

### **When was LEAD International founded?**

*LEAD began with a church short-term missions group that visited Guinea-Bissau, West Africa in 1994. In 1995, in order to allow other groups to feel ownership of working in Guinea-Bissau, LEAD was created as a 501(c)(3) as “LEAD International Ministry Network.” In 2000 LEAD began migrating its focus from church and humanitarian efforts to creating locally generated wealth. Rather than relying on western donations, the intent was to empower people to generate wealth in Africa, by Africans, for their own needs. In 2003 LEAD began reaching out to business people and churches for partnership and funding and went by the name, “LEAD International.”*

### **How does your business model work?**

*LEAD is an equity-partner-in-product. It’s a bit different than current paradigms so in short here’s how it works. First, we create and work with existing private indigenously owned companies in agri-processing. Starting businesses in rural Africa can take years and often includes forming trade schools, reliable relationship networks, developed systems that include local cultural concerns as well as western concerns. As this foundation is established, small businesses begin to emerge. Second, once we have helped develop operating businesses the next step is capitalization. The African counterparts to our leadership team required that we not exchange cash. This forced us to develop an approach that reduces other’s dependence on us, requires no interest, and provides incentive for the very things that provide economic development to rural Africa. We purchase raw product, in this case cashews, that local processors cannot afford. We “invest” the raw cashews in small amounts to the farmers every two weeks. We own the raw product and they own the production – so together we own finished goods. This allows us to function in various forms of oversight of production along the value chain. Their benefit is a committed partner and mentor and on the job education that teaches them to maximize their profit. LEAD has several ways it funds production including profit-sharing models or through direct payment for goods and services. Third, when the final product is sold to retail vendors, LEAD takes a set amount of the positive revenue and recoups all of the capital it has invested. The processors likewise recoup their costs, and their share of the profits. This system allows LEAD to avoid charging any interest, and allows the greatest safety for cash reserves while allowing us to help fund job creation and new business opportunities for people willing to work. We are accountable to maintain sustainable business practices because without profit, sustainable resources, and sound working relationships with our African partners we cannot stay in business. Without LEAD typical rural producers make about 10% of what product is sold for at retail. Using our system they can earn up to 50% of the retail value.*

### **What percentage of your beneficiaries are women?**

*Gender equality is a value we embrace. In our schools about 60% of our students are women. In privately owned processing companies we cannot dictate who they hire, but we can and do encourage them to hire women. In Senegal, we have had much more engagement with women entrepreneurs because in Senegal women tend to be more eager to work. More than 60% of the people we are currently working with in Senegal are women. In Guinea-Bissau, on the other hand, the numbers are much lower simply because, regardless of global concerns for gender equality, women simply do not occupy that place in their society. As much as we have tried to fund and empower women, they have not, for whatever reason, been able or willing to become business*

owners. So, our approach is not to quantify solely on the basis of gender because at the field level we have to work with people who have capacity. Our bias is to empower women when they are available.

### **Why do you focus on agricultural production instead of other ventures?**

Agricultural production is the first source of revenue in any society. More advanced forms of business require logistics, greater capital demands, and reliable infrastructure. Using the natural sustainable resources already in a country allows people to think in new, more profitable ways regarding things that are already familiar to them. In Guinea-Bissau 72% of the population is impacted by the cashew sub-sector. It was a simple and logical starting place for us to begin. That doesn't mean that LEAD only works in the Agri-processing sector. LEAD has funded a bakery, mentored a chicken farm, and helped expand ice cream production and furniture manufacturing. We will fund any business that we deem viable if its leadership team meets our capacity criteria.

### **How does your work impact the community?**

We want to create well-paying jobs. That is the key to localized community development. Westerners experience altruistic results when they fund a well, or a food project. Usually these projects come with values and restrictions that handicap the success because they are not African values or restrictions. The experts in creating sustainable projects in Africa are locals. By creating jobs that provide regular infusions of cash to worker's families, who in turn buy from market vendors, who buy from other businesses, revenue is injected into communities. As the tide of wealth rises the whole community has resources for medicine, opening a day clinic, hiring a teacher, buying school supplies, installing a well, etc... We don't control the process. And we shouldn't. Our job is to empower others to benefit their own lives.

### **How does your organization impact the environment?**

Sustainability begins in the agricultural management of farms and orchards. Farmers have an incentive to manage their land well or it won't produce as much. In Guinea-Bissau and Senegal, cashew trees are a double blessing. First they reclaim the Sahara because they do not require irrigation, and second they keep migrating herders from slash burning whole regions of the countryside as they do in areas without cashew trees. It should be said however, that for many in our sphere of operation, if their survival were at risk due to environmental policies, their personal survival would prevail. As westerners, we are wise to ask what influence our values have on the lives of those whom we are assisting.

### **Can you explain your risk management?**

Risk management in our organization primarily focuses on preservation of capital and safety of human assets. Some of our chief concerns are currency values, product salability, country stability and governmental policies. Just 10% decrease in the dollar can mean tens of thousands of dollars in added production costs that have no benefit on wages. We've gone through 6 illegal transitions of power in Guinea-Bissau so we keep our fingers on the pulse of the politics. We understand that when people feel unsafe they don't work. If instability erupts into violence we have to have protocols for removal of packing systems, processing machines and cashew stocks. Risk is an ongoing concern so we've found that business has to be extremely flexible. When things look a bit dicey in society we are more tentative about our investment and risk exposure. As an

*equity partner in product, we can be invested in each annual business cycle rather than 3 to 5 year business investments, and in itself that is one of the safest aspects of our work.*

### **What makes your organization sustainable?**

*The key to sustainability is sound business practices, well-managed capital, capable and trained workers, available resources, and a commitment to occupying a place of community respect. All of these are borne on the back of a life-commitment to helping our beneficiaries. Money is not the most important component to market based economic development. When someone has made what we call a life-commitment it impacts every field relationship with a sense of community and mutual respect.*

### **Does your organization participate in micro-credit?**

*No, we do not use micro lending. We do support those organizations that have the moral discipline to charge reasonable rates to their borrowers. It is a vital resource to the poor. There are two fundamental problems we have with some micro-lending. First is the belief that everyone is an entrepreneur. Using our system we empower the risk takers, and we recognize that some people are best suited to working a job rather than owning a business. So, we have to make sure that the jobs they have pay much more than the per capita income. Second, recent UN studies suggest that global micro-finance is charging between 100% and 1200% APR. (World Bank analyst Marguerite Robinson. The Microfinance Revolution: Sustainable Finance for the Poor World Bank, Washington, 2001, pp. 199-215 "An analysis of 28 studies of informal money lending rates in fourteen countries in Asia, Latin America and Africa concluded that 76% of moneylender rates exceed 10% per month, including 22% that exceed 100% per month.") We find that unconscionable and nothing more than economic slavery for the poorest people in the world. In our system the return is something we enjoy together as partners.*

### **Does LEAD charge interest?**

*No. As an equity partner in product, LEAD and its beneficiaries work as partners. LEAD recoups capital invested with profit. The beneficiaries earn established fair wages and in many cases share in a percentage of the profits. Full engagement in our systems allows farmers to increase their value from 10% of the retail value to 50% of the retail value.*

### **Why did you choose Guinea-Bissau instead of an easier country?**

*We didn't choose Guinea-Bissau. We were called there. We found our place doing humanitarian work, which is something we believe God intended for our education. We learned how to work with almost nothing. We found out what is most valuable to the people we serve. It was because of our Guinean counterparts that we learned how to do business in rural impoverished communities and achieve the objectives of true social empowerment. It was a brilliant step that we can't take credit for. At the time there was no one else doing what we were doing in Guinea-Bissau, and we had no freedom to look into other locations. Today however, that time is done. We are eager to work in all of West Africa provided we are authorized by God to do so.*

### **How do you establish reliable and dependable relationships in rural African communities?**

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*The system we developed is called “hand washing.” When you have only one bottle of clean water to pour to clean your hands it is a process of each hand cleaning the other until eventually both are clean. We go to people and ask whom they would work with if they were in our situation. Our intent is to find the most respected people they can refer us to. We then go to those recommended to us and ask the same question until we find people saying, “you can ask that person but they will say no because their name is so pure.” This is usually the person we are looking for. This system is vital to establishing high local respect and high accountability in our practices and decisions. It can take years to create a network of people with this level of societal respect and reliability. Once it is established however, it is a resource more valuable than any other aspect of the work. Everything hinges on this body of people managing and influencing the decisions being made.*

### **How are you funded?**

*LEAD’s overall work is funded in several ways. First we are funded by donations. The donations go to help create field infrastructure and business plans that will one day be funded by investment. Donations are applied with consideration to their value and return exactly as a business would. Secondly, once business projects are tested and proven they repay all of the donations made from LEAD’s portion of the distribution revenue. Eventually, LEAD seeks philanthropic or social-minded investment for future expansion. Eventually the beneficiaries can obtain their own commercial business investments as they choose. Finally, LEAD’s organizational funding and the increase of our cash reserves come from production. While we’re not quite able to put 100% of our donations into field programs we are very close to achieving this objective. At that point all of our organization funding will be generated from the distribution of food products. Like any business we have a “break even point.” We believe that is the smartest way to manage the valuable gifts of those who believe in our work. Many organizations quantify their non-profit use in terms of dollars applied directly to the field in contrast to funds allocated to administration. Wouldn’t it be amazing to be told your donation will GROW by 15% each year? That’s LEAD’s approach.*

### **Will you ever stop raising funds?**

*The answer is both yes and no.*

*Yes – As it relates to an operational program like the cashew project in Senegal or Guinea-Bissau. The models that are successful generate more than enough for themselves and all associated organizational overhead. Once the program is funded to the breakeven point we empower the beneficiaries to obtain commercial funding.*

*No – At least for now, the development and research for new projects are paid out of the donation side of our work, and we hope to expand in the 17 countries of West Africa so there is a lot left to fund.*

*Is LEAD just another band-aid that temporarily relieves the effects of poverty?*

*We’ve asked ourselves that question many times. How do we avoid being a temporary fix? We are not a band-aid on the chronic wounds of poverty. We are the start of an approach that relies on an almost unused set of principles and values – the power of business and the market place.*

### **What are the greatest weaknesses with your approach?**

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*Market-morality is one of the most important concerns we have with our approach. We understand that greed is always a concern, not only on the part of the players in our business systems, but for others who would attempt to use this system elsewhere. Accountability both inside and outside our organization is our safeguard. We maintain transparency to our donors and investors as well as mutual accountability within our staff and beneficiary relationships. Accountability, however, is a voluntary activity and cannot be legislated into the system. The second weakness is that our non-profit approach is so rare that there are not funding systems available. Those who understand our approach are amazed at how simple and powerful it is, and yet, we have not found a single foundation that allows, in their funding biases, a non-profit to hold hundreds of thousands of dollars for capital investment. We're encouraged that it is a growing idea that business, properly applied, can dramatically help the poor.*

### **How do you measure success?**

*Success is realized in meeting our objectives or learning from our setbacks. We also measure success by sustainability of resources. We have several business metrics that we look at; number of jobs created; average wage earned at our partner sites compared with the per capita income; longevity of businesses; student and mentorship graduations; indigenous business innovations; and production statistics. We ask, is the work profitable? If so there is an incentive to make it sustainable.*

### **What reasons most influenced your decision to develop a market-based approach to poverty reduction?**

*The current approaches, excepting micro-finance, simply are not effective in West Africa. Good people are trying important programs to help others, but the baseline in the poverty reduction sector is almost all governmental. The current method is often that a government or para-governmental organization, like the World Bank or The African Development Bank, funds various programs through grants. These grants generally run from one to two years. The implementing organization submits a budget and anticipated social outcomes that are almost always inflated beyond reason. It's very common that once the funding is issued capital expenditures in the form of vehicle fleets, office space, and capital improvements are made. Local staff persons are hired at wages well above the standard of living. At the end of the grant cycle all of the funds are spent, a few people have been helped temporarily, the local staff persons look for other employment and little else remains. Foundations perpetuate this questionable approach by constantly assuming donations will be required in perpetuity from outside the country. Non-profits add to the problem by consuming everything they are given.*

*We believe that a program to reduce poverty must produce profit if it is to be sustainable. Second, we believe that it is more important to dramatically impact a few people selected by and for their own community rather than our picking people based on our criteria alone. It is more important to create ten businesses that help 30 people each for a lifetime than spend the same money on 15,000 people for six months with nothing left. Third, we focus on helping locals achieve their own objectives rather than our presuming to know how to help change their situation. If they want wells, schools, public clinics or literacy programs that's their business and as such it becomes our priority. We don't look for what organizations want, we look at what the varied communities want. Forth, we believe that a grant is a failure in business if it doesn't adequately prepare itself to leave capital in place once the grant cycle is done. Fifth, ten years is the minimum a*

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*business venture/mentorship will take. To assume that someone can be trained in less than two years is a reckless though optimistic assumption from an outcome perspective.*

### **Your website says you are “faith based” what does that mean?**

*Faith-based means that we are motivated by values we learn from our faith. It means that we remember our roots. For us, it was the church of Guinea-Bissau that welcomed us, and it was through prayer we made a commitment to committing our lives to help people in this region of the world. Just like other well known faith-based organizations like Habitat for Humanity, World Vision, and Medical Teams International we are not a missionary organization. Though we are not missionaries, it should also be said that we do not hide our faith. Nor do we ask anyone including our Muslim partners to hide theirs. We believe Jesus Christ died for the poor, and his purpose was to help those in need. Because of him we have an example of what it truly means to commit our lives to helping others.*

*Because of our faith we operate by these values. \*People are valuable because God created them equal. \*Hard work and wise stewardship of all resources are the responsibility of man. \*All who possess wealth and skills are morally responsible to help those who do not and the communities in which they live. \*There is great reward giving. \*All people have gifts and talents that they are responsible to develop to experience their potential. \*Moral integrity in business is a fundamentally valuable attribute that will bring blessing in the end. \*Integrity in business constitutes doing what you say, when you say.*

*As you can see none of these are specifically about Jesus, but they are values that are born out of a biblical moral code. We do not discriminate against any faith. Atheists, Animists, Muslims, Christians are all welcome equally in our projects. If we find a person who has unusual capacity to help their community we will prioritize them as candidates regardless of their faith. The beneficiaries of our program find us to be a neutral partner where people of various faiths can find a place to work together. In Senegal virtually 100% of the people we serve are Muslim. In Guinea-Bissau statistics are much different.*

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If you have any questions that are not answered here, please contact us.

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