Kiwa

Improvement of farmers' livelihood

Anticipated transaction impact

Improve livelihood of indigenous smallholder farmers in the Andean region through an equitable supply chain

Impact score	Pass (17/21)
Credit score	Pass (16/21)

Loan Overview

Commitment limit	USD 224,200
Tenor and structure	72-month term loan
Interest rate	8.25% in USD
Collateral	Equipment

Financial Overview

2020E Revenue	USD 9.4 million
Net assets as of Q32019	- USD 0.2 million
Debt as of Q32019	USD 2.1 million

Company Information

Legal name	Inalproces S.A.
Incorporation date	15 January 2010
Corporate address	Quito, Ecuador
Nature of business	Sustainable food and agriculture
Website	www.kiwalife.com

Shareholders

Name	Domicile	Share (%)
Martin Acosta	Ecuador	96.9%
Other shareholders		3.1%

Company management

Name	Nationality	Position
Martin Acosta	Ecuadorian	CEO
Miguel Rivera		CFO

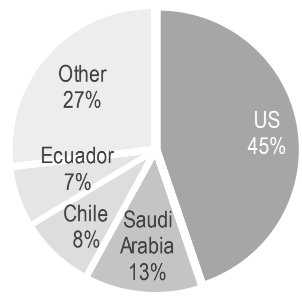
Recommendation

Beneficial Returns

Business overview

Kiwa is a producer of vegetable chips made from crops grown by over 300 indigenous farmers in Ecuador and Peru. It distributes in over 15 countries under the Kiwa brand (70%) and through private labels of major retailers (30%) with the ultimate aim of profitably growing its consumer-packaged goods business while building an equitable supply chain that benefits low-income farmers.

Figure 1: Kiwa Sales by country, 2019E



Source: Kiwa Consolidated Financials

All Kiwa products are gluten-free, Kosher and non-GMO certified. The United States represents the largest market for Kiwa; more than half of its sales there comes from private label business with Walmart (24% of revenue).

Kiwa launched its flagship *Vegetable Mix Chips* in 2009, and since then the Kiwa brand has expanded to include more mixes that use plantain, beetroot, parsnip, cassava, taro, sweet potato, and potato sourced from the Pacific Coast to the Andean Highlands. Oils, including sunflower and organic palm, are also sourced regionally.

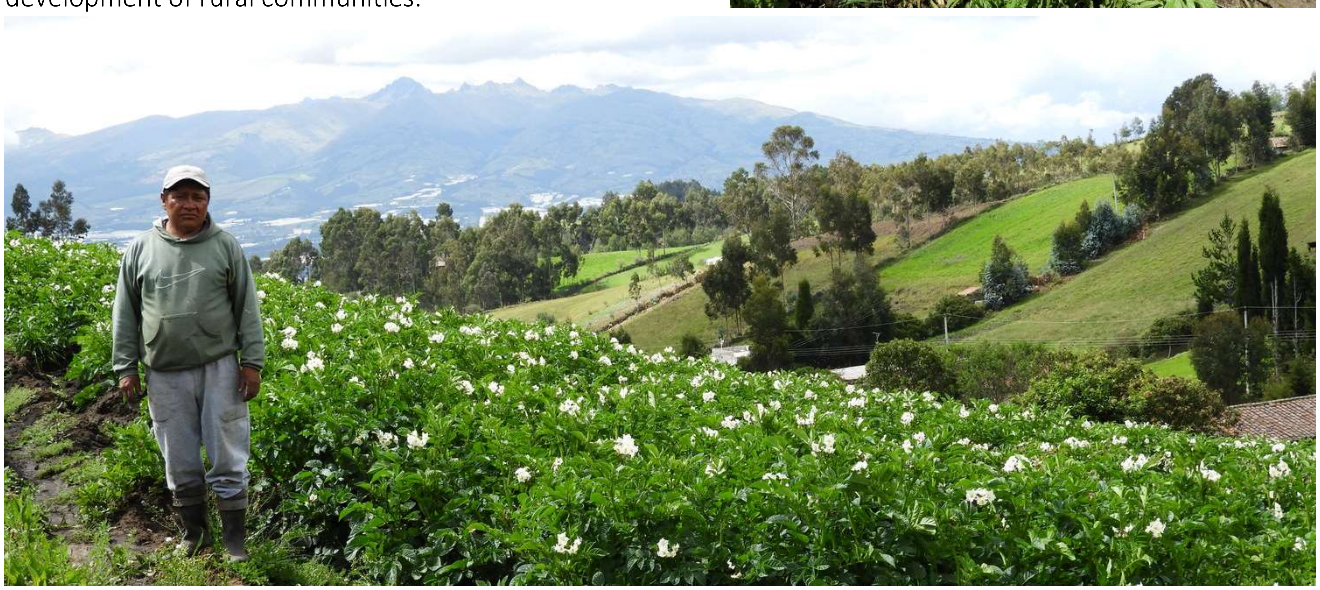
Business impact

According to the World Bank, poverty in Ecuador has declined precipitously. In 2000 72% of Ecuadoreans earned less than USD 5.50/day (in 2011 purchasing power.) By 2017 that figure had fallen to 23%. However, economic improvement has not been evenly distributed. As of September 2019, Ecuador's National Institute of Statistics and Census (INEC) reports[1] that 40% of its rural population is poor and 17% are deemed to be living in extreme poverty. This is an increase in incidence of 5% and 3%, respectively, since 2014.

1 Indicadores de Pobreza y Desigualdad *(INEC, September 2019)*

Kiwa improves the livelihood of vulnerable, indigenous Andean farmers by providing high quality seeds for planting, comprehensive support such as training and financing, and generous pricing for their produce. We assess Kiwa's impact to be strong with a score of 17 out of 21. *(See Appendix 1: Kiwa Impact Assessment)*

- Kiwa provides their farmers technical assistance delivered by a team of field agronomists to help increase their yields and pays them a 30% premium above the prevailing market price for their crops. Before working with Kiwa, 78% of their farmers had monthly household incomes of USD 350 or less. Today, only an estimated 30% are below this income level. In June 2018, Switzerland's LeFil Consulting completed a field report noting widespread satisfaction amongst Kiwa's farmers, a majority of whom, saw at least 11% increase in their income. More than half of Kiwa's farmers are women.
- Kiwa's work with Native Andean Potatoes is especially noteworthy as it provides farmers in Ecuador's Highlands (above 11,000 feet) with a commercial market for an heirloom variety of potato that was otherwise at risk of obsolescence. As the sole buyer of the crop, Kiwa's fair trade price of USD 20 per 45 kg sack has provided steady income to the especially-vulnerable population in this region.
- Kiwa pushes Fair Trade further and follows what they have coined a "Direct Trade" model which builds an ethical, responsible and social connection between farmers and manufacturers without intermediaries. This enables created value to be shared between both parties in a symbiotic relationship resulting in greater communication, lasting relationships and equitable achievement of business goals. Fees traditionally paid to intermediaries are partially retained for reinvestment into technical support programs, helping to more effectively use resources to increase product quality and to contribute to the social and economic development of rural communities.



Industry overview

Kiwa competes in the salty snacks category under the Healthy Snack industry which is valued globally at USD 23.05 B in 2018[2]. Healthy snacks also cover meat snacks, trail mix, dried fruit, nuts and seeds, and cereal and granola bars. The entire industry is projected to grow in the next five years as disposable income increases and preferences shift towards healthier and sustainable products across the globe[3].

Kiwa's major, direct competitor in the US is Terra Chips owned by Hains Celestial, a publicly-listed US company with USD 2.3 B revenue in FY 2019. Terra has 6% share of the US Healthy Salty Snacks market valued at USD 1 B in 2018. Other direct competitors include Andean Gourmet and Inka.

In the last 4 years, the US Healthy Salty Snacks market posted 1.8% CAGR. While the industry experienced a YoY slight decline (-0.3%) through June 2019, both Terra and Kiwa remained resilient posting growth in their brands during the year. It has been working with Daymon, its US-based sales broker, to develop a focused strategy to increase Kiwa's presence in the country.

Company overview

Kiwa functions under three entities all of which are almost wholly-owned by its Founder and CEO, Martin Acosta: Inalproces (97%), AKD (100%), and Kiwa LLC (100%). This assessment covers the consolidated performance of the entire company.

Figure 2: Kiwa Entities

						Sales contribution (%)		
Name	**Domicile**	**Inception**	**Function**	**Headcount**	**Market**	**2015**	**2018**	**2021E**
Inalproces	Quito, Ecuador	2010	Administration, production, distribution	114	Non-US	82%	41%	44%
AKD	Florida, US	2012	Distribution	-	US	18%	59%	56%
Kiwa LLC	Delaware, US	2019	Holding firm	-	-	-	-	-

Source: Kiwa management; Kiwa Consolidated Financials, Oct 2019; BR analysis

- Kiwa's entire operations, including production and administration, is conducted in Ecuador through Inalproces.
- AKD has no staff and acts solely as Kiwa's distribution vehicle in the US. All US sales are booked under AKD with all ordinary gross profit margins preserved in Inalproces.
- In 2019, Kiwa LLC was established in Delaware to better facilitate Kiwa's equity-raising efforts. The intention is to consolidate all participation of Inalproces and AKD under the LLC.

Management

Martin Acosta *CEO*	Martin is a native of Ecuador. He acquired Inalproces in May 2008, launched the Kiwa brand in 2010, and joined the company on a full-time basis in 2012. He previously co-founded a tourism company that was successfully sold, and worked for a private equity fund focused on emerging markets, and as a consultant for USAID, SNV, World Business Council for Sustainable Development, TNT & United Nations World Food Programme, wealthy families, and several small and medium-sized companies. He holds an MBA from INSEAD and an MSc from the London School of Economics.
Miguel Rivera *CFO*	Miguel has over 17 years of experience in general, financial, and business management at Kruger Corporation S.A. He also has14 years of experience directing software development, managing data centers and budgets, and leading assigned staff.

2 Healthy Snacks Market Size, Share & Trends Analysis Report By Product, 2019 - 2026 *(Grandview Research, Jan 2019)*
3 Healthy Snacking Market Global Trends, Size, Share, Industry Growth by Forecast to 2026 *(Fortune Business Insight, Oct 2019)*

Enola Ortega *Executive Director*	Enola comes with 26 years of experience in HR. She is now combining strategy with processes and cultural organization. She worked as consultant in Spain, Costa Rica, Colombia and Ecuador for recognized companies such as Nestlé, Kimberly Clark, Movistar, Boeringer Ingelheim, Zaimella, Claro, Repsol etc.
Francisco Vacas *General Manager*	Francisco has 11 years of experience in supply chain management. He has led important work teams and has been a key transformational agent in national and multinational companies of Ecuador (e.g. Kimberly Clark, Lafarge, Industrial Danec). Francisco is strengthening the Sales and Operations Planning process of Kiwa, focused on improving the supply chain, incorporating integral planning practices and improving cost efficiencies.
Fernando Mosquera *Sales Manager*	Fernando has over 10 years of experience in business development, brand building, trade marketing, and supply chain management. He has been mainly involved in the consumer goods industry as part of Kellogg Company and Procter & Gamble, among others. He holds a BA in International Business and Finance from ITESM (Mexico) and an MSc in Strategic Project Management from MIP Politecnico di Milano (Italy).

Supply chain

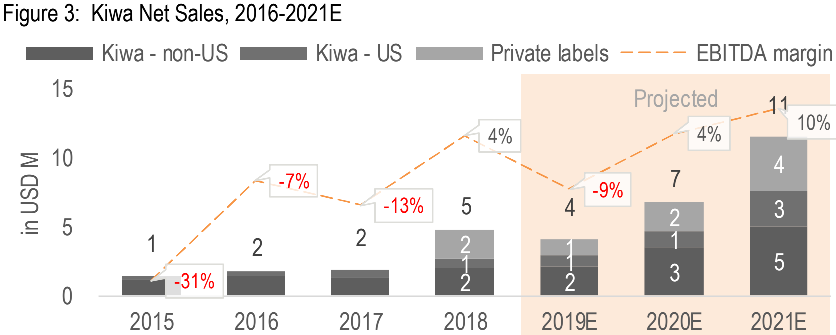
Kiwa sources its raw ingredients from eight of Ecuador's 23 provinces and in Northern Peru. The vegetables are processed in a 7,500 square foot facility in Sangolqui, on the outskirts of Quito. Standard processing involves washing, slicing, frying, and packaging the chips. This applies to all vegetables except for beets which also require cooking. The finished product is then trucked to a port in Guayaquil where they are shipped to more than 15 countries.

Kiwa's facilities has met international standards for safety and hygiene including HACCP, BRC, Kosher, and USDA Organic certification. The equipment at the factory is commercial-grade with a modest level of automation (e.g. no tunnel fryer, packaging equipment is state of the art). It is currently operating at 50% capacity.

Strategy

Kiwa pursued an opportunistic sales strategy in its early years; it sold wherever it could find a buyer. In 2016, when sales were just over USD 2M, it distributed to 30 countries. In 2017, Kiwa made a conscious decision to professionalize its staff and focus its strategy. It reduced its reach to fewer than 20 countries and aimed, instead, to develop a stronger footprint in its biggest markets, particularly in the US. These decisions led to its rapid growth with 2018 revenue more than doubling to USD 4.8M, primarily driven by private label sales to Walmart. That year the company posted positive EBITDA for the first time.

Figure 3: Kiwa Net Sales, 2016-2021E



Source: Kiwa Consolidated Financials, Oct 2019; BR analysis

Although the private label business requires a much smaller investment to gain traction, it also contributes higher volatility and provides lower margins. In 2019, Walmart discontinued one of the two SKUs it purchases from Kiwa. Despite adding several new customers to offset this loss, Kiwa anticipates a year-on-year decline in revenue and an estimated full-year (2019E) negative EBITDA of USD 386k.

Opportunities

Further streamlining of operations, and several new US customers plus commitments from others is forecasted to bring Kiwa back on the path of profitability, leading to robust financial and credit standing. We assess Kiwa's credit standing to be adequate with a score of 16 out of 21 (*See Appendix 2: Kiwa Credit Assessment*) given our analysis:

- Kiwa's products are well-positioned to capitalize on consumer trends in the snack industry which has increasingly leaned towards health and sustainability. The US healthy snack market is estimated to be worth USD 9.07 B in 2018 and is projected to grow at a CAGR of 4.5% from 2019 to 2026.[4]
- The company's growth trajectory is projected to resume in 2020 with an anticipated revenue growth of 65% as large contracts with new customers are closed. Kiwa is confident this surge of demand can be easily accommodated given its current excess capacity:
  - One SKU has already been confirmed with Kroger with further 4 SKUs currently in development. Deliveries for the first SKU is set to begin in September 2020. Kiwa forecasts the contract to grow to as much as USD 3.5 M annually if contracts for the other SKUs are confirmed.
  - Kiwa has secured its organic certification to be able to begin delivering to organic distributor El Origen beginning January 2019.
  - A container has been delivered to Grupo Noel who will distribute the SKU in 14 countries under its well-recognized private label.

Figure 4: Kiwa Major Customers, 2018-2020E

in USD M		2018	2019E	2020E
Walmart	US	2.1	1.0	1.2
IDTC	Saudi Arabia	0.6	0.5	0.8
BeSnacks	Chile	0.3	0.3	0.3
Kenover	US	0.5	0.1	0.3
TJXX Group	US	0.4	0.2	0.2
Kroger	US			0.8
El Origen	Germany			0.6
Grupo Noel	Colombia			0.2
Other		1.6	2.2	2.4
Gross sales		5.0	4.2	6.8

Source: Kiwa Consolidated Financials, Oct 2019; BR analysis

- Gross margins are expected to revert to normal levels as Kiwa addresses and recovers from the one-off events that adversely affected margins in 2019. EBITDA in 2020 is estimated to be positive at USD 270k.

Figure 5: Kiwa Income Statement, 2016-2021E

in USD M	2016	2017	2018	2019E	2020E	2021E
Net sales	1.8	1.9	4.8	4.1	6.8	11.5
Cost of Sales	-1.2	-1.5	-3.8	-3.5	-5.0	-8.4
Gross profit	0.5	0.4	0.9	0.5	1.8	3.1
Overhead costs	-0.7	-0.6	-0.8	-0.9	-1.5	-1.9
EBITDA	-0.1	-0.3	0.2	-0.4	0.3	1.1
Financial performance metrics						
Annual revenue growth rate	21%	8%	151%	-14%	65%	70%
Gross profit margin	30%	20%	20%	13%	26%	27%
EBITDA margin	-7%	-13%	4%	-9%	4%	10%

Risks

- In 2019, Kiwa reverted back to unprofitability as revenue decreased and gross profit margin halved. This decline in sales and loss of productivity were attributable to the following factors:

[4] North America Healthy Snack Chips Market Size, Share & Trends Analysis Report By Product, 2019 - 2026 *(Grandview Research, Apr 2019)*

- *Pull back of Walmart orders.* This led to higher fixed cost per unit as production facilities readied to service a higher order from the retailer were left underutilized.
- *Political tensions in Ecuador.* Loss of sales in October 2019 is estimated to be USD 140k (40% of the forecasted USD 340k) as Kiwa's production was disrupted from violent protests in Ecuador. The two-week riot was sparked by government plans to implement austerity measures -namely an increase in gas prices. Political and regulatory uncertainty over the near term is seen in Ecuador as fiscal adjustments and economic reforms are undertaken.
- *Low native Andean potato production yield.* In September, delivery of four containers of Andean potato chips were delayed as disease spread on the fields that rendered most of the potatoes harvested inadequate for production.

Figure 6: Kiwa Interim Income Statement, Q3 2017-2019

in USD M	Q32017	Q32018	Q32019
Revenue	1.4	3.3	2.9
Cost of Sales	-1.1	-2.4	-2.5
Gross profit	0.3	0.9	0.4
Overhead costs	-0.5	-0.5	-0.7
EBITDA	-0.2	0.4	-0.3
Financial performance metrics			
Annual revenue growth rate		144%	-13%
Gross profit margin	21%	27%	14%
EBITDA margin	-16%	11%	-11%

Source: *Kiwa Consolidated Financials, Oct 2019; BR analysis*

- Kiwa's unprofitability has driven shareholders' equity into negative territory, leaving the company significantly leveraged and unable to fully service its debt on schedule.
  - As of Q32019, Kiwa has outstanding debt of USD 1.3 M, a majority of which is current. This amounts to USD 985k of principal and interest payments due within one year. It was unable to make its September 2019 loan payment to AlphaMundi, its largest lender, of USD 100k. It has been able to restructure the loan with payment agreed to be made in two tranches in December and February.

Figure 7: Kiwa Balance Sheet, 2017-Q32019

in USD M	2017	2018	Q32019
Assets			
Current assets	1.2	2.2	1.7
Non-current assets	1.0	1.3	1.3
Total assets	**2.2**	**3.5**	**3.0**
Liabilities and shareholders' equity			
Current liabilities	0.8	3.0	1.1
Non-current liabilities	1.0	0.2	2.1
Total liabilities	1.8	3.2	3.2
Shareholders' capital	0.4	0.3	-0.2
Total liabilities and shareholders' equity	**2.2**	**3.5**	**3.0**
Financial position metrics			
Debt Service Coverage Ratio (DSCR)		0.8x	- 0.8x
Debt-to-Equity (D/E)	4.6x	10.4x	- 16.1x
Current Ratio	1.5x	0.7x	1.6x

Source: *Kiwa Consolidated Financials, Oct 2019; BR analysis*

Figure 8: Kiwa Outstanding Debt, Q32019

Lenders	in USD k	Current
AlphaMundi	580	100%
CFN	427	30%
Highlands	150	0%
Kiva	67	100%
Banco Guayaquil	46	52%
BID	29	50%
Produbanco	6	100%
Total	1,306	63%

Figure 9: Kiwa Debt Payment Schedule, Q32019-2023E

Source: *Kiwa Consolidated Financials, Oct 2019; BR analysis*

Transaction overview

Kiwa is seeking a USD 224,200 capital expenditure loan from Beneficial Returns to add production equipment and increase its efficiency and productivity. The borrower for this transaction will be Inalproces, the Ecuadorian Kiwa entity, who will be the legal owner of the equipment. The loan will amortize over a term of 72 months at 8.25% fixed interest rate *(See Appendix X: Inalproces Term Sheet).*

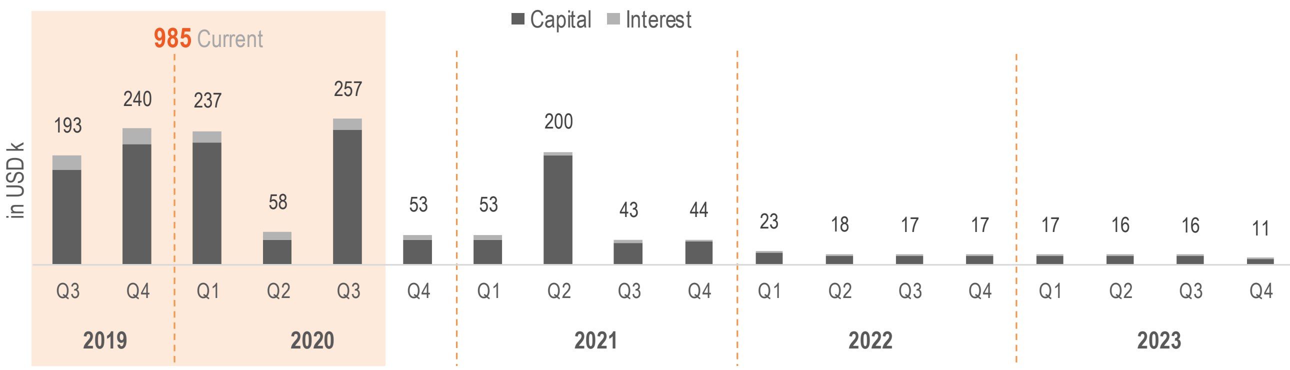


Figure 10: Kiwa Capital Expenditures, 2020

Capital expenditure	Purpose	in USD k
1 Peeling machine for plantain	Generate savings by enabling the purchase of unpeeled plantain rather than the more expensive peeled variety	23.0
2 Semi-automatic cutting machine	Increase product quality by standardizing the size of plantain slices	17.0
3 Loading system for beets peeling	Reduce waste of beetroot, one of Kiwa's most expensive input	11.0
4 Belt conveyors for bulk processing	Increase efficiency of quality assurance process	45.0
5 Installation of oil circulator	Generate savings from decrease in diesel consumption	52.0
6 Installation of air renewal system	Increase safety by improving the quality of the air in the frying area	*60.0
7 Relocation of a machine	Increase safety and help facility fully comply with BRC standards	*7.2
8 Automatic sealing machine	Increase efficiency of packaging process	9.0
Total		**224.2**

Source: Kiwa management; Kiwa Consolidated Financials, Oct 2019
*Note: * - Soft costs. While most of the proceeds of the loan will be disbursed for equipment, 30% of expenditures will be for soft costs*

The loan will be documented by Ecuadorian law firm Pérez Bustamante & Ponce on a pro bono basis.

In addition to our equipment collateral, Martin Acosta will personally guaranty the loan. Martin comes from a prominent Ecuadorean family. His personal financial statement shows USD 157k in cash, real estate owned free and clear valued at USD 1.1M (including a $400k Miami apartment) and only $8,000 in debt.

Beneficial Returns has a two-year history with Kiwa. We underwrote a USD 150,000 working capital term loan to the company on behalf of Highlands Associates, an impact investment firm and Beneficial Returns investor.

That loan has performed as agreed and was recently extended for an additional year (maturity 11/2020.)

EcoEnterprises Investment

EcoEnterprises has provided a term sheet to Kiwa for a USD 3M investment. EcoEnterprises, which began under the auspcies of the Nature Conservancy 20 years ago, is a very well-respected impact investor focused on Latin America. The capital will allow Kiwa to deleverage its balance sheet and acquire the necessary financing to operate and support its growth. <u>An investment by EcoEnterprises is a condition for the approval of this loan.</u>

EcoEnterprises completed its due diligence in October 2019, with the transaction initially scheduled for Investment Committee in November. Due to the recent crisis in Ecuador, EcoEnterprises has since pushed its final decision to early 2020. Preliminary terms of the investment are as follows:

- USD 1 M in equity for a 7% share of Kiwa based on a post-money valuation of USD 15 M. Martin Acosta will retain significant ownership of the entity.
- USD 2 M in a convertible loan to be paid semi-annually (interest-only) beginning Jul 2020 at 9.5% . Principal repayment will begin after a five-year grace period. The loan will mature in Jul 2027, with EcoEnterprises given the right to convert anytime, subject to the approval of Kiwa.

Major risks and mitigating factors

Risk	Risk factor	Probability	Risk mitigating factor
Kiwa unable to increase sales to allow scale in its business	Further loss of customers	Moderate	▪ Kiwa continues to reduce its customer concentration. ▪ Walmart's demand for Kiwa's other SKU remain strong with continuous and sustained orders in the last two years
	Failure to acquire new customers	Moderate	▪ Kiwa is working with Daymon, a US-based brand developer and food broker, to create an enhanced US sales strategy using market insights on consumer profile, taste, seasonality, distribution, and competitive environment especially against Terra chips
	Inability to deliver fresh concepts to address and sustain product demand		▪ Kiwa has performed demand analysis of their products and has adjusted its manufacturing to discontinue production of its underperforming SKU and to ensure inventory requirements of faster moving products are met ▪ A new Production manager who has previously worked for a Colombian competitor has been hired to provide the expertise to deliver the elongated sweet plantain chips that Kroger has requested of Kiwa
Kiwa unable to deliver on its sales contracts	Further disruption in production from political unrest in Ecuador	Moderate	Unknown
	Insufficient crop yields to support production requirements	Moderate	▪ Kiwa has hired three technical experts to improve yield in Native Andean potatoes ▪ Kiwa is contemplating a shift in its product mix to decrease its reliance on Native Andean potatoes
Kiwa unable to control its costs to be profitable	Inability to control costs	Moderate	▪ Kiwa is pursuing cost optimization strategies in its production: – Negotiation of lower prices with its suppliers in return for fixed orders and shorter payment terms. Kiwa plans to use the capital it will raise to provide the liquidity to sustain this arrangement – Increase productivity from acquisition of new equipment

			– Increase labor productivity from increase in scale ▪ An experienced manager has been hired as CFO to streamline the finances of Kiwa ▪ Kiwa has recently launched a new concept of boxed chips allowing for better use of container space. This will allow increased efficiency - especially in its delivery of online orders.
	Increased taxes from economic reforms in Ecuador		▪ Unknown
	Increased import duties	Low	▪ Latin America has an improving relationship with the US vis-a-vis trade. The modest trade deficit with Ecuador is shrinking so it appears unlikely that import duties would increase.
Kiwa unable to meet its payment obligations to BR	Inability to generate sufficient cash to service its debt to BR	Moderate	▪ Kiwa's management believes that it will be able to extend the terms on most of its maturing debt – Kiwa's Head of Business Intelligence, who is employed by both Kiwa and AlphaMundi, is confident that the AlphaMundi debt can be extended. AlphaMundi has a track record of operating in this fashion with its portfolio companies. – The Kiva loan (not to be confused with Kiwa) will likely be re-issued a few months after it is paid off. This has already happened once before and is standard operating procedure for Kiva. – The Highlands Associates loan is likely to be renewed, converted to equity, or easily replaced by another lender (although perhaps on less generous terms.) ▪ Kiwa has strong support from impact investors which may extend it additional necessary capital

Conclusion

We recommend extending a loan of USD 224,500 to Kiwa given its significant impact to support indigenous communities as well as its potential for growth.

We consider Kiwa's inability to retain or increase its customer base to be the greatest risk given its rocky experience with Walmart and the competitive nature of its business. If it is not able to regain its sales momentum and grow, it is unlikely that it will be able to achieve a positive earnings trend or be able to service its debt. However, we see the EcoEnterprises investment as a compelling response to this risk. The EcoEnterprises funds will give the business the cash it needs to make further inroads into the US market.

Another risk with no current mitigant is the increasing geopolitical risk in Ecuador. As most of Kiwa's farmers and all of its production is in Ecuador, it is highly susceptible to strikes and the potential of a less business-friendly political regime.

If Kiwa is able to increase its market share and Ecuador is able to reach political stability, we believe Kiwa's growth trajectory will continue and lead to sustained profitability and comfortable repayment of our debt.

Appendix 1: Kiwa Impact Assessment

Impact score: 17 out of 21

Prospective borrowers are rated with 1 point for Low, 2 points for Moderate and 3 points for High. Minimum score of 15 for approval.

	Low	Moderate	High	Score
1 SCALE Is the social enterprise addressing a major social or environmental problem and do they have the capacity to make a measurable, positive difference themselves or by influencing others?		✓		2
2 SYSTEMIC CHANGE Is the social enterprise focused on systemic change? In other words, would the impact continue even if the social enterprise went out of business?	✓			1
3 SUSTAINABILITY Does the social enterprise have a business model that is or has a strong likelihood of being sustainable? This may include a portion of philanthropic revenue provided that is sustainable.			✓	3
4 STAKEHOLDER ENGAGEMENT Does the social enterprise engage all stakeholders in their work? Is the social enterprise building local, human resources? Does it actively share its insights with others? Are indigenous communities involved?			✓	3
5 RIGOR How does the social enterprise measure its own impact and how well is it doing against these metrics?			✓	3
6 EFFICIENCY Are the social enterprise's impact outcomes cost efficient vs. other interventions? If not, is it likely that they will become so as the social enterprise grows?		✓		2
7 INTENTION How committed to its social or environmental mission is the social enterprise?			✓	3
TOTAL				17

Appendix 2: Kiwa Credit Assessment

Credit score: 16 out of 21

Prospective borrowers are rated with 1 point for Low, 2 points for Moderate and 3 points for High. Minimum score of 15 for approval.

	Low	Moderate	High	Score
1 BELIEF IN MANAGEMENT Does the social enterprise have a strong management team (extensive industry experience, strong leadership and entrepreneurial background)? Is the governance structure adequate?			✓	3
2 ACCOMMODATIVE BUSINESS ENVIRONMENT Is the social enterprise operating in an industry with low level of competition? Does the social enterprise provide products or services that have low threat of substitution?		✓		2
3 QUALITY OF FINANCIAL INFORMATION Can the financial information provided be depended on? Has its financial statements been audited?			✓	3
4 ABILITY TO BE PROFITABLE Does the social enterprise have a positive earnings trend? Are the earnings sustainable?		✓		2
5 STRENGTH OF FINANCIAL POSITION Does the social enterprise maintain adequate financial ratios (DSCR, Debt-to-equity, Current ratio) to support a debt obligation?	✓			1
6 ABILITY TO SERVICE DEBT Does the social enterprise have the ability to establish a strong cash position to meet its debt obligations on time?		✓		2
7 COLLATERAL OR GUARANTEES Is there collateral for the loan with an adequate loan-to-value amount? Is there a guarantor for the loan?			✓	3
TOTAL				16

Appendix 3: Sample Kiwa Products

Vegetable Chips Mix

Beetroot Chips

Native Andean Potato Chips

Cassava Chips

Parsnip Chips

Andean Veggie Mix

Golden Plantain Chips

Sweet Potato Mix