50 kgs)	\$ 60
Apple (50 kgs)	\$ 200
Bins	\$ 500

**6. M-kopa solar cells** \_\_\_\_\_ \$1,310

Solar panel (4)	\$ 480
Solar battery (4)	\$ 360
Controller & inventor (1)	\$ 220
Wire	\$ 250

**7. Other items needed** \_\_\_\_\_ \$ 4,110

Grain miller	\$ 4,000
Food licence	\$ 20
Business permit	\$ 90

**TOTAL** \_\_\_\_\_ **\$ 21,820**

**Other Expenses**

Travel Expense for 6 months	\$5,000
Legal Setup for 501(c)(3)	\$1,000
Website Expenses	\$1,000
Fundraising / Grant Expense	\$5,000

Initial Lending Budget	\$5,000
Salaries	\$3,000
Fungible Cash	\$10,000
<b>Total 'Other Expenses'</b>	<b>\$30,000</b>
<b>Total Project Cost</b>	<b>\$51,820</b>

## 5.0 Conclusion

### Overview

Kakuma Ventures wants to make sure all people have access to basic living needs and promote economic self sustenance in Kakuma Camp, Kenya. We will do this by investing time, knowledge, and capital into individuals in the community that strive to see a better future for Kakuma. The model is broken down into three phases: 1) build a logistics, storage and distribution business for better access to basic living supplies 2) empower and train local refugees to become social entrepreneurs.

### Progress

We have operated the business for about nine months. We have assembled a team, formed an entity in Kenya, developed a website, and launched three businesses as proof-of-concept. An initial \$400 investment in water filtration generates about \$5/day in revenues. Over 12 months, this can easily pay back the filter and fund several more water filtration businesses. In addition, we have done significant work with beneficiaries and entrepreneurs to prepare them for the project.

### Why Us?

We are a unique team. We combine overseas experience with the most ambitious people in the refugee camp. We plan to grow and expand by being inclusive.

Kakuma is an established refugee camp, now de facto city, with a population exceeding 186,000. It is a vibrant place, full of life, love, business, solidarity and creativity. Although, the realities of inequality, declining food rations, and police brutality will continue to take place if Kakuma is too dependant on companies like UNHCR and doesn't find its own voice. Kakuma Ventures is an opportunity to build a better economy and home for Kakuma.

Before Kakuma can be a thriving city like any other, we must get down to the basics and sustain everyone's right to basic living needs. To do this, we must make access easier and that starts with improving storage, logistics and distribution.

We are empowering displaced individuals in refugee camps by building a logistics platform that offers tools necessary to build businesses. Our goal is to help Kakuma build a sustainable economy for years to come.