

# A critical examination of the Social Entrepreneurial Ecosystem in Kenya: How the import of Western models inhibits the growth of local models

Word Count: 15,995 (with tables)

Eliana Summer-Galai  
MSc Dissertation BGLP0014  
Prosperity Innovation & Entrepreneurship  
Institute for Global Prosperity  
University College London  
September 2021

## Table of Contents

<b>ABBREVIATIONS .....</b>	<b>III</b>
<b>ABSTRACT.....</b>	<b>IV</b>
<b>CHAPTER 1: THE TRANSFORMATIVE POTENTIAL OF SOCIAL ENTREPRENEURSHIP IN THE GLOBAL SOUTH.....</b>	<b>1</b>
1.1 INTRODUCTION, RATIONALE AND KEY QUESTIONS .....	1
1.2. METHODS AND APPROACH.....	2
1.3 STRUCTURE OF THESIS .....	3
<b>CHAPTER 2: SEE A KENYAN PERSPECTIVE.....</b>	<b>4</b>
2.1 SES IN KENYA .....	4
2.2 KENYAN SOCIAL ENTREPRENEURIAL ECOSYSTEM.....	7
2.2.1 <i>SE Policy in Kenya</i> .....	8
2.2.2 <i>SE Culture in Kenya</i> .....	9
2.2.3 <i>SE Human Capital in Kenya</i> .....	10
2.2.4 <i>SE Support in Kenya</i> .....	10
2.2.5 <i>SE Markets in Kenya</i> .....	14
2.2.6 <i>SE Finance in Kenya</i> .....	14
2.3 SUMMARY OF KEY CHALLENGES FOR SES IN KENYA .....	18
<b>CHAPTER 3: WHAT IS THE KENYAN ECOSYSTEM PRODUCING?.....</b>	<b>20</b>
3.1 INTERVIEW METHODS AND PARTICIPANTS PROFILE.....	20
3.2 INTERVIEW FINDINGS .....	20
3.2.1 <i>Policy</i> .....	20
3.2.2 <i>Culture</i> .....	22
3.2.3 <i>Human Capital</i> .....	23
3.2.4 <i>Support</i> .....	24
3.2.5 <i>Markets</i> .....	25
3.2.6 <i>Finance</i> .....	27
3.3 HOMEGROWN SE VS. WESTERN SE- A POST-COLONIAL CRITIQUE.....	29
<b>CHAPTER 4: MISSED OPPORTUNITIES, FUTURE POTENTIALS: RECOMMENDATIONS FOR THE KENYAN SEE.....</b>	<b>32</b>
4.1. SUMMARY OF DISCUSSION .....	32
4.2. KEY MISSED OPPORTUNITIES .....	33
4.2.1 <i>Amplify local knowledge</i> .....	33
4.2.2 <i>Fund the Gaps- new models of tailored support</i> .....	34
4.2.3 <i>Rethinking scale</i> .....	34
4.2.4 <i>A new African model of businesses</i> .....	34
4.3. RECOMMENDATIONS .....	35
4.4. LIMITATIONS AND FUTURE RESEARCH .....	36
4.5 CONCLUSIONS.....	37
<b>REFERENCES:.....</b>	<b>38</b>
<b>ANNEX.....</b>	<b>42</b>
ANNEX 1- INTERVIEW QUESTIONS.....	42
ANNEX 2- INTERVIEW TRANSCRIPTS .....	44
<i>Annex 2.1 Interview 1 Transcript</i> .....	44
<i>Annex 2.2 Interview 3 Transcript</i> .....	56
<i>Annex 2.3 Interview 5 Transcript</i> .....	70

## Abbreviations

AfDB- African Development Bank

BoP- Bottom of Pyramid

CBO- Community Based Organization

CSR- Corporate Social Responsibility

DFI- Development Finance Institution

DFID- Department for International Development (UK)

FBO- Faith-based organization

ICT- Information and Communications Technology

IFC- International Finance Cooperation

SDG - Sustainable Development Goals

SE- Social Enterprise

SEE- Social Enterprise Ecosystem

SEP- Social entrepreneurship

USAID- United States Agency for International Development

## Abstract

Social Enterprises (SEs) are increasingly viewed globally as vehicles for change due to their innovations, experimentations and development of new models, services, and products that can respond to pressing global challenges. Entrepreneurial ecosystems represent the wider context that not only shapes entrepreneurship but also shapes entrepreneurial responses to the grand challenges. Getting ecosystems 'right' is therefore imperative. This research sets out to critically examine the budding social enterprise ecosystem in Kenya by addresses the following research questions: 1) How is the ecosystem in Kenya developing? 1a) What is the current landscape of the ecosystem in Kenya? 1b) What type of environment is the ecosystem creating? 1c) How 'Kenyan' is the ecosystem? Through the examination of the ecosystems domains, based on a literature review and seven interviews with ecosystem stakeholders I argue that the current Kenyan Social Enterprise Ecosystem (SEE) is geared towards the creation of certain types of enterprises based on the Western models of SE. I will show that there is an alternative model in Kenya that can be found in Homegrown SEs models that have developed from the 1960's. Using institutional isomorphism theory, I will show how a post-colonial critique can be applied to the development of the Kenyan SEE due to the large presence and direction setting of Western stakeholders. The study will offer missed opportunities in amplifying local knowledge, funding the gaps-new models of tailored support, rethinking scale, and a new African model of businesses. Finally, I maintain that the goals and values underpinning social entrepreneurship are inherent in the Kenyan cultures- and should be harnessed to create a wider movement of good businesses in Africa, and potentially beyond and offer a number of recommendations that could strengthen the ecosystem.

Keywords: Social enterprises, social entrepreneurial ecosystem, Kenya, SSA, post-colonial, social entrepreneurs

# Chapter 1: The transformative potential of social entrepreneurship in the global south

## 1.1 Introduction, rationale and key questions

Social Enterprises (SEs) are increasingly viewed globally as vehicles for change due to their innovations, experimentations and development of new models, services, and products. Seen as a panacea for many of the natural and man-made challenges facing the world, SEs models are being utilized at a rising rate to respond to natural and man-made challenges, to reach underserved communities, and to develop innovative solutions to address the root causes, and the consequences of global challenges. In Africa especially, SEs are increasingly becoming a policy objective for many governments, multilateral organizations, NGO's, and the private sector actors (Wamukoya and Ng'weno, 2017, Rametse and Shah, 2012, Ciambotti, 2020, Sottini and Ciambotti, 2021, Ciambotti *et al*, 2020, Dhahri and Omri 2018, Wanyoike and Maseno, 2021, Dolan and Rajak, 2016, Roundy, 2017). Over the last two decades, in order to curate entrepreneurship, governments, academia, public and private sectors have increasingly shifted their focus towards the creation of entrepreneurship-enabling environments, and research is growing into how entrepreneurial ecosystems can boost entrepreneurship (Biru, Gilbert, and Arenius, 2021:108, Wamukoya and Ng'weno, 2017, Ciambotti, 2020, Roundy 2017).

Entrepreneurial ecosystems are defined as “interconnected collections of actors, institutions, social structures and cultural values that produce entrepreneurial activity” (Roundy, 2017:1252). As such these ecosystems structure the nature, aims and kinds of entrepreneurship that emerge within it. Ecosystems thus represent the wider context that not only shapes entrepreneurship but also shapes entrepreneurial responses to the grand challenges. Getting ecosystems ‘right’ is therefore imperative. While certain forms of entrepreneurship can clearly replicate and extend existing extractive and exploitative systems and business models, varied forms of social entrepreneurship (SEP) seek new models that are needed to respond to the global challenges, blending social value and financial returns.

Unlike entrepreneurial ecosystems there is no commonly accepted definition for SEs and social entrepreneurship, with many actors having different goals and objectives. Variations in definitions can include the target market, with some viewing SEs as delivering services and products to the Bottom of Pyramid (BoP) while others view it more widely through a lens of social and ecological sustainability. Other variations look differently at the balance between social and financial value, the core values of the mission, alignment with the SDGs (Sustainable Development Goals), the potential for scalability and many other criteria (see table 1 in section 2.1). This study adopts a wide definition of SEs to include organizations that have dual missions, creating both social impact and financial returns. This refers to high-growth tech solutions, as well as microentrepreneurs and community initiatives, and captures organizations that define themselves as SEs, and those that don't but act in line with the principles. The issue of terminology is of significant importance within the Kenyan context and will be explored in depth in chapter three.

Africa provides an interesting and important context in which to study SEs due to the strong social orientation of African cultures (Ciambotti and Pedrini, 2019) and the potential for SEs to bring

about social change. SEs are widely seen as a response for many of the continent's challenges (from large scale unemployment, to many poor and underserved communities) and the last decade has seen massive increase in SE activity in Africa promoted by a wide range of international actors. The body of knowledge on SEs, and the surrounding ecosystem of actors- such as financiers (e.g. impact investors to donor agencies), support organizations (e.g. accelerators, co-working spaces, networks), and entrepreneurship education (including university courses) have developed in the west, and are quickly being transferred to the African continent. However, the values and principles underlying social entrepreneurship, those of community and creating social value, are inherently African, and have been in existence long before the term 'SE' was imported into the continent. Kenya is a regional hub of SEs, and an entry point into East Africa, and thus a key ecosystem to explore (Ciambotti et al, 2020).

This study therefore seeks to assess how Kenyan SEs are developing through an examination of the ecosystem as an enabler that promotes, encourages and supports SEs by answering the following research questions:

1. How is the ecosystem in Kenya developing?
  - a. What is the current landscape of the ecosystem in Kenya
  - b. What type of environment is the ecosystem creating? i.e which enterprises are getting support and what is the environment enabling?
  - c. How 'Kenyan' is the ecosystem?

I will be drawing on extensive literature review, desktop research, and primary interviews with six ecosystem actors. This study will develop the concept of Western vs Homegrown SEs, explore the current landscape of the Kenyan SEE (Social Enterprise Ecosystems) domains and assess how the enabling environment is evolving, and who the ecosystem is best serving- i.e. what types of SEs are thriving in the current ecosystem (chapter two). I will reason that the ecosystem is complex with local entrepreneurs struggling to navigate between the various domains as well as the stakeholders expectations. Through the examination of the domains, from the literature perspective and through the interviews I argue that the current ecosystem is geared towards the creation of certain types of enterprises, that are largely informed by the western view of SEs, at the detriment of Homegrown SE models (chapter three). Pulling from institutional theory, I will use an analysis of institutional isomorphism to show the risks in the 'westernization' of the Kenyan SEE. I argue that social entrepreneurship must be understood within the historic and cultural context of Kenya. Section 3.3 will expand upon the three levels of institutional isomorphism found in the Kenyan SEE. In chapter four I will discuss the missed opportunities in the ecosystem touching on amplifying local knowledge, funding the gaps-new models of tailored support, rethinking scale, and a new African model of businesses. Finally, I maintain that the goals and values underpinning SEP are inherent in the Kenyan cultures- and should be harnessed to create a wider movement of good businesses in Africa, and potentially beyond.

## 1.2. Methods and approach

This research seeks to understand SEs in the Kenyan context and assess how they develop in-country. To do so, I assess the ecosystem as the enabling environment which can direct, promote, and facilitate entrepreneurship. Through mapping out the various ecosystem stakeholders and reviewing the challenges and opportunities within the ecosystem dimensions, it will be possible to

see what kinds of SEs are being nurtured within the Kenyan SEE and which are struggling to find a supportive ecosystem.

The research adopted a grounded theory approach along two lines. Firstly, I conducted a desktop literature review to develop a deeper understanding of the Kenyan SEE, including a review of the key stakeholders, mechanisms, opportunities and challenges within each domain. The literature review included academic articles and studies relating to the SEE in Kenya, and is supplemented by a number of reports and surveys from international and local institutions conducted with Kenyan social entrepreneurs, African and Kenyan entrepreneurs, and with the wider Kenyan SEE. Secondly, data obtained through primary data collection in a series of seven interviews with six stakeholders from the Kenyan SEE, allowed the forming of a hypothesis, and recommendations for the Kenyan SEE.

### 1.3 structure of thesis

The structure of the thesis is as follows. Chapter one contains an introduction, provides definitions for key terms, and presents the research questions and methodology. Chapter two contains a literature review and presents the concepts of Western SEs and 'homegrown' SEs, the analysis of the Kenyan SEE domains finds an active ecosystem, with a diverse set of actors and stakeholders. However, the ecosystem is complex and navigation for local entrepreneurs can be challenging. Chapter three builds on this, by presenting the findings from interviews with six stakeholders from the Kenyan SEE. Through a post-colonial critique, I argue that the ecosystem in Kenya is largely promoting the growth of Western SEs, at the detriment of homegrown SEs. Chapter four provides an overview of the missed opportunities and presents a series of key recommendations to enhance the SEE. I conclude with a summary and a brief discussion of the limitations and direction for future research.

## Chapter 2: SEE a Kenyan perspective

In this chapter I review the key literature that has been published pertaining to the Kenyan SEE. This topic is recently garnering more interest in academic circles, however more research is needed, especially by local academics. In this chapter I will first develop the concepts of Western vs homegrown SEs, and then explore the current landscape of the Kenyan SEE domains- to explore how is the enabling environment is developing.

### 2.1 SEs in Kenya

Kenya is ripe with SEs, with an estimated 43,933 SEs in the country (British Council, 2017:40), most of which tend to be small, employing on average no more than 4 staff members. SEs take many forms; table 1 provides an overview of the types of SEs in Kenya. Many SEs manifestations have long been part of the Kenyan landscape, such as faith-based organizations (FBO), and community-based organizations (CBO). Some forms are newer in the Kenyan context; such as inclusive businesses, or sustainable businesses. It is important to note that while the terminology of SEs is relatively new and is not used frequently, the underlying ideas of businesses with a strong social orientation is not new in Kenya (Moreno and Agapitova, 2017b:9). Much of the discourse on SE is led by international actors such as UN agencies, development finance institutions (DFI's), development agencies (usually from a development/ humanitarian standpoint), International NGO's, as well a wide range of international investors and support organizations.

Table 1: Types of SEs in Kenya

Enterprise Type	Enterprise description	Examples
Community-based organizations, cooperatives, community entrepreneurship	CBOs are likely to work on issues pertaining to sustainable and inclusive innovations in low-income markets. Have existed in Kenya since the early 1960's.	Jokinda Women Group, a collective of 25 women and 8 men that manage a tree nursery and make handicrafts. Looking to expand to ecotourism and build accommodation.
Faith-based SEs	There are many FBOs with a long history in Kenya. These are mission-led with market-based approach, and typically do not refer to themselves as SEs; some are more business oriented than others. Largely present in the health and education sectors, they typically have a wide reach, focus on core services and are rarely innovative or technological	Beacon of Hope, combating HIV and poverty. Products made by local women (such as mats) are distributed in the USA through Church networks. Registered as a FBO, and self-identifies as a SE
Inclusive Businesses	Develop services and products for low incomes communities. Require scale and are often tech-based. Varying types of 'SEs' define themselves as inclusive. They attract donor and impact investor funds.	Turako is an insurtech company offering simple and flexible insurance products such as micro health insurance for low-income earners

Informal or BoP Entrepreneurs	Informal and small businesses serving the BoP with basic services, responding to needs of BoP. Some have a strong social focus, often driven by respected community members. They play a strong role in community outreach and provide affordable consumer finance, including stepwise payment, informal tiered pricing, in-kind payments, or free services for the poorest.	Kibera Saints a football team in the Slums of Kibera started by three residents. The team runs a barber shop to fund the club, while training youth and provides an alternative to gangs, and have also started a drug rehabilitation program in the community. They also run a trash collection program and are paid by households to clear their rubbish.
Locally Founded SEs	Self-identifying as SEs, often founded within the last decade and mostly by expats or returning diaspora. The number of Kenyan founded SEs are growing. They often test new solutions or business models and are drivers of innovation.	Ecotact is a locally founded SE based in Nairobi, Kenya. The for-profit enterprise was founded in 2006 and offers sanitation solutions and complementary services in urban areas. The model has scaled across a number of locations and is supported by donors and impact investors.
Micro, Small and Medium Enterprises (MSMEs)	A larger number of SEs in Kenya are MSMEs, usually with less than 4 employees and focused on impact to local communities. British Council estimates that 2% (or 30,000) of all MSMEs in Kenya are SEs, in 2017.	Karen Roses is a family owned Fairtrade certified company that managed six rose farms in Kenya. Profits are used to fund development activities.
Multi-national companies (MNC) spin-off SEs	International companies that develop internal or external SEs either to reach new low-income targets or to comply with CSR. Can be found in the energy and health sectors usually with tailored offerings and models targeting the BoP.	Grundfos is an international, family-owned pump manufacturing company. Grundfos Lifelink was developed as a corporate spin-off to develop targeted pump solutions and business models for low-income clients, starting in Kenya.
NGO SEs	NGO with integrated SE models, to improve the sustainability of their interventions, diversify revenue streams, and attract additional donor funding. A growing number of non-profits in Kenya are turning to SE models	A non-profit that manufactures sports balls for sale across Africa using African leather. Creates jobs and profits go towards youth and health programs.
Sustainable SEs	SEs creating innovative sustainable products and services that address a wide market. The Kenyan market is young for such products and services, and they often have challenges in establishing markets	Gjenge Makers Ltd- who makes construction bricks from discarded plastic.

Authors own. Sources: <https://trickleout.net/>, <http://lwse.org.uk/page3.html#msg-box8-17>, <https://www.myturaco.com/>, <https://gjenge.co.ke/>, Moreno and Agapitova, 2017b

When examining the types of SEs in Kenya as listed in Table 1, two classifications emerge: SEs with roots in Kenya, and SEs with roots in the west.

- **SEs rooted in Kenya-** During the early days of Kenya's independence in the 1960's, President Jomo Kenyatta invoked the spirit of Harambee, meaning "pulling together" in Swahili spurring projects in health, education and environmental conservation (Noreh, 1988:1). During these early days SEs mostly took the form of CBOs and FBOs, from running charter schools to faith-based health clinics and many link the spirit of Harambee to the increased development in particularly in the rural areas (Noreh, 1988:2, Ouko, 2018:2).

- Later, SE stepped up to deliver services to communities. These ‘homegrown’ models of SE can be seen in other African countries such as Rwanda (Rwamigabo, 2017).
- **SEs rooted in the West-** SEs on the global level, have seen a spike in activity since the 1980’s when the founder of Ashoka coined the term social-entrepreneurship (Wanyoike and Maseno, 2021:4). There is much debate among scholars, practitioners and policy makers globally about the scope and definitions of SE. take many forms, from inclusive businesses, to sustainable enterprise and tend to focus on solutions for the BoP and/or sustainable products or services.

One key differentiator is in the use of technology. While most Western SE models are ‘digital entrepreneurs’ the majority of are less tech savvy, offering innovations in services, distribution models etc.

### The growth of SEs in Africa/ Kenya

Recent years have seen a growth of Western SEs developing in Kenya. This can be attributed, in part, to the growing interest of western governments in social entrepreneurship. The growth of SEs in Kenya mirrors the increased global interest in the potential of SEs to bring about new and innovative models to address global challenges, leading to a sharp rise in the number of SEs and the number of ecosystem actors. However, the increased interest of investors in Kenyan SEs must be understood within the wider context of investment in sub-Saharan Africa (SSA), which Hain and Jurowetzki (2018:450) classify into three waves:

- Early 21<sup>st</sup> Century- growing aid flows. Africa, and Africans are perceived as needing assistance, and unable to lift themselves out of poverty. Huge influx of development funds, with non-profit actors working to address problems such as extreme poverty, malnutrition, access to health services, housing, etc.. Most investors are foreign governments using Development Finance Institutions (DFIs) (such as the IFC, USAID, DFID), foundations, philanthropists, and NGO’s. Africa remains the largest recipient of aid funds globally (figure 1).

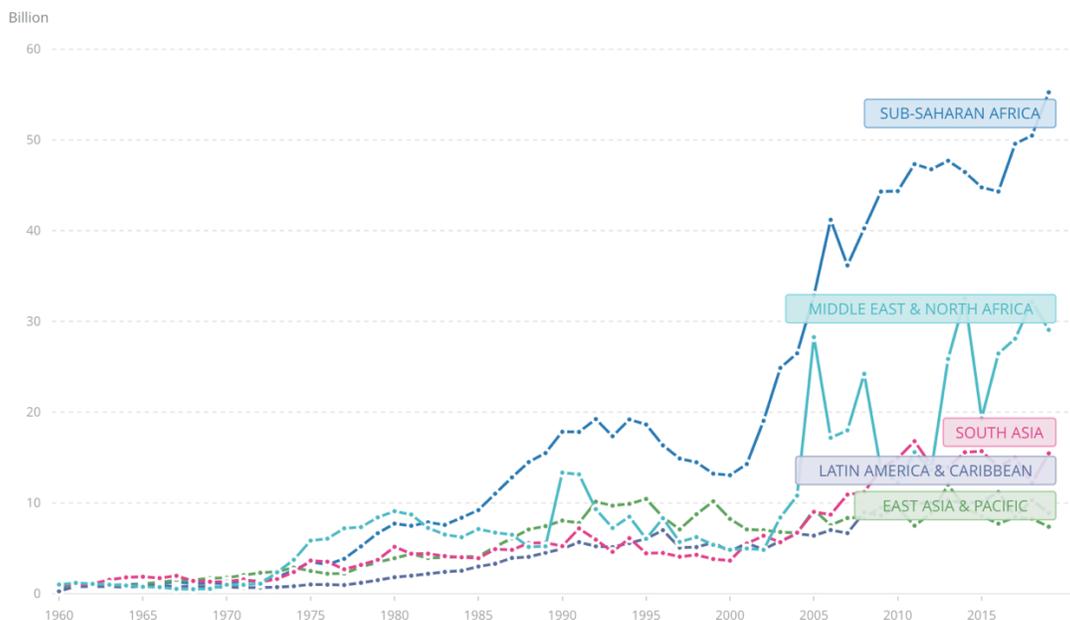


Figure 1: Net Official Development Assistance Received 1960-2019. Source: World Bank Data, <https://data.worldbank.org/>

- Late 2000's- rise of Foreign Direct Investments (FDIs) and Multinational Enterprise (MNEs) activity. The second wave brings market driven investments; the private sector starts to view Africa as fertile grounds to replicate successful business models from advanced economies in the context of developing economies. The rates of FDI in Africa remain the lowest in the world (figure 2).

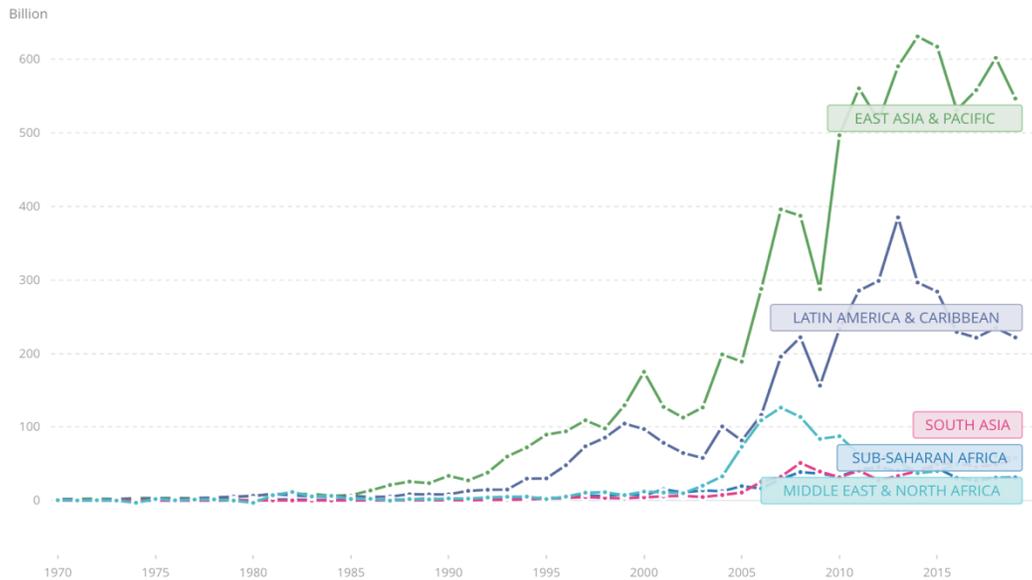


Figure 3: Foreign Direct Investment Inflows 1970-2019. Source: World Bank Data, <https://data.worldbank.org/>

- Early 2010's- increasing investor awareness of local capacity. Investors see the potential of local innovation driven by different social and economic settings that could be applicable to other BoP markets globally. With growing focus on scalable ideas that can deliver services and products to underserved groups. In 2020 SSA attracted the largest percent (21%) of global impact investing, with 85% of investors planning to maintain or increase their SSA investments, however only 7% of investors are based in SSA (Hand *et al*, 2020:18,30-31)

The growth of SEs in Kenya has also brought a wide spectrum of actors, funders and support organizations that make up the wider SEE. The ecosystem in turn plays a pivotal role in supporting the development of SEs, by creating an enabling environment. The next section will explore the six domains of the ecosystem through an exploration of the landscape of stakeholders, as well as some of the key challenges.

## 2.2 Kenyan Social Entrepreneurial Ecosystem

This study looks at the ecosystem level, to assess the overall enabling environment for entrepreneurs in Kenya, which will influence the types of enterprises created (Isenberg, 2011:7, Roundy, 2017:1253, Moreno and Agapitova, 2017a:4). As such the SEs in Kenya can be seen as a product of their environments, where the operational factors and stakeholders such as the policies, funding possibilities and support programs help shape SEs. This study employs the ecosystem framework developed by Isenberg (2011) which proposes six domains of the

entrepreneurial ecosystem; policy, human capital, culture, support, markets, and finance (Fig 2). In each domain we can find different stakeholders, organizations, challenges and opportunities, such as accelerators, investors, networks, and capacity building. Looking at each domain, we can develop an understanding of the current SE environment in Kenya through a review of the actors, challenges and opportunities. Entrepreneurial ecosystems should be conceived of as complex systems due to the nonlinear dynamics of such systems with positive and negative feedback loops across different domains (Roundy, 2017:1261), and Isenberg (2011:8) notes that in order to influence the state of entrepreneurship, there is no “silver bullet” or one action that will change the dynamics in isolation, but rather that the domains need to work in collaboration to create enabling environments. For example, capital availability is meaningless if there is inadequate deal flow and educating entrepreneurs is irrelevant, if they leave the country in pursuit of opportunities. While Isenberg’s model is not focused on social entrepreneurship, and in its thinking is focused more on economic growth, the model has been applied globally, and recently to the African context in Ethiopia (Biru, Gilbert and Arenius, 2020) and Kenya ICT Ecosystems (Bramann, 2017).

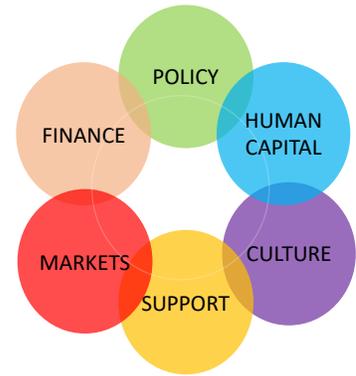


Figure 3: Authors own. Ecosystem Domains, adapted from Isenberg 2011

The following sections will provide an overview of the current s Kenyan SEE perspective.

### 2.2.1 SE Policy in Kenya

The domain of policy contains the government regulations that relate to the ease of doing business and the legislative and regulatory frameworks that influence the operations of SEs. Overall there seems to be a positive businesses environment in Kenya which ranked 56<sup>th</sup> in 2020 in the World Bank ease of doing business report, a big jump from 2015 when Kenya ranked 136<sup>th</sup>. While many conditions for businesses have improved, there remain many policy and governmental challenges in Kenya, including slow procedures, corruption, rule of law, and weak government administration processes (Bramann, 2017:241). SEs face additional challenges due to lack of legal, regulatory and policies specifically for SEs (Moreno and Agapitova, 2017a:55, DOT YouthLab, 2019:30, British Council, 2017:15). The World Bank assessment (2017) found the policy domain is “not effective and too complex” (Moreno and Agapitova, 2017a:55).

SEs make use of existing structures and register in various forms, including for-profit structures such as limited liability companies, and non-profits forms such as trusts or societies, with most registered as a company or an NGO (Moreno and Agapitova, 2017b). Kenya has been in the process of replacing the country’s NGO act with a new policy for Public Benefit organizations (PBO act), which would also pertain to hybrid structures with relevance to SEs. While the new law passed in 2013, it is not yet fully implemented, due to a “lack of priority” from policy makers (Moreno and Agapitova, 2017b:12). The policy is also controversial, as it would place limits on international funding non-profits can receive. Others are in favour of the law, and many social entrepreneurs in Kenya express a desire for SE category (DOT YouthLab, 2019:30, British Council, 2017:31). The British Council report suggests an opportunity inherent in the absence of such a framework which has birthed organizations with a core mission of driving the SE agenda, such as the East African Social Entrepreneurs Network. Additional opportunities arise for social

entrepreneurs in the larger Kenyan policy, such as the devolution process enacted with the new 2010 constitution that included major structural changes, for example in healthcare service delivery, which enabled many SEs to respond to new needs. The decision of how to register a SE has many implications for the future and viability of a SE, from possible tax breaks, governance structures, access to funding, and commercial viability (British Council, 2017:31). Table 2 contains an overview of SE relevant policy in Kenya.

Table 2: SE Policy in Kenya

Policy type	Policy Name, Year	Relevance to SEs
Legislation	Companies Act (Chapter 486, Laws of Kenya), 1978	Allows the registration of for-profit companies with social impact as "companies limited by guarantee and not having shared capital"
Legislation	The Companies Act, 2015	New laws intended to streamline business in Kenya. Changed the minimum age required to run a company from 21 to 18, and simplified staffing requirements of companies
Legislation	NGO Act, 1990	Regulates SEs that operate as non-profits
Legislation	Trustees (Perpetual Succession) Act Charter 164 of the Laws of Kenya, 1981	Regulates non-profits and SEs registered as trusts through incorporation
Legislation	Cooperative societies Act (Amended), 2004	Regulates non-profits and SEs registered as cooperative societies and unions
Legislation	Department of Social Services	Regulates non-profits and SEs registered as self-help groups CBO's
Legislation	Access to Government Procurement Opportunities, 2013	30% of all government contracts should be undertaken by young people (aged 18-35), women and people with disabilities. Provides an opportunity for the many youth-led SEs in Kenya
Legislation	Public Benefit Organization Act, 2013	Passed but not implemented. Intended to replace the NGO act. Discussed in text
Investment/ Finance	Micro and Small Loans Centre, 2015	Established in 2005 to finance the micro and small enterprise sector
Strategy	Vision, 2030	SEs fit into the country's strategy founded on economic, social and political governance

*Authors own. Sources: Moreno and Agapitova, 2017b, British Council 2017*

Overall the policy in Kenya is seen as cumbersome and complicated. While there are no policies specifically for SEs, there are policies and government bodies that support Homegrown SEs, such as the Cooperative Societies Act and the Department of Social Services which regulate CBOs. Social entrepreneurs in Kenya must navigate the complex legal environment, without necessarily understanding the long-term implications.

### 2.2.2 SE Culture in Kenya

Considering the culture domain, Isenberg examines if the ecosystem encourages entrepreneurship. For example, through visible success stories, the social status of the entrepreneur, and tolerance of risk and failure. Overall, the literature finds Africans to have strong entrepreneurial tendencies (Vershina, Woldesenbet Beta, and Murithi, 2017:689, Bosma *et al*, 2015:13). Entrepreneurship in Africa, some argue, is still a way of life. Gitonga (2017:19) notes that entrepreneurs are now

celebrated in the west since they largely disappeared post industrialization, “before that, everyone was an entrepreneur...in [Kenya] everyone is *still* an entrepreneur”. This can also explain the clash of different stakeholder expectations. Entrepreneurship isn’t new in Kenya, but the prominence of western actors bringing in western interpretations into Kenya can lead to a clash of cultures. This is articulated clearly in the underlying values of social entrepreneurship. While many Kenyans reject the term SE, many identify with the community and social principles (Moreno and Agapitova, 2017b:9), as it resonates with the Kenyan culture of Harambee, as seen in the various CBO and FBO in Kenya. Vershinia, Woldesenbet Beta, and Murithi (2017:688) explore the role of Harambee in fostering SEP in Kenya, examining culture “as a toolkit that enables actions and choices” and arguing that we need to look beyond the entrepreneurship culture imported from western values to examine how local culture can foster entrepreneurial behaviour. This challenge to the western narrative of SEP will be discussed in detail in chapter three.

### 2.2.3 SE Human Capital in Kenya

The Human capital domain looks both at education for entrepreneurs and skilled labour availability. There is a growing number of ecosystem education actors, and training programs for social entrepreneurs; however, it is argued that the skills taught are not on par with what is needed (de la Chaux and Okune, 2017). Entrepreneurs in Kenya point to failures in the education system, which is too theoretical and focused on skills for corporate settings, rather than engaging students in practical hands-on learning that will prepare youth for entrepreneurial enterprises. Specifically, Omidyar (2013:8) notes the lack of innovation culture in schools, and find only a small number of Kenyans believe they have the skills to build and manage a business. An additional component of the education system is the lack of business culture, which results in “procrastination, poor client management and missing deadlines” (Omidyar, 2013:8). Lack of experienced employees create challenges for business growth. Mirvis and Googins (2018:66) find that many universities offering education programs “suffer from weak infrastructure, inadequate facilities, undeveloped administrative processes and an absence of trained faculty” and call for experienced entrepreneurship faculty that can support the development of a practice-oriented curriculum, as well as run hands-on programs through boot camps and start-up labs, or university innovation centres.

There are also calls for more research within the African context to expand the body of knowledge so universities can best equip social entrepreneurs (Mirvis and Googins, 2018). In particular, there is a general consensus among ecosystem actors that SEs need certain skills to succeed in their ventures, but little consensus among the actors over what those skills are. Some entrepreneurs prioritize planning and strategy, while support organizations focus on leadership and team building, and investors stress the importance of structural and administrative skills (de la Chaux and Okune, 2017:266). What seems clear is that as a result of both the education system as well as the capacity building offered by support organizations Kenyan entrepreneurs are not given the skillset they need to succeed. The key skills lacking include; business model development, creation of business structures, financial tracking budgetary planning, tracking and monitoring, and book-keeping of an enterprise’s operations (de la Chaux and Okune, 2017:277).

### 2.2.4 SE Support in Kenya

The support domain is comprised of two elements, infrastructure (such as ICT, energy, transportation) and support organizations (including accelerators, incubators, networks, advisors,

hubs). Kenya has significant infrastructure challenges including inefficient roads and power grids (de la Chaux and Okune, 2017:268), which can lead to high operational costs of and difficulties in reaching suppliers and consumers. Recent years have seen improvement of infrastructure throughout the country, however most Kenyan entrepreneurs cannot afford the high costs of services. (Omidyar, 2013:29). The costs of infrastructure are also felt by other ecosystem actors, which can inhibit the presence of international actors on the ground, in turn limiting their understanding of the operating context in Kenya.

In the Kenyan SEE there are many support actors offering various services to SEs (Table 3) falling into a few categories;

- Accelerators/ Incubators- programs that help develop and grow SEs
- Advisory/ service providers- offering services for SE, such as legal, business and accounting
- Training and education- offering training for SEs on a variety of topics (including boot camps, courses, degrees, etc.)
- Advocacy- advocate for policy to support SEs
- Networks/ Hubs- focused on community building, creating space for collaboration and networking.

The majority of support organizations are located in Nairobi, though there are additional hubs throughout the country. A 2013 survey among Kenyan entrepreneurs found that the majority (70%) believe there are were insufficient support organizations, and the support available is often viewed as too expensive for new firms (Omidyar, 2013:29).

A major critique from the literature is that support organizations focus on developing the wrong skills, emphasising soft skills such as leadership, marketing, and pitching. Investors stress the need for proper business administration skills, for example proper budgeting. This in turns makes investors weary of enterprises coming out of support organizations and are less likely to engage with them. This will be explored in detail in chapter three.

Table 3: SE Support Organizations in Kenya

Organization type	Name of Organization	Relevance to SEs	Location
Accelerator	Acumen and IKEA SEP Accelerator	Five-month accelerator program for social entrepreneurs from East Africa working to alleviate poverty and create opportunity, who want to scale. Provides training, coaching and prizes for top start-ups	East Africa
Accelerator	ygap Kenya	Accelerator program providing start-up boot camp to SEs who are to respond to the needs in their communities. The 2021 program had 90% of ventures from outside of Nairobi	Kenya
Accelerator	Sinapis	Faith-based entrepreneurs can access support in scaling including coaching, accountability, discipleship and access to capital	Nairobi
Accelerator	88mph	Provides technical and business support for web/mobile companies. Has provided over 1.7 million USD to 19 start-ups	Nairobi
Accelerator	LakeHub	Circular Economy Incubator with a six-month incubation program for start-ups in the circular and shared economies	Kisumu

Accelerator	Spring Accelerator	Nine-month program, including technical expertise, Human-Centred Design Bootcamps, investment-readiness support and mentorship	East Africa
Accelerator	SDG Accelerator Lab	Collaboration of Kenyan Government, Centre for Effective Global Action, University of California Berkeley, the Rockefeller Foundation, the UN, and local actors from academic and private and public sectors. The lab will identify and harness homegrown solutions that have proof of concept, with the aim of bringing them to scale, while creating an enabling environment for young innovators to conceptualize, test and deliver interventions for their communities	Nairobi
Accelerator / Training/ Network	Nailab	Online training platform that equips entrepreneurs with the skills to build sustainable businesses that practically solve Africa's unique challenges. Additionally, has an accelerator program as well as running funding challenges	Nairobi
Accelerator	UNDP Accelerator Labs	The Accelerator Lab, one of 60 in 78 countries is embedded within the UNDP Kenya office. The Lab will analyse local context challenges, work with partners to identify grassroots solutions, use collective intelligence to develop new solutions. Serves as a platform for learning and experimenting a different way to designing and delivering development solutions.	Nairobi
Advocacy/ Training	B Lab East Africa	Promoting Benefit Corporations in East Africa. A non-profit with a mission to redefine business success for profit. Creates standards and tools for business, advocates for policy change and certifies companies as B Corps	Nairobi
Network/ Hub	Ubunifu Hub	Community of design researchers, innovators and communication specialists bridging the unmet need for social innovation with youth and enterprise development.	Machakos
Incubator	FabLab Nairobi	Fab Lab (fabrication laboratory) is a makers workshop with an array of computer-controlled tools with the aim to make almost anything	Nairobi
Incubator	@iBizAfrica	Provides classes and incubation for enterprises. Linked to the iLabAfrica, a research centre for innovation in Information Communication Technology for the Development (ICT4D) of ecosystems towards the attainment of the United Nations Sustainable Development Goals (SDGs). Both are part of Strathmore University in Kenya	Nairobi
Incubator	Mt. Kenya Innovation Hub	Sustainable Innovations hub. Provides co-working space and start-up incubation and links with potential investors through "MHUB Pitch Breakfast" events	Nyeri
Incubator	DeHub	Incubation program for start-ups. Provides skills training, advisory and promote entrepreneurship and innovation	Nyeri
Incubator	Laikipia Innovation Development Program	County government initiative launched in 2018 to augment innovations, boost job creation and economic growth in Laikipia County. The program is currently working with more than 300 start-up companies and 22 partners. Provide working space, funding, training and support in business plan development	Laikipia

Incubator/ Accelerator	Kenya Climate Innovation Centre	KCIC offers incubation, capacity building and financing options to new, small and medium business ventures and Kenyan entrepreneurs that are developing innovations to address the challenges of climate change.	Nairobi
Incubator/ Accelerator/ Training	Sote Hub	Trains rural youth in Taita Taveta, Kwale (and Coastal region). Run as incubation programme enhances business ventures empowering young entrepreneurs to gain traction and revenue, access to funding and partners, critical tools and ongoing mentorship	Voi
Network	FastForward 2030	Network of social entrepreneurs addressing global challenges of sustainable development in Africa	Nairobi
Network	AfriLabs	Pan-African network of 225 innovation centres across the continent. Provides co-working space, training, and business, legal and financial support	Nairobi (pan-African)
Network	East Africa SE Network	Membership organization committed to the development of the SE sector in East Africa, connected to the Pan African and global SE forum. EASEN provides social entrepreneurs with business support, training, research, policy analysis, advocacy and information sharing.	East Africa
Network	Association of Microfinance of Kenya	Member-based organization with the aim to build the capacity of the Kenyan Microfinance Industry	Kenya
Network	Global Compact network Kenya	Part of the UN Global Compact network. Aim is to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030	Kenya
Network	SanKalp Forum	Network bringing together entrepreneurs, investors, corporations, multilaterals and policy makers who are committed to furthering the cause of development through entrepreneurship and innovation towards achieving the SDG's. SanKalp Africa Summit will take place in 2022	Global
Advocacy/ Network/ Advisory	SE Society of Kenya (SESOK)	Policy and advocacy to promote SEs in Kenya. Provide an umbrella body of SEs in East Africa, offering members networking, advisory services, research.	Nairobi
Advisory	IFC SME Solutions Centres	Provides access to finance, advisory services/technical assistance, access to reliable market information, and support for an enhanced Business Enabling Environment.	Kenya
Advisory	I-DEV International	Provides advisory and strategic consultancy to investors, International non-profits and DFIs. Including investment advisory services, comprehensive investment readiness, due diligence, and fund structuring and management support.	Nairobi
Training	SwahiliBox	Technology Hub in Mombasa. Provides training online and in workshops on a wide range of topics from on green innovation, coding, to Android boot camps	Mombasa
Hub/ Incubator	iHub	Early pioneer in Kenyan tech ecosystem. Provides co-working space, fosters community, by connecting organizations and people, building market-relevant solutions and being ahead of the curve of innovation	Nairobi

*Authors own. Sources: desktop review*

A review of support organizations hints at an imbalance in the ecosystem, with the majority of support organizations based in Nairobi focused on the western models of SEs and emphasising SEs that are high-growth and scalable.

### 2.2.5 SE Markets in Kenya

SEs within Kenya work to address a number of different markets. Some define SEs as services and products for the BoP market, while others have products for services that are geared to high income groups developing sustainability products (such as sustainable building materials or fashion). Some of the companies are thinking on a global scale, largely technology and digital solutions while some are focused only on their communities or nationally. One issue that surfaces from the literature is that emerging markets tend to have low levels of demand for new products and services. When the majority of the population is on subsistence income, consumers are less likely to purchase new, unknown products whose functionality has not been tested. This can be seen in Kenya, where consumers are hesitant to buy local innovations or products, often preferring well-known international brands (de la Chaux and Okune, 2017, Ciambotti and Pedrini, 2019). Ciambotti and Pedrini, 2019, also observed “a lack of customer loyalty reflected by scarce customer satisfaction and low levels of customer retention, showing that in Kenya it is more difficult to generate retention and willingness to pay.” (Ciambotti and Pedrini, 2019:9). Others however say that the markets are there, but that entrepreneurs have not developed products, services or models of interest to the local markets (de la Chaux and Okune, 2017). Social entrepreneurs in Kenya often rely on their own research (Moreno and Agapitova, 2017a:49), but are not conducting sufficient market and product research, nor are they engaging in ongoing learning and iteration through piloting, testing and feedback (de la Chaux and Okune, 2017). Investors then stress the importance of developing products with a wider market reach, such as East Africa, in order to address the local market challenges (de la Chaux and Okune, 2017).

Here too we can see a difference between homegrown SEs and Western model SEs. Homegrown SEs such as FBOs usually have high levels of trust with the communities, and a large reach due to religious authority. Informal social entrepreneurs are also adept at responding to the market needs due to their positioning within the communities (Moreno and Agapitova, 2017b:15).

### 2.2.6 SE Finance in Kenya

Kenya, the largest economy in the region, is a financial and trade hub in East Africa, with a wide range of finance and investment approaches (see figure 4) each expecting different returns and value creation (UNDP, 2015:2). The investors range from micro funders, non-profits, government funds, angels, impact funds, to venture capital and more; examples of various investment vehicles can be found in table 4.

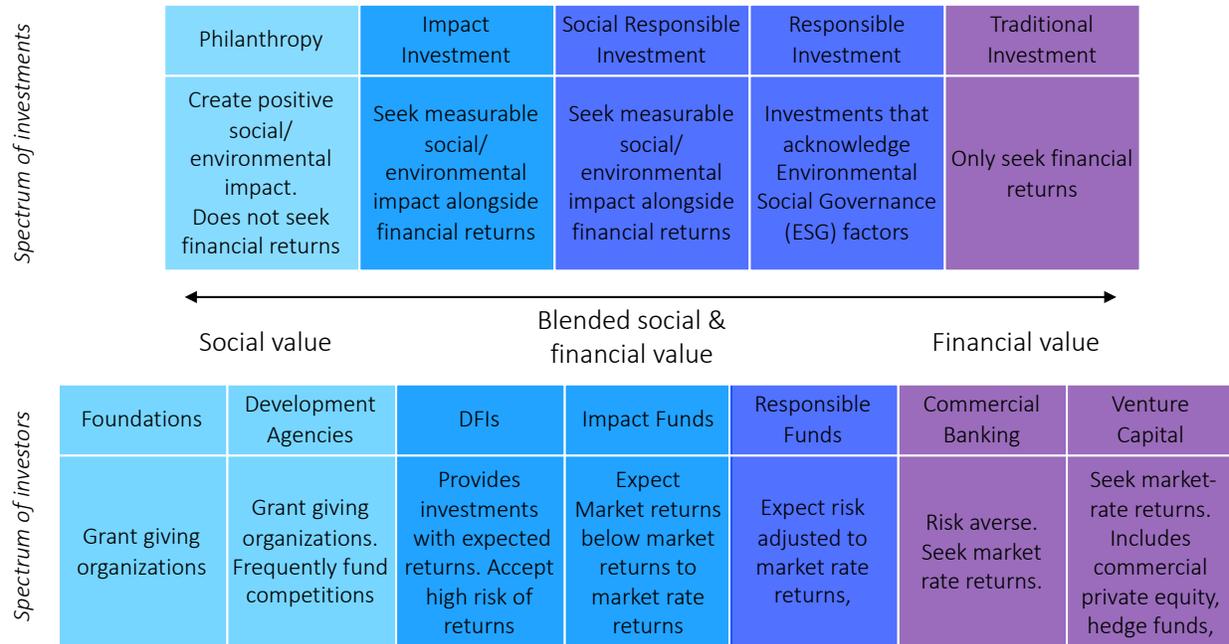


Figure 4: Authors own. Sources: UNDP, 2015:2,22, Moreno and Agapitova, 2017a and b

In the funding landscape we can also see a distinction between Western and Homegrown SE financing with most sources following Western approaches:

- Foundations and Development Agencies- Grant giving organizations with a strong focus on social impact (e.g. Rockefeller Foundation, USAID, DFID). Are not SE specific, looking for all types of impact driven endeavours (Moreno and Agapitova, 2017b:3). Often support SE competitions
- DFIs- Development banks established by government and non-profit organizations (e.g. IFC, AfDB)
- Impact Funds- look for investments that generate positive and measurable social and environmental impact alongside a financial return (e.g. Acumen, Root Capital)
- Commercial Banking- not an option for most social entrepreneurs, as banks in Kenya are very risk averse, preferring traditional investments (such as roads, etc.). They require high collateral from early stage entrepreneurs, at times higher than 100%, and high interest rates for entrepreneurs ranging from 18-20% (Moreno and Agapitova, 2017a:40)
- Venture Capital (VC) investors- private equity, provides capital to companies with high growth potential

There are also some Homegrown funding vehicles, in the form of cooperatives (Moreno and Agapitova, 2017b:14):

- SACCOs (Savings and Credit Cooperative Organization)- SACCO's are officially registered with SACCO Societies Regulatory Authority (SASRA), play a role in financing agriculture SEs.
- Chamas- community informal loan associations (e.g. women's groups merry-go-rounds), growing throughout the country as investment vehicles, examples of SE funding exist, however they are largely risk averse and rarely invest in SEs.

Despite the large number of potential financing options in Kenya, funding continues to be the main challenge cited by entrepreneurs in Kenya. (British Council, 2017, DOT YouthLab, 2019, Hanley, Wachner and Weiss, 2015). Entrepreneurs see “a disconnect between the investments they seek and the investments that are available” (de la Chaux and Okune, 2017:272). Early stage funding is a key challenge, as commonly used sources of early financing in the west, such as personal savings, friends, family, angel investors and early stage funds are not widely available in Kenya (Bramann, 2017). Entrepreneurs struggle to approach investors mainly due to information gaps and confusion about how, where and when to approach suitable investors. Most local SEs do not access grant funds, due to lack of knowledge of funds existence, but also due to limited capacity to develop applications and conduct impact measurement and reporting (Moreno and Agapitova, 2017b:13). Entrepreneurs perceived an additional challenge in attracting the appropriate amount of capital, pointing to either very high investment or very low investment opportunities. Another challenge faced by entrepreneurs is in the added requirements of the donors, from report writing, to various administrative processes, which are viewed as time consuming.

On the other hand, investors state there is too much funding available, and little investment opportunities due to the competition from grants and social investments and a shortage of fundable projects that meet investors’ criteria (Omidyar, 2013, de la Chaux and Okune, 2017:275), which is further complicated by challenging exit environment (UNDP, 2015:32, Bramann, 2017:240). The relevance of impact investors in Kenya is critiqued as looking for returns that “rarely fit the financial performance of ventures balancing profits and social gains.” (Moreno and Agapitova, 2017b:15). The capacities of SEs to meet investor requirements, as well as the centralized distribution of impact funds (which tend to be in Nairobi) miss opportunities throughout the country. Gugu and Mworira (2017:430) argue that the VC model is ‘copied and pasted’ into the Kenyan context, and many Kenyan fund managers have found that it is not entirely suited to East Africa. Research has suggested a reimagining of the VC model in the East African context (Gugu and Mworira, 2017). Another key feature of the financing of SEs in Kenya is the funding of from non-profit sources, such as multinational donors, development agencies, DFI etc. The presence of such financing options, coupled with the perceived overall lack of seed capital, causes social entrepreneurs to run out of money, and in panic start applying to “random grants and competitions.” (de la Chaux and Okune, 2017:274). In the long run this can have a negative effect on the SE, and will make them less viable for investments; as the grants may lead them to overly focus on the social impact, while negating the financial aspect. This will be discussed in detail in chapter three.

Table 4: SE Financing in Kenya Examples

<b>Investor type</b>	<b>Name of Organization</b>	<b>Relevance to SEs</b>	<b>location</b>
Impact Fund (Agriculture Social)	Root Capital	The Root Capital offers Business loans to empower entrepreneurs and businesses in Africa. Root Capital is a non-profit investment fund established in 1991 to positively provide funds and impact businesses, families in rural communities and bridge social interaction with business owners.	Global

Competition	MEST Africa Challenge	Annual Africa wide-pitch competition for tech entrepreneurs with prize of \$50,000 in equity investment for start-ups. Provides coaching, business capital, wide networking with other entrepreneurs and start-ups. Funding for MEST provided by private and public sector including UNICEF, IFC, GiZ and the Mastercard Foundation	Africa
Competition	Miss Africa Seed Grants for African Women in Tech Businesses	Seed Fund in Africa that offers grants to support women and girls in the Science, Technology, Engineering and Mathematics (STEM) fields to launch or expand their own initiatives that will increase their digital opportunities in IT related training, jobs and leadership roles. Prizes include one 5,000 USD grant and two 1,000 USD grants. Funding provided by Danish Church Aid	Africa
Competition	Ashden International Awards for Entrepreneurs in Developing Countries	Green energy business award of 20,000 USD for innovative enterprises with the contribution of creating sustainable energy systems	Africa
Competition	Unilever Young Entrepreneurs Award	Eight winners will secure a place in the Cambridge Accelerator, to work on pitching. One winner will receive a 50,000 USD grant to support innovative young entrepreneurs (aged 18-35) tackling some world challenges, specifically the SDGs. All winners receive year-long consulting support	Global
Competition	Africa Enterprise Challenge Fund (AECF)	Global competition for private sector and SE projects to support investment, development, and job creation in northern Kenya's Kakuma refugee hosting area. Winning entrants will be awarded performance-based grants and given technical support to implement commercially viable and sustainable project. A collaboration between IFC, UNHCR, and the Turkana County Government	Kakuma (Global)
Responsible Fund (Corporate Social Investment)	Tshikululu Social Investments	Tshikululu Social Investments provides a wide range of social investment and business grants to Entrepreneurs residing in Africa. The provider is a South African Corporate Social Investment (CSI) manager responsible for dispensing SME Grants to Africans.	South Africa
Impact Fund (Evergreen)	DOB Equity	Invest in businesses that positively contribute to a more social and sustainable society and deliver long-term profitability. DOB Equity is an evergreen fund with all proceeds from investments being reinvested	East Africa
Foundation	Schwab Foundation	Provide grants to social entrepreneurs in areas such as education, agribusiness, health, technology	Global
Impact Fund	Novastar Venture	East African fund focused on businesses that address the basic needs, basic goods and services for the mass markets across Africa	Africa
Impact Fund	AlphaMundi	AlphaMundi provides debt and equity financing to scalable social ventures in strategic sustainable human development sectors such as microfinance, affordable education, fair trade agriculture and renewable energy.	East Africa and Latin America

Investment Platform	VC4Africa	Platform connecting start-up entrepreneurs with the knowledge, support programs, mentors and investors they need to succeed. Have over 190,000 members, 16,000 support organizations and 19,500 start-ups on the platform	Africa
Impact Fund	Global Innovation Fund	Provide funding for enterprises solving any major development problems in low- or lower-middle income countries. Seeking solutions that can scale up commercially, and achieve widespread adoption through the public/philanthropic sector, or a combination.	Global (offices in Nairobi)
Impact Fund	Acumen Fund	Equity or debt investing from \$250,000 USD to \$3 million USD in projects which will have sustainable impact in health, agriculture, education and affordable housing to low-income groups.	Global
Venture Fund	Collaborative Fund	Investments centred around two macro themes: the growth of the creative class, and the concept of the collaborative economy. Look for high market returns, while investing in inclusive and sustainable businesses in health, climate, etc.	Global

*Authors own. Sources: desktop literature review*

### 2.3 Summary of Key challenges for SEs in Kenya

As explored above, the literature identifies many challenges in the current state of the entrepreneurial ecosystem in Kenya. The ecosystem analysis shows an ecosystem that seems to be promoting the Western models of SE, seeking to replicate the ecosystems that have developed in vary different contexts (such as America and Western Europe). Isenberg (2011:8) warns that societies should not strive to replicate other ecosystems and must “cultivate their own”. A look across the domains leads to the hypothesis that the ecosystem is creating an enabling environment for Western models of SE, due in large to the presence of so many foreign stakeholders that shape and often lead the conversation. The review hints that the two styles of SEs in Kenya are not equally supported: Homegrown SEs have a longer history in the country and are widely practiced but they are not aligned with the Western SEs model and have fewer support opportunities available. The main challenges noted in each of the domains:

- Policy- the lack of consensus SE policy regulation leading to the creation of many forms of SEs with long-term implications for future viability.
- Culture- there is a strong Kenyan culture that support entrepreneurship and SEs, and the influx of Western SE can at times stand at odds and threatens to take over the conversation.
- Human Capital- local entrepreneurs often lack the foundations upon which to develop a SE. They don’t have the right skills, especially around the business aspect; this is coupled with an education system which is not seen as conducive to entrepreneurship.
- Support- Support organizations are not easily accessible. There are numerous support organizations offering varying services to social entrepreneurs, however the support they provide many not match what is needed.
- Markets- BoP markets are often the focus of SEs in Kenya, but there are those that target higher income, or global markets with sustainable products. However, both have challenges in market readiness, and struggle to develop products and services that are of interest to consumers.

- Finance- misaligned perspectives: some say there isn't enough, some say there is too much! Finance is the number one challenge cited by entrepreneurs, but other ecosystem actors paint a different picture- one where there is capital, but few investment-ready companies.

The unbalanced ecosystem creates a challenging environment for social entrepreneurs in Kenya, who must navigate a complex system, one that is in flux with many interpretations of SEs and a multitude of stakeholders working in discord. The next chapter builds on the challenges suggested in the literature by presenting further original insights from the primary interviews conducted with stakeholders from the Kenyan SEE. The next section will seek to understand who the ecosystem is best serving.

## Chapter 3: What is the Kenyan Ecosystem producing?

In this chapter I present the findings from the primary qualitative data collected, through interviews with stakeholders from the Kenyan SE ecosystem. The views and insights from the interviews build on the challenges and opportunities outlines in chapter two, and together create a picture of how the ecosystem in Kenya has been developing. Through the examination of the domains, from the literature perspective and through the interviews I argue that the current ecosystem is geared towards the creation of certain type of enterprises, that are largely informed by the western view of SEs.

### 3.1 Interview Methods and Participants Profile

Seven semi-structured qualitative interviews were conducted with six participants representing various actors within the Kenyan ecosystem (Table 6). The interviews were conducted in a Semi-structured format with open ended questions and a series of interview prompts. Questions were developed from an analysis of the literature as presented in chapter two (see annex 1). The interviews ranged from 50 to 80 minutes, and were conducted in English over zoom during the period of June 20<sup>th</sup> -August 12<sup>th</sup> 2021. All interviews were recorded and transcribed. Transcripts were then subjected to a simple thematic coding, using an excel spreadsheet (sample in annex 2). The SEE domains as outlined in chapter two were used as the primary coding and summary structure.

Table 6: Profile of Interviewees

Interview #	Position	Organization Type	Organization	Location	Interview Date
Interview 1	Executive Director	Support organization	Support organization providing training, advocacy and advisory services	Nairobi	Interview 1- 22/06/21 Interview 2- 09/08/21
Interview 2	Country Fund Manager	Impact Fund	Impact Investing Fund with a long-time presence in Kenya	Nairobi	16/7/21
Interview 3	Managing Director	Support organization	Consulting and investment services	Nairobi	28/7/21
Interview 4	Research Coordinator	Support organization	Provides trainings, skill development for youth in Kenya	Nairobi	02/8/21
Interview 5	Network Coordinator	Support organization	Network of SEs in Kenya working on SDGs	Nairobi	11/8/21
Interview 6	Country Manager	Support organization	Accelerator focused on inclusive business	Nairobi	12/8/21

### 3.2 Interview Findings

#### 3.2.1 Policy

Overall the respondents did not support the need to have specific SE policy and classifications, which is a departure from the dominant narrative in the literature. One support organization questioned the need for the classification when the SE model is struggling in Kenya:

"HAVING A CATEGORY OF A SE, TO BE HONEST, I HAVEN'T SEEN A SE THAT IS DOING WELL WITHOUT PHILANTHROPY IN KENYA, AND THAT IS WELL STAFFED. YOU SEE

YOU CAN HAVE A SMALL OUTFIT WITH TWO OF THREE PEOPLE THAT SEEMS TO BE DOING WELL, BUT HOW SCALABLE IS THAT?" (INTERVIEW 3).

Policy, beyond a legal SE classification, could provide checks and balances within the ecosystem. One interviewee stressed the need for the government to provide wider legal and regulatory frameworks:

"THERE NEED TO BE AN OVERALL ACCOUNTABILITY WITHIN THE ECOSYSTEM, LOOK AT THE ENTREPRENEUR LEGAL SYSTEM, PART OF THE PLAYERS ARE THE REGULATORS. THE GOVERNMENT, FOR EXAMPLE, REGULATE BUSINESSES, AND AS WE LOOK AT THEM, THE ROLE WOULD BE TO ENSURE THAT THERE IS CHECKS AND BALANCE FOR COMPANIES THAT ARE DOING GOOD" (INTERVIEW 5).

Many of the respondents did not see the need for the term SEs within the Kenyan context, using terms including “purpose-driven”, “conscious”, “good”, “inclusive” and “sustainable” business. Calling into question the need for the term in this context, one support organization remarked:

"I DON'T THINK THAT SES LONG TERM ARE A WINNING MODEL. CAN WE HAVE REGULAR BUSINESSES BUT DOING GOOD?" (INTERVIEW 1).

Interviewee 3 also reiterated this point, but amplified it by saying:

"SE DOESN'T REALLY MEAN ANYTHING ANYMORE, AND IF ANYTHING, I THINK TO CALL YOURSELF A SE, OTHER THAN FOR THE PURPOSE OF GOING AFTER A CERTAIN SOFTER CAPITAL, HONESTLY IT'S PROBABLY NOT EVEN IN YOUR INTEREST BECAUSE THERE'S PROBABLY MORE OF A NEGATIVE ASSOCIATION [IN KENYA]... TO ME ALMOST INHERENTLY [I'D THINK] THAT'S A COMPANY THAT INTENDS WELL BUT PROBABLY CAN'T SCALE." (INTERVIEW 3).

Another pointed to the policy burden on entrepreneurs, that struggle to keep up to date with changing laws and requirement,

"THERE'S SO MUCH STRESS ALREADY, AND THESE LAWS JUST POP UP RANDOMLY. YOU WAKE UP, ONE DAY [AND FIND] THEY HAVE PASSED THE FINANCE BILL AND NOW ALL OF A SUDDEN YOU HAVE TO RESTRUCTURE YOUR ENTIRE BUSINESS AROUND IT" (INTERVIEW 1).

Beyond policies targeting SEs, interviewees stressed other more pressing policy changes that could strengthen the ecosystem by creating a more conducive environment for SEs such as:

"CASES OF CORRUPTION WITHIN THE GOVERNMENT, HAVE SIGNIFICANTLY IMPACTED DONORS. HENCE REDUCING THE AMOUNT OF FUNDING TO SES...AS SUCH, DONORS REFRAIN FROM FUNDING SES DUE TO INADEQUATE REGULATORY FRAMEWORKS. IN ADDITION, THE BANKING SECTOR IS YET TO ESTABLISH A UNIFORM AND REFINED TOOL TO MONITOR LOANS AND GRANTS ISSUED TO SES" (INTERVIEW 4).

Another interviewee stressed the overall challenges of working with the government which was seen as a barrier:

"[WORKING WITH THE GOVERNMENT] I FIND STIFLING FOR AN ENTREPRENEUR AND IT'S DISCOURAGING. IT'S LIKE PUNISHING SOMEONE WHO WANTS TO SOLVE THE PROBLEM, SO REMOVING THESE BARRIERS AND OFFERING INCENTIVES, FOR EXAMPLE TAX BREAKS, FOR SITUATIONS WHEN AN ENTREPRENEUR IS COMES TO SOLVE A PROBLEM THAT WOULD OTHERWISE BE SOLVED BY THE GOVERNMENT" (INTERVIEW 5).

### 3.2.2 Culture

During the interviews it became apparent that there is a strong culture of entrepreneurship in Kenya, as well as a strong local culture that motivates SEs, but what is lacking is a culture of innovation. As previously discussed, the term SE is new in the country, and some see it as “a new foreign concept being imposed on Kenyans” (Moreno and Agapitova, 2017b:9). However, the underlying principles of SEP that are rooted in social value have long been part of the African culture, as explained by a support organization:

"AFRICAN CULTURE FUNDAMENTALLY WAS COMMUNITY DRIVEN FROM DAY ONE. IT WAS ALWAYS ABOUT COMMUNITIES. THE VILLAGE THAT RAISES THE CHILD, YOUR NEIGHBOUR CANNOT GO HUNGRY- IT'S COMMUNITY DRIVEN. WE LEARNED ABOUT INDIVIDUALISTIC BEHAVIOUR FROM THE COLONISTS BECAUSE THEY CAME AND LOOTED, AND THEY TOOK FOR THEMSELVES. AND SO, WE BEGAN TO SEE [PEOPLE] SEEMINGLY PROSPER BY TAKING FOR THEMSELVES, AND THEN WE WENT TO SCHOOLS BASED ON THAT TEACHING OF CAPITALISM. AND NOW IT SEEMS LIKE THE EX-COLONISTS ARE COMING BACK TO TELL US TO BE COMMUNITY DRIVEN" (INTERVIEW 1).

The cultural shift in Kenya, towards individualism over collectivism was brought in by outsiders. Interviewees stressed the need to survive which, coupled with Western values education, creates a generation of entrepreneurs that focus more on profit than social good:

"A LOT OF STUDENTS COME OUT OF UNIVERSITY WITH THIS IDEA OF I'M GOING TO BE IN BUSINESS SO THAT I CAN MAKE MONEY. I'M GOING TO BE IN POLITICS, SO I CAN MAKE MONEY. AS IN IT IS HOW I GET MYSELF AND MY FAMILY OUT OF POVERTY BY MAKING THE MOST MONEY THAT I CAN" (INTERVIEW 1).

The interviewees supported the idea that Kenya is a country of many entrepreneurs, however they made a distinction between entrepreneuring and innovating. Two respondents called attention to the duplication (of successful businesses?) that is prevalent in Kenya:

"THERE IS LACK OF INNOVATION. WE DO A LOT OF DUPLICATION... WHEN IT COMES TO NEW IDEAS, NOT MANY PEOPLE ARE COMING UP WITH THOSE IDEAS. BASICALLY, BECAUSE [OF] OUR UPBRINGING AND THE CULTURE" (INTERVIEW 2).

"KENYANS ARE ENTREPRENEURS AND EVERYTHING, BUT ALSO KENYAN'S ARE LIKELY TO SEE IF [A] BUSINESS IS GOING WELL AND TO DO THEN SAME BUSINESS" (INTERVIEW 6).

### 3.2.3 Human Capital

The interviews supported the view that many Kenyan entrepreneurs are lacking skills needed for running successful businesses. One support organization stressed that it is not about lack of knowledge, but rather the ability to follow through, as explained:

"I HAVE HAD [ENTREPRENEURS] APPROACH ME TO SAY I NEED YOU TO HELP ME WRITE A BUSINESS PLAN. I TELL THEM I CAN HELP YOU, BUT ALL THE INFORMATION NEEDS TO COME FROM YOU, BECAUSE IT'S YOUR BUSINESS. WHEN I [ASK] WHO IS YOUR MARKET, HAVE YOU DONE MARKET RESEARCH? 'NO'. WHAT ARE YOUR NUMBERS, ARE YOU TRACKING NUMBERS? 'NO'. CAN YOU ADD A SUMMARY OF YOUR BUSINESS? 'NO'. IT'S NOT BECAUSE THEY CANNOT IT'S JUST BECAUSE THEY DON'T WANT TO SIT STILL AND DO IT. THEY WANT TO PAY SOMEONE ELSE TO DO IT FOR THEM" (INTERVIEW 1).

All the interviewees agreed with the critique of the education system, that does not prepare Kenyans to manage and build their own businesses. One investor linked this to idea of ownership noting that:

"ONE OF THE CHALLENGES IS COMING FROM THE EDUCATION SYSTEM IN KENYA. WE ARE NOT TRAINED TO RUN OUR OWN BUSINESSES, WE ARE TRAINED TO WORK IN OTHER BUSINESSES... WE DON'T HAVE THE MINDSET OF OWNERSHIP" (INTERVIEW 2).

This narrative is also amplified by international actors, that have a history of disregarding Kenyan knowledge, as explained by a support organization:

"KENYANS HAVE IT. THEY ARE ENTREPRENEURIAL. THEY ACTUALLY INHERENTLY REALLY WANT TO ASK A LOT OF QUESTIONS, BUT THE EDUCATION SYSTEM, AND ACTUALLY EVEN A LOT MULTINATIONAL [FIRMS] THAT HAVE COME IN, WE SAW ALMOST DIDN'T TRUST THEIR [LOCAL] CONSULTANTS... THEY TRY TO TEMPLATIZE EVERYTHING AND FOR THE REALLY SMART PEOPLE THAT'S NOT INSPIRING. VERY SENIOR PEOPLE WERE COMING TO US AND SAYING, WE ARE NOT BEING CHALLENGED" (INTERVIEW 3).

The interviewees emphasized that the knowledge is accessible, but it comes down to discipline and tenacity to work on an idea for a while through an iterative process. As explained by an investor:

"SOMETIMES WE ARE NOT WILLING TO GO THROUGH THE LEARNING PROCESS WHEREBY YOU KNOW THAT IT TAKES A NUMBER OF YEARS TO BUILD A GOOD ENTERPRISE, WE WANT THAT NOW. SO THAT MICRO MENTALITY THAT IF I SET UP A

BUSINESS, WHICH IS NOT PROFITABLE IN ONE YEAR, THEN I'M WASTING MY TIME" (INTERVIEW 2).

### 3.2.4 Support

The roles of support organizations in Kenya is still being debated, but overall interviewees see a lack of support for local SEs, finding that most of the models and organizations in Kenya are not necessarily focused on the right issues:

"THERE'S DIFFERENT DEBATES ON WHAT THE ACTUAL PURPOSE OF AN INCUBATOR/ ACCELERATOR IS. IS IT TO GET INVESTMENTS FOR THE COMPANIES THAT GO THROUGH, OR IS IT JUST TO HELP THEM THRIVE?" (INTERVIEW 3).

The majority of accelerators and incubation models in Kenya are based on western models. Beyond the issue of not actually giving local entrepreneurs the tools and skills needed, this also risks selling false hopes to locals, as explained by a support organization:

"MANY PROGRAMS [PROMISED] WE'RE GOING TO HELP YOU DESIGN A BUSINESS MODEL AND THIS GREAT PLAN, AND THEN WE ARE GOING TO GIVE YOU ABSOLUTELY NO RESOURCES OR PRACTICAL THINGS TO IMPLEMENT IT... IT'S WHY WE ALSO THOUGHT INTERNATIONAL DEVELOPMENT WAS DAMAGING [BY MAKING BIG PROMISES] AND NOTHING ACTUALLY CHANGES. THERE HASN'T BEEN MUCH ACTUAL RESULTS FOCUS." (INTERVIEW 3).

One investor points to the role of international actors who funded these support models, which ultimately are seen as a failure:

"[WHAT COMES OUT OF ACCELERATORS OFTEN IS] SOMETHING WHICH IS HALF BAKED, WHICH IS NOT WELL TESTED, AND WHICH IS NOT FIT FOR THE MARKET... MOST OF THE NGOS, MOST OF THE FOUNDATIONS, MOST OF THE HIGH NETWORK INDIVIDUALS THAT HAD SET UP THAT TYPE OF [ACCELERATOR] MODEL ARE EITHER CLOSING DOWN OR JUST SHIFTING TO DIFFERENT FORMS LIKE COMPETITION" (INTERVIEW 2).

One of the failures of the support models is in part due to a recycling of ideas and people, what came up in a several interviews as 'accelerator hopping', as explained by a support organization:

"ACCELERATOR HOPPING [IS] WHERE I COME TO [AN ACCELERATOR] AND I GO THROUGH [THE] PROGRAM AND I HAVE A BUSINESS PLAN, BUT THEN I WASN'T SELECTED [FOR FINANCING]. SO INSTEAD OF LOOKING FOR ANGEL INVESTORS, SO THAT I CAN NOW START MY BUSINESS AND THEN KEEP ON FUNDRAISING, WHAT I WANT TO DO NOW IS I GO TO ANOTHER INCUBATOR. BECAUSE I'M HOPING TO WIN THAT PRIZE AND THEN I GO TO ANOTHER INCUBATOR WHEN I DON'T WIN. YOU FIND THE SAME PEOPLE GOING AROUND INCUBATORS, BUT THE THING IS THAT THEY NEED TO COME OUT OF THERE WITH THEIR BUSINESS PLAN AND WITH CONFIDENCE AND NOW START LOOKING FOR INVESTORS BY THEMSELVES" (INTERVIEW 1).

An investor, pointed to the ‘natural death of ideas’ which needs to happen, as some ideas will not pan out, seeing accelerator hopping as a focus on a desire to win, rather than develop a viable product:

"THE SKILLS WHICH YOU GOT IN THE FIRST [ACCELERATOR] SHOULD ENABLE YOU TO DETERMINE WHETHER THE BUSINESS IS VIABLE, AND IF IT'S NOT THEN WHAT NEEDS TO CHANGE, BUT IN THE EVENT OF ACCELERATOR HOPPING, YOU'RE TARGETING TO WIN... THIS IS NOT TO BE AN ENTREPRENEUR" (INTERVIEW 2).

The hyper focus of support organizations on pitching and raising funds is misplaced, as “the focus should not be how to get money in the business. It should be how to come up with a product which will attract money in the business” (Investor 2). Accelerator hopping also means you have the same people going through programs so that only a small number of SEs have access to such programs.

### 3.2.5 Markets

The interviews were split on the issue of markets. Interviewees who provide funding for SEs see markets but identify SEs challenges in developing products, while other point to young markets and complications derived from grant funding. Investors stressed the need for SEs to focus more on developing their value proposition for the markets;

"THE RIGHT FOUNDATION BOILS DOWN TO THE BUSINESS MODEL. THE BUSINESS MODEL BOILS DOWN TO THE PRODUCT OR THE SERVICE OFFERING, WHICH SHOULD RESONATE WITH THE CHALLENGES YOUR MARKET IS FACING." (INTERVIEW 2).

SEs need to continuously be in communication with customers,

"IF WE'RE DEVELOPING [A SOLUTION] BECAUSE WE THOUGHT IT'S A PROBLEM, WITHOUT ASKING ANYONE- THAT'S A CHALLENGE. HAVE YOU BEEN TO THE FIELD? TALK TO YOUR POTENTIAL CUSTOMERS, SEE THAT'S A PROBLEM AND THEN DO A WHOLE VALUE PROPOSITION EXERCISE. WE TRY TO TELL OUR START-UPS TO VALIDATE AS QUICKLY AS POSSIBLE TO TEST HYPOTHESES. IT'S EASIER TO FAIL FAST THAN SPEND A LOT OF TIME AND THEN THE PRODUCT DOESN'T REALLY WORK." (INTERVIEW 6).

Despite this, many Kenyan SEs face challenges in developing a viable business model, and find it difficult to “penetrate the market” (Interview 5). There are two main explanations, the first looks at the potential of the BoP as a market that is used to getting services and products from non-profits, as explained:

"SE IS A NEW THING IT'S VERY YOUNG ON THE CONTINENT, AND THIS IS A CONTINENT THAT HAS BEEN ACCUSTOMED TO AID- SO THEY'VE BEEN ACCUSTOMED TO A FOREIGNER OR WHITE PERSON COMING WITH AID THAT THEY NEVER HAVE TO PAY BACK" (INTERVIEW 1).

An additional challenge is the overall young markets,

"ONE OF THE THINGS THAT MAKES IT SO DIFFICULT FOR SOCIAL ENTERPRISES WITHIN KENYA TO BE ABLE TO GENERATE MUCH PROFIT IS BECAUSE IT IS A YOUNG MARKET IN TERMS OF SUSTAINABLE PRODUCTS" (INTERVIEW 5).

The issue of grant funding came up as a repeated challenge, as it tends to subsidize the SE offerings, as development agencies are driven more by reaching beneficiaries and less on validating models.

"SEs IN THE BEGINNING... HAVE NOT THOUGHT ABOUT THROUGH THEIR MODEL, AND ARE STILL TRYING TO VALIDATE THEIR SE MODEL, AND IN DOING SO THEY RECEIVE A GRANT TO TEST THEIR MODEL. THE MISTAKE THEY MAKE IS THAT, BECAUSE THIS IS A GRANT FUND, THEY LAUNCH THEIR PRODUCTS AT A PRICE THAT IS NOT SUSTAINABLE. BECAUSE IT'S HEAVILY SUBSIDIZED BY THE GRANT, WHEN THE TIME COMES FOR THEM TO SCALE, AND THEY REALIZE THEY NEED TO DOUBLE THE PRICE, THE COMMUNITY WILL [OBJECT]" (INTERVIEW 1).

However, this was largely dismissed by other interviewees, who say the markets are there, but SEs need to test and reiterate on their products in line with market demands. Several interviewees stressed that products need to resonate with the market;

"ONE OF THE THINGS THAT HAS BEEN VISIBLE, IS THAT WE HAVE SOME PRODUCTS OR SOLUTIONS THAT ARE TOP-DOWN... SUCH COMPANIES HAVE QUITE A STRUGGLE IN THE MARKET BECAUSE THEY ARE NOT SOLVING A PROBLEM" (INTERVIEW 2).

A support organization explained that they spend a lot of time ensuring that their portfolio companies are focusing on prototyping, product iteration and testing with markets;

"IF YOUR PRODUCT IS GREAT, DEFINITELY YOU GET EARLY ADOPTERS. BUT YOU NEED TO FIGURE OUT ALL THESE THINGS... THAT'S WHY WE DO THE WHOLE [MARKET] VALIDATION" (INTERVIEW 6).

The need for proper research was stressed by several interviewees:

"[VALIDATING THE BUSINESS MODEL] SHOULD BE FACILITATING PILOTING, WHAT TYPE OF RESEARCH SHOULD BE DONE, WHAT TYPE OF PRODUCT AND HOW IT NEEDS TO BE CHANGED" (INTERVIEW 2).

However, the ability of SE to conduct market research, as discussed in chapter two, is seen as a limiting factor, as explained:

"SOCIAL ENTREPRENEURS IN KENYA THEY HAVE A CHALLENGE IN PRODUCT AND MARKET RESEARCH SO THEY CAN CONTINUOUSLY IMPROVE. [WITHOUT RESEARCH] THEY STAGNATE, IT'S DIFFICULT TO GROW" (INTERVIEW 5).

### 3.2.6 Finance

All the interviewees identified finance challenges. Many of the challenges arise from the juxtaposition of Western SE financing models within the Kenyan context. The typical start-up funding model, building up from friends and family to angel and seed are not applicable to the African context, as explained by one support organization:

"THE NARRATIVE FROM THE WEST IS FRIENDS AND FAMILY SHOULD FUND YOUR EARLY STAGE. BUT WHO'S FRIENDS AND FAMILY IN AFRICA HAVE MONEY TO GIVE THEM TO GO AND TEST OUT BUSINESSES? THAT IS NOT NORMAL [HERE]. YOUR FRIENDS AND FAMILY ARE STRUGGLING, OR THEY ARE PAYING FOR SCHOOL FEES. THEY WANT TANGIBLE RESULTS- THEY ARE NOT GOING TO BE GIVING YOU ANGEL INVESTMENT. SO THAT S GAP. THE FUNDING TO TEST YOUR IDEA IS A HUGE GAPS" (INTERVIEW 1).

However, despite these constraints Kenyan SEs are more likely to use their own funds than their counterparts in America or Europe due to lack of availability of funding. About 60% of tech entrepreneurs are self-funded in Kenya, compared to 16% in Silicon Valley (GSMA, 2014:48). As discussed previously there seems to be an overabundance of late stage funding, while early stage funding options are limited (GSMA, 2014:48). Additionally, commercial lending is limited due to the risks associated with SE:

"GETTING FINANCING FROM BANKS IN KENYA IT'S VERY RARE AND DIFFICULT BECAUSE BANKS ARE RISK AVERSE" (INTERVIEW 5).

The presence of so many non-profit actors focusing on SEs, especially on scalable solutions (see examples in table 4) were seen as a key challenge, as more actors start to engage in the domains of venture capital, creating, what one support organization coined as "venture grants". This can create an imbalance in the ecosystem with too many people focused on one small piece of the puzzle. As explained:

"THE PROBLEM WITH SE OR INNOVATION NOW IS THAT EVERYONE WANTS TO KIND OF DO VC EQUITY, HIGH GROWTH PLAYS... INNOVATION IS THE 'COOL' THING TO DO, AND PROMISES THESE GREAT RETURNS, BUT IT'S LIKE EVERYONE WANTS THEIR CAKE AND TO EAT IT TOO WITHOUT REALIZING THAT YOU NEED SOMEBODY TO INVEST IN THE FOUNDATION OF THE INDUSTRY... AND THAT'S REALLY HARD. THERE IS THAT WAVE OF SES [ARE] COOL, INNOVATION AND START UP[S] [ARE] COOL, AND IT'S IMPORTANT, BUT ITS ONLY ONE PIECE OF ACTUALLY ADDRESSING THE GREATER ISSUE THAT'S INTENDED." (INTERVIEW 3).

Additional, grant giving organizations such as development agencies are shifting towards profit generating models, to ensure the long term sustainability of programs:

"WHAT I AM SEEING MORE AND MORE IS THE SHIFT FROM INTERNATIONAL DONORS, WHERE YOU'RE GETTING GRANTS TO EXECUTE A PROGRAM VS IMPACT INVESTORS WHERE THEY WANT TO INVEST EITHER DEBT OR EQUITY IN YOUR BUSINESS... THERE

IS A PUSH TOWARDS... INITIATIVES THAT CAN BE PROFIT GENERATING AS WELL AS IMPACTFUL FOR THE COMMUNITY." (INTERVIEW 1).

This shift in development actors' interest and focus, combined with the new stricter Kenyan policy about non-profits has led many non-profits to enter the realm of SEs (DOT YouthLab 2019:19,30). Driven by a necessity to secure funding these non-profits are 'quasi necessity-driven' SEs. While potentially adept at delivering social services, many will not know how to build and manage a business. As a support organization said:

"MANY SEs STRUGGLE TO SCALE UP AND DEVELOP SUSTAINABLE MODELS. AT THE SAME TIME, NGOs AND CSOs SEEM TO BE TURNING TO SE AS A POTENTIAL MODEL TO ENSURE THE LONGER-TERM SUSTAINABILITY OF THEIR OPERATIONS" (INTERVIEW 4).

Most social entrepreneurs in Kenya are driven by social impact, and frequently are supported by grants that prioritize impact over business model development, which means that SEs often let the viability of the model take a back seat, as explained by a support organization:

"MOST OF THE SEs WITHIN [KENYA] ARE MORE FOCUSED ON THE SOCIAL CHANGE THEN THE RETURN ON INVESTMENT. FINDING THIS BALANCE BETWEEN MAKING PROFIT AND HAVING SOCIAL IMPACT IS STILL A DIFFICULT [CHALLENGE] THAT MOST ENTREPRENEURS ARE FACING RIGHT NOW. THEY TAKE A VERY LONG PERIOD OF TIME RUNNING AS THEY SOLVE A PROBLEM, WITHOUT MAKING ANY PROFITS" (INTERVIEW 5)

The mix of funding sources also drains the SEs resource, as different types of investors will have different reporting structures, regulations and criteria. These end up draining the time of entrepreneurs, and do not necessarily provide them with transferable financial management skills that translate across investors. As one support organization explained:

"I KEEP HEARING FROM START-UPS THE SAME CHALLENGE. EVERY MONEY YOU GET YOU HAVE DIFFERENT REPORTING MODELS."(INTERVIEW 6)

Investors looking for financial viability outline the complication of the overlap with the non-profit market; "The development money, it's not helping them become sustainable. They start designing their business plan to target development agencies and not the customer, and then once the grant runs out it's a dead end. And then that makes it hard for us [investors]. Because all these companies might be run by promising entrepreneurs, but they have the wrong incentives" (interview with investor, de la Chaux and Okune, 2017:279). This is creating a tarnished image of SEs, due largely to the whole-hearted embrace of SEs by the non-profit world. Organizations that receive multiple grants are a red flag to potential investors, as explained by a support organization:

"[INVESTORS] AVOID A COMPANY THAT HAS A LOT OF GRANT FUNDING.... WE DON'T WANT YOU TO DEPEND ON GRANT FUNDING. WE WANT YOU TO ENSURE THAT YOU'RE ABLE TO RUN YOUR BUSINESS AND STILL ABLE TO MAKE PROFIT, WHILE SERVING THE UNDERSERVED COMMUNITIES" (INTERVIEW 6)

Receiving a grant may also affect the drive and motivation of the entrepreneurs, making them complacent and less driven. One support organization sees grants as giving entrepreneurs a false sense of security, as opposed to a time to develop, test and strengthen their business, explaining:

"[RECEIVING GRANT FUNDS] MADE THEM LAZY, [SAYING] OK NOW I HAVE A GRANT AND I DON'T NEED TO INNOVATE, I DON'T NEED TO HAVE A SOLID FOUNDATION IN MY BUSINESS. AND THEN WHEN THE GRANT FUNDS OUT I CAN THINK ABOUT FUNDRAISING" (INTERVIEW 1)

### 3.3 Homegrown SE vs. Western SE- a post-colonial critique

The analysis in chapter two together with the insights from the interview findings in chapter three create the impression that while there is a growing SEE in Kenya, it is not necessarily geared towards local entrepreneurs. As amply summed by an investor:

"EXPATS ARE GETTING MORE SUPPORT THAN LOCAL ENTREPRENEURS" (INTERVIEW 2).

The current ecosystem is not providing an enabling environment:

"THE SE SECTOR LACKS A SUPPORTIVE ECOSYSTEM, OR ENABLING ENVIRONMENT, WHICH WOULD ALLOW THESE ORGANIZATIONS TO THRIVE AND GROW" (INTERVIEW 4)

I argue that the ecosystem is currently supporting Western SEs, prioritizing the desire for high-growth innovation over local innovative models. This can be explained through a post-colonial critique in which the prevalence of many western actors in the Kenyan SEE brings with it a risk of 'westernization'. This can be interpreted through a lens of institutional isomorphism, in which organizations become similar to each other (Mirvis and Googins, 2018:75). Institutional isomorphism can take a number of forms, that are visible in the current Kenyan SEE. Normative isomorphism, where powerful western organizations and associations can exert influence to encourage development on the "western path" (Mirvis and Googins, 2018:75) and is seen in the presence of many western actors in the Kenyan SEE, think for example, of how active the Kenyan embassy is in the UK SEE? Mimetic isomorphism, which refers to organizations seeking legitimization achieve this by imitating western organizations which can be seen in the entrepreneurial education in Kenyan universities, as illustrated below. Lastly coercive isomorphism can be seen in "Western and corporate donors, who fund [organizations], influence what goes on by controlling their purse strings... expressed another way this is a form of neo-colonialism" (Mirvis and Googins, 2018:75), with over 80% of investors in SSA being non-African, the money in the SEE is largely controlled by western entities; be they development agencies, impact funds, or private individuals. The following will expand upon the three levels of institutional isomorphism found in the Kenyan SEE.

The term SE is a foreign import into Africa, that brings with it a school of thought, plurality of actors and definitions largely stemming from western schools of thought, however the underlying culture and beliefs of community are intrinsically part of the African fabric:

"TRADITIONALLY THE AFRICAN CULTURE WAS NEVER INDIVIDUALISTIC, IT WAS ALWAYS ABOUT COMMUNITY" (INTERVIEW 1).

One dominant theme that came up time and again in the interviews is that the conversations around SEP should be grounded in African traditions and cultures, implying that it wasn't now time for Africans to learn how to be community oriented, but rather to forget the individualistic teachings that came from the West as part of colonialization:

"THERE NEEDS TO BE AN UN-LEARNING OR A RE-LEARNING. WE HAVE TO DO A LOT OF MIND SHIFTING. TO SAY, CAN WE GO BACK TO COMMUNITY? BECAUSE THAT WAS HOW WE WERE IN THE FIRST PLACE." (INTERVIEW 1).

Gitonga (2017:18) criticises the acceptance by Africans of foreign ideas and concepts "absorbing them without critically investigating their source, history, necessity, and workability in the context of Africa". This is evident in the use of 'Silicon Savannah' "as if the perception of the American Silicon Valley had been taken wholesale and plastered into the African scenario". A recent body of research has picked up on this point by introducing African collectivist cultures into business management studies, including the study by Vershinia, Woldesenbet Beta, and Murithi (2017) which looked at the effect of Harambee on social entrepreneurs in Kenya. They found strong correlations between the values in Harambee, such as collective reliance, social responsibility, enterprising, mobilising solutions, and political philanthropy and the creation of SEs. Studies on Harambee can also provide insights into additional African countries that have similar collectivist national cultures such as "Ubuntu" from South Africa, meaning "I am as I am through others" (Vershinia, Woldesenbet Beta, and Murithi 2017:688), "Humanism" In Zambia, and "Ujamaa" in Tanzania (Vershinia, Woldesenbet Beta, and Murithi, 2017:688) and "Ubudehe" in Rwanda (Rwamigabo, 2017:377). There is an opportunity for 'South-to-South' learning, and Kenya can take inspiration from the reclamation of indigenous culture, social values and norms to drive innovation and entrepreneurship that can be found in SSA, as well as Latin America, where countries are embracing the concept of Buen Vivir as a driver for social change (Villalba, 2013).

Despite the overall positive attitudes in Kenya towards SEs, the impression that the current ecosystem favours the Western model, can be seen by the 'successes' produced by the ecosystem, which tend to be non-local organizations. Up to 2014 only 26% of investments into technology-based SEs have gone to Kenyan founded SEs (de la Chaux and Okune, 2017:281), and between 2015-2016 90% of all start-ups funded in Africa had one or more North American or European founders (Peacock and Mungai, 2019). This can be attributed to the fact that 80% of investors are from outside of Africa (Peacock and Mungai, 2019). As explained by one support organization:

"THERE'S ALSO THE ELEMENT OF TRUST OR LACK OF TRUST FROM INVESTORS... WHEN YOU SAY THAT PEOPLE INVEST IN PEOPLE. YOU FORM A RAPPORT WITH THE ENTREPRENEUR AND INVEST IN THEM, WHICH IS HOW YOU WOULD FIND THAT IF I'M AN INVESTOR AND WE ARE A GROUP OF INVESTORS AND WE ARE PRIMARILY WHITE,

WE ARE MORE LIKELY TO INVEST IN A FACE THAT IS SIMILAR TO OURS, WHICH, UNFORTUNATELY IS WHY A LOT OF BUSINESSES IN AFRICA ARE SAYING YOU HAVE TO HAVE A WHITE PERSON ON YOUR BOARD TO GET FUNDED” (INTERVIEW 1)

The presence of so many foreign founders and investors in the space raises ethical questions, which are also captured and debated about in the “white saviour complex” (Kaigwa, 2017:202). With SEs coming in and promising changes, there are still questions about who benefits the most, and who’s voices are leading the discussions. As one support organization challenged:

"MOST OF [THE ENTERPRISES IN NETWORK] ARE LED BY WHITE FOUNDERS. AND SO, THE QUESTION IS, IS IT A GUILT THING WHEN THEY DECIDE TO DO BUSINESS FOR GOOD IN AFRICA? BECAUSE THEY HAVE HAD OTHER PRIVILEGES AND NOW THEY ARE GIVING BACK? BUT THEY CAN GIVE BACK WHILE MAKING MONEY. SO, IT'S WIN-WIN" (INTERVIEW 1)

The prevalence of non-Kenyan in the landscape has been hotly debated in Kenya for many years, as exemplified by a 2018 image (figure 5) that sparked ‘rage’ (Digestafrica, 2018). Having dominant ‘expat’ (expatriate) and foreign voices dominate the conversation, risks a continued dismissal of Kenyan local and indigenous knowledge, experience and abilities (Owuor, 2008:21). Gitonga calls on Africans to remove “our Western coloured view of Africa” (Gitonga, 2017:20) which is fuelled by the West’s post-colonial and international aid ‘guilt-trip’, in which Africans are portrayed as those in need of hand-outs while extraction of resources from the continent continues. These messages are consumed by Africans, “lead[ing] to collective low self-esteem and apathy, creating passive people who are absent from the conversations that affect them on the world stage” (Gitonga 2017:20). These negative images of Africans also need to be unlearned, and can be unwittingly reinforced by the presence of international actors. Kenyans in some ways are “50 years late to the party” (Gitonga, 2017) and competing against western counterparts can be an uphill battle. The ecosystem in Kenya needs to gear it’s support toward local entrepreneurs. Expats and non-locals can play a positive role, as pointed out by a number of respondents who were quick to point the positive aspects of this mix of locals and expats, as it can lead to sharing of information, co-learning opportunities and bringing together of different skill sets and networks.

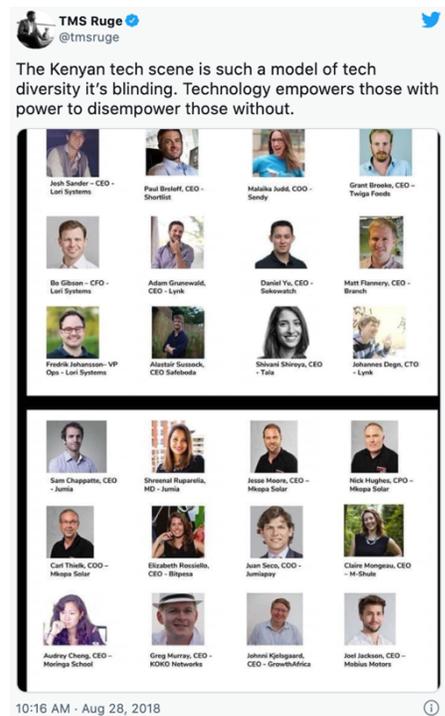


Figure 5: Screenshot of twitter post. Sources: <https://digestafrica.com/kenya-white-tech-startup-rage>

The web of actors supporting social entrepreneurs in Kenya are mostly drawing from the West. Investment models, accelerator and incubator models, educational programs were all imported into Kenya with little regard for the local context. While many point to a growing number of Kenyan Universities teaching entrepreneurship and SEP (Mirvis and Googins, 2018, British Council 2017, Moreno and Agapitova, 2017b:15) they are still teaching

based on western models of entrepreneurship, that are supported by a body of research conducted in other contexts. As illustrated by a support organization:

"EVEN THE EXAMPLES THAT ARE BEING USED [IN UNIVERSITIES IN KENYA] ARE OF COMPANIES FROM THE WEST, AND WE HAVE SAFARICOM HERE. THAT IS A CASE STUDY. NO ONE IS TALKING ABOUT COMPANIES IN OUR CONTEXT AND WHAT THEY ARE DOING TO INNOVATE" (INTERVIEW 1)

The import of these concepts can also trigger a backlash. Many Africans call into questions the new double standards, in which their economic growth is 'restricted' by new environmental concerns, after years of western exploitation of Africa's resources. As exemplified by a support organization:

"WESTERN COUNTRIES HAVE DEVELOPED THEMSELVES ON THE BACK OF INDUSTRIALIZATION AND EMISSIONS, AND OF ALL [A SUDDEN] THEY ARE COMING TO TELL US DON'T CUT TREE'S SO THAT THEY CAN BENEFIT FROM THE FACT THAT WE HAVE TREES" (INTERVIEW 1).

The pushback facing actors within the SE ecosystem has pushed them to figuring out how to frame the debates considering the local mindset. One support organization explained that "you have to tell them what's in it for them", and frame the conversation in a way that doesn't leave them feeling cheated. As explained by one support organization:

"IF YOU SAY IMPACT, IT FEELS LIKE THEY ARE GIVING AWAY AND NOT RECEIVING ANYTHING IN RETURN. IMPACT IS LIKE CSR, I ONLY DO IT IF I HAVE EXTRA PROFIT... BUT WHEN YOU TALK ABOUT SUSTAINABILITY, ALL OF A SUDDEN YOU'RE LIKE OH YEAH THAT'S TRUE, WILL I BE HERE IN THE FUTURE" (INTERVIEW 1)

## Chapter 4: Missed opportunities, future potentials: recommendations for the Kenyan SEE

### 4.1. Summary of discussion

This research sought to understand how the Kenyan SEE is developing, what the current landscape is, and what types of SEs are receiving support. Finally, the research asks how Kenyan is the SEE, and found that the ecosystem is promoting a Western model of SE, providing more support and investments foreign- founded SEs. Despite the national culture which provides strong motivations for SE, an emphasis is put on technological, scalable solutions falling in line with Western SEs, while mostly ignoring the social and innovative potential of the Homegrown SE models. A healthy ecosystem will have a wide variety of support and finance options geared towards different levels of entrepreneurs with varying growth goals and unique challenges (Isenberg, 2011, Roundy, 2017). However, the research suggests an unbalanced ecosystem with too many financiers and support options gravitating towards one piece of the social entrepreneur puzzle, while negating the smaller MSME's that working on achieving impact for communities. Put in other words this seems to continue the trend of dismissal of local or indigenous knowledge, and the imposition of Western models and ideology.

The historical, colonial context and development legacy are defining features of the Kenyan SEE, promoting Western-grown concepts of social entrepreneurship, perhaps at the detriment of a stronger locally-grown movement. The research has observed, on one hand the local pushback for the term of SE and on the other hand a growing number of SEs, or SE adjacent endeavours that are ‘purposeful’, ‘value-driven’ or ‘inclusive’, suggesting that there is wide buy-in of the main selling point of SEs- creating social value. As one interviewee said, perhaps all businesses in Africa can be good, if they remember their initial community culture, and put aside the aspiration for wealth at all costs. Such a conversation could potentially reverberate throughout all businesses, bringing more private sector actors into the fold of social and environmental good. Currently the perception of SE in Kenya is that of a struggle, based on a model that is not proving itself. What would it look like if non-locals supported locals in developing their models and concepts, instead of bringing in their own solutions and business? Maybe Kenyans could reclaim their community-driven culture and reimagine businesses beyond the scope of what an outsider could imagine? How do we create that environment? One support organization sees a different future:

"SEs, TO BE HONEST, THEY ARE NOT SUSTAINABLE. IMPACT DRIVEN BUSINESS IS MORE SUSTAINABLE. WHERE YOU ARE REALISTIC WITH YOURSELF TO SAY I'M RUNNING A BUSINESS, BUT I'M GOING TO RUN IT WELL. EVERYBODY WHO IS PARTICIPATING IN MY BUSINESS WILL GET PAID ON TIME, I WILL NOT SHAFT EMPLOYEES, IF I HAVE ENVIRONMENTAL WASTE I WILL TAKE CARE OF IT PROPERLY" (INTERVIEW 1).

An alternative narrative is developing in Kenya, one where there is no need for an SE classification, but rather a reimagining of an African model for business that is rooted in community and culture.

## 4.2. Key missed opportunities

Kenya, especially Nairobi, offer a unique context for those working in the field of social entrepreneurship. The diversity of actors, the melting pot of development actors with private sector actors and locals has the potential to create truly unique models that could go on to inform the practice of SE globally. The research identifies four main missed opportunities:

### 4.2.1 Amplify local knowledge

There is a growing movement in the global south to reclaim alternative forms of knowledge and organization that can offer an alternative to the Western neo-liberal narrative of economic growth. Homegrown SEs have been operating in Kenya for close to 60 years, and have developed models and approaches that could be of relevance on a global level. There is an opportunity for the international actors to switch their roles, from leading to following, from dictating to supporting and listening. The fact that the successes of Kenyan SEE are mainly non-Kenyan is not debatable, and a quick review of the founding teams’ photos reveals that, as seen in figure 5. The presence of so many international actors in Kenya can be a strength, as it can provide an opportunity for mutual learning, collaborations and innovation. However, the history of colonialism combined with the power imbalance skewing towards Western organizations, as those with ‘expert knowledge’ and the financing power, imply a need for a conscious-efforts to amplify local voices and knowledge. Perhaps rather than start organizations, non-locals need to support locals in founding SEs,

supporting local solutions and innovations and bringing in skills needed to supplement and compliment the local entrepreneurs.

#### 4.2.2 Fund the Gaps- new models of tailored support

An unbalanced ecosystem leads to excessive amounts of support and finance on one hand and a gap of services and funding on the other. This is the case in Kenya where a rush of actors to high-growth high-impact high-rewards quadrant which favours Western SEs. The Kenyan Homegrown social entrepreneurs operate in a variety of ways that may require different layers of support. This creates, in the author's view, a unique potential for non-profit actors to revise their role within the ecosystem. Additional studies suggest that development agencies and donors have a role to play in social ventures, to fill the 'pioneer gap' in impact investing for early stage companies that are seen as too risky (Dieter, *et al*, 2013). The pioneer gap, also called the missing middle is part of a larger funding challenge in Kenya. An IFC report from 2017 assessed the MSME finance gap globally, and found Kenya to have a 30% finance gap for MSME, with Women-led MSMEs making up 76% of the gap (Bruhn *et al*, 2017:63,38). It's been suggested that this is a potential gap that donors could fill due to their social focus (Hanley, Wachner and Weiss, 2015). Donors can support by de-risking SEs, providing support and funding for early stage companies, complimenting the role of traditional impact investors and VCs. This creates an opportunity to develop innovative financing solutions for informal and MSME social entrepreneurs that could be applicable to SEP in emerging economies in Africa and globally.

#### 4.2.3 Rethinking scale

Fascination with scale within the Kenyan SEE is palpable. Scale brings a promise to achieve wider impact, and for many SEs is necessary in order for them to survive. A number of SEs, such as those targeting the BoP as a customer base, require scale in order to be financially viable. However, the majority of SEs in Kenya are small, and the hyper focus on scalable solutions creates a gap in support of MSME social entrepreneurs that either do not want to scale, do not need to scale, or don't even think about scaling. Donors trying to emulate venture capital approach looking for high-growth companies need to think about scale differently, as one interviewee suggested, "not necessarily looking for big organization that can scale, but the big idea that can scale" (Interview 1). Scaling up an enterprise is not an easy feat. As in development, where programs and interventions must be localized and contextualized so too we cannot assume that what works in Kenya will work elsewhere without contextualization and adaptation. Perhaps there needs to be a decoupling of SE from scale.

#### 4.2.4 A new African model of businesses

The irony of the ex-colonizers returning to Africa with a new focus on creating social value and encouraging community is not lost on Kenyans, and can be seen as 'whitesplaining'. While European and American organizations, institutions, and investors peruse an agenda of SE, is this happening at the expense of an African alternative? At times it seems as if the game is rigged against Kenyans. They are told to be community driven (they were), and told to develop models that have both social impact and profit (they have), and then told that they need to do it at a standard of their Western counterparts- and until they can, non-Kenyans get to dominate the Kenyan SEE. Many businesses and entrepreneurs in Kenya have a social value orientation, with or without calling themselves an SE. Foreign actor are perpetuating the concept of SE, with conflicting messaging, bringing in moral and value codes, that are imported, while denying the local values

that are in greater harmony with the desired goals. The focus on Western SEs may be at the detriment of a Kenyan model.

### 4.3. Recommendations

#### **Policy**

While there is much debate about the lack of policy and classification of SEs in Kenya, it is the author's opinion that a SE category is unnecessary within the Kenyan context. As discussed, the term is not widely accepted and carries with it negative connotations. Alternative classifications could capture a wider net of socially minded companies. The PBO Act could be a step in the right direction by developing Public Benefit Organizations. Organizations like B Lab East Africa are promoting the adoption of B Corps within the African setting, striving to integrate social and environmental responsibility in all businesses.

Wider policy reform would be more beneficial to the operations of social entrepreneurs, such as those that create an overall easier operating environment, and those that create more transparency and accountability. Corruption continues to limit both the potential of government support and the foreign investments into Kenya, and mars government attempts to support SE, as was the case with the Youth Fund, established by the Kenyan government to promote youth entrepreneurship that was tarnished in a corruption scandal of about 10 million Kenya Shillings. The role of government to promote and encourage SEP was stressed in the interviews, albeit guardrails need to be put in place. One interviewee suggested solution of a government investment fund managed by a third party, required to deliver periodic reports and be held accountable.

#### **Human Capital**

In 2021 the Kenyan government adopted a new competency-based curriculum (CBC) which shifts the focus of education from rote memorization to developing skills and knowledge, learning to apply those competencies to real life situations (M'mboga Akala, 2021). The new curriculum will focus on seven core competencies: communication and collaboration, critical thinking and problem solving, imagination and creativity, citizenship, learning to learn, self-efficacy and digital literacy. This is a promising shift, however the impact will be long-term. In the shorter-term efforts need to be made by international and foreign stakeholders within the Kenyan SEE to prioritize Kenyans, and Kenyan-grown solutions. This can happen through mentorship, guidance and a rethinking of support organizations role to bridge the skill gap.

#### **Culture**

The local culture that is rooted in community can offer new pathways for socially responsible businesses without the framework of SEs. Kenya can provide a new model for business that challenges the global status quo, and that could reverberate throughout other countries in the global South and beyond. South-south learning should be amplified, while giving Kenyans the power to shape their future, not necessarily in the image of Western countries.

#### **Supports**

As the previous models of support in Kenya were largely seen as a failure, there is a visible shift in support models, such as a switch to competitions- however these new models may not provide the support needed, focusing on a pathway to financing by offering a 'prize' in lieu of non-financial support that works with SEs to help them thrive. This could potentially uphold the mentality of

‘winning’ as seen in accelerator hopping versus the time to build successful business models. Support organizations need to understand their role more clearly in the SEE, and design models that will allow SEs in Kenya to thrive.

### **Markets**

SEs in Kenya need to be provided with better tools to conduct intense market research and product iterations. International actors can support in conducting research, as well as providing training such as design thinking, as well as facilitating prototyping and iteration cycles adapting to market needs.

### **Financing**

This study has identified a funding gap, which can be seen as an opportunity to develop innovative funding mechanisms. Donors and non-profits can play a growing role in early stage funding, however must ensure that their support does not limit the potential financial viability of SE’s by prioritizing impact over models. Local governments can also step up, and provide more support for SEs. Innovative funding mechanism that bring together government, DFI’s and international donors such as the new SDG accelerator could be expanded. Third parties could be brought in to manage the funds in order to curtail corruption and enhance accountability.

### **4.4. Limitations and future research**

This study adds to the sparse research on SE in Africa, and joins the calls for more research into SEP in the African context. Due to time constraints this study includes a small number of representatives from the Kenyan SEE, and does not include primary data from the perspective of social entrepreneurs, relying on surveys from 2013-2017. Future studies should include a wider range of settings, actors and views. Additional surveys of SEs in Kenya are needed to capture the wide variety of practises and needs unique to the Kenyan context.

Additionally, research should be conducted to assess the claim that SEs are improving the lives of the BoP, and ensuring long term sustainability for service delivery. As more non-profits in Kenya turn towards SE models that provide financial stability, a potential risk arises in service delivery gaps to underserved communities. The potential for SEs to operate in lieu of non-profits should be examined by academia and practitioners alike.

SEs are not a silver bullet to the ails of the world, and must be considered within wider policy frameworks. Research can shed light on the potential contribution of SEs in facing global challenges. Additionally, research could inform the creation of support mechanisms in different contexts, and help develop supports for a wider range of SEs- from technological start-ups that have global scale potential, to community level SEs that develop innovative financing or delivery models that can be replicated.

Research attempting to map the stakeholders network in the Kenyan SEE could provide a better assessment of current overlaps and identify gaps that could inform and enable stakeholders to engage in complementary coordination.

#### 4.5 Conclusions

This study set out to assess the Kenyan SEE, at a time when there is a growing global attention to the potential within Africa. However, as shown, the ecosystem is skewed towards non-Kenyans and is perpetuating a Western SE model. Deploying an analysis of institutional isomorphism, I have shown that the ecosystem is replicating models from the west, which in turn creates an unbalanced ecosystem that is not enabling Homegrown SEs and local cultures to lead. SEs in the West were born out of a need to differentiate businesses that valued something other than profit. In the landscape of neo-liberal capitalism which places profit and growth over all else, SEs offer an alternative narrative where social, environment and community matter. They present an alternative model, where people act responsibly and from a sense of community; they give the impression that we all need to pull together for our collective future, and really who said that first?

## REFERENCES:

- Africa - Europe Innovation Partnership. 2021. *25 Best Business Grants for African Entrepreneurs & Startups | Africa - Europe Innovation Partnership*. [online] Available at: <<https://africaeurope-innovationpartnership.net/news/25-best-business-grants-african-entrepreneurs-startups>> [Accessed 20 August 2021].
- Biru, A., Gilbert, D. and Arenius, P., 2020. Unhelpful help: The state of support programmes and the dynamics of entrepreneurship ecosystems in Ethiopia. *Entrepreneurship & Regional Development*, 33(1-2), pp.108-130.
- Bitange Ndemo, E., 2006. Assessing sustainability of faith-based enterprises in Kenya. *International Journal of Social Economics*, 33(5/6), pp.446-462.
- Bramann J.U., 2017. Building ICT Entrepreneurship Ecosystems in Resource-Scarce Contexts: Learnings from Kenya's "Silicon Savannah". Ndemo B., Weiss T. (eds) *Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.227-276. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)
- British Council, 2017. The state of social enterprise in Kenya. *British Council*. Available at: <[https://www.britishcouncil.org/sites/default/files/state\\_of\\_social\\_enterprise\\_in\\_kenya\\_british\\_council\\_final.pdf](https://www.britishcouncil.org/sites/default/files/state_of_social_enterprise_in_kenya_british_council_final.pdf)> [Accessed 20 August 2021].
- British Council, 2020. Accelerating Women's Employability Through Social Entrepreneurship: The Case of Mombasa. *British Council*. Available at: <[https://www.britishcouncil.org/sites/default/files/accelerating\\_womens\\_employability\\_through\\_social\\_entrepreneurs\\_hip\\_mombasa\\_kenya.pdf](https://www.britishcouncil.org/sites/default/files/accelerating_womens_employability_through_social_entrepreneurs_hip_mombasa_kenya.pdf)>
- Bruhn, M., Hommes, M., Khanna, M., Singh, S., Sorokina, A. and Wimpey, J., 2017. *MSME FINANCE GAP: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets A*. [online] IFC.
- Bosma, N., Schött, T., Terjesen, S. and Kew, P., 2015. *Global Entrepreneurship Monitor: Special Report Social Entrepreneurship*. Global Entrepreneurship Monitor.
- Cao, Z. and Shi, X., 2020. A systematic literature review of entrepreneurial ecosystems in advanced and emerging economies. *Small Business Economics*, 57(1), pp.75-110.
- Dacin, M., Dacin, P. and Tracey, P., 2011. Social Entrepreneurship: A Critique and Future Directions. *Organization Science*, 22(5), pp.1203-1213.
- de la Chaux M., and Okune, A., 2017. The Challenges of Technology Entrepreneurship in Emerging Markets: A Case Study in Nairobi. Ndemo B., Weiss T. (eds) *Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.265-276-289. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)
- Ciambotti, G., 2020. Social Entrepreneurship and Scaling Strategies for Poverty Alleviation. *Encyclopedia of the UN Sustainable Development Goals*, pp.1-11.
- Ciambotti, G., Sgrò, F., Bontis, N. and Zaccone, M., 2021. Local relationships matter! The impact of intellectual capital on entrepreneurial bricolage in African social entrepreneurs. *Knowledge and Process Management*, pp.1-10.
- Ciambotti, G. and Pedrini, M., 2019. Hybrid Harvesting Strategies to Overcome Resource Constraints: Evidence from Social Enterprises in Kenya. *Journal of Business Ethics*, 168(3), pp.631-650.
- Digest Africa. 2021. *An infographic of Kenya's white tech startups executives sparks rage*. [online] Available at: <<https://digestafrica.com/kenya-white-tech-startup-rage/>> [Accessed 20 August 2021].

Dhahri, S. and Omri, A., 2018. Entrepreneurship contribution to the three pillars of sustainable development: What does the evidence really say? *World Development*, 106, pp.64-77.

DOT YouthLab, 2019. Youth-Led Social Entrepreneurship in East Africa and the Middle East. *Digital Opportunity Trust*, pp.1-45.

GIIN, 2015. The Landscape for Impact Investing in East Africa: Kenya. *Global Impact Investing Network*. Available at: <[https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/05Kenya\\_GIIN\\_eastafrica\\_DIGITAL.pdf](https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/05Kenya_GIIN_eastafrica_DIGITAL.pdf)>

Gitonga, J., 2017. The Past, Present and Future of the 'Digital Nyika': How to Fix an Aircraft Midflight. *Ndemo B., Weiss T. (eds) Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.13-53 [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8),

GSMA, 2014. Digital Entrepreneurship in Kenya 2014. *GSMA Mobile for Development*. Available at: <<https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2014/02/Digital-Entrepreneurship-in-Kenya-2014.pdf>>

Gugu S., and Mworira, W., 2017. Venture Capital in Africa: Is There a Right Model?. *Ndemo B., Weiss T. (eds) Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.429-451. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)

Hain, D. and Jurowetzki, R., 2018. Local competence building and international venture capital in low-income countries. *Journal of Small Business and Enterprise Development*, 25(3), pp.447-482.

Hand, D., Dithrich, H., Sunderji, S., Nova, N., 2020. 2020 Annual Impact Investor Survey. *Global Impact Investing Network*. Available at: <<https://thegiin.org/assets/GIIN%20Annual%20Impact%20Investor%20Survey%202020.pdf>>

Hanley L., Wachner A., Weiss T., 2015. Taking the Pulse of the Social Enterprises Landscape in Developing and Emerging Economies: Insights from Columbia, Mexico, Kenya and South Africa. *Technical Report Zeppelin University Siemens*, pp.1-48

Holt, D. and Littlewood, D. (2014). Chapter 12: The informal economy as a route to market in sub-Saharan Africa – observations amongst Kenyan informal economy entrepreneurs In S.

John E., 2017. Developing Strategies to Harness the Power of Parallel Entrepreneurship in Africa. *Ndemo B., Weiss T. (eds) Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.403-420. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)

Kerr, S. and Kerr W., 2017. Immigrant Entrepreneurship. *Measuring Entrepreneurial Businesses: Current Knowledge and Challenges*, Haltiwanger, Hurst, Miranda, and Schoar. 2017

Kimari C., 2021. *The State of Social Enterprise in Kenya*. ygap [online] Available at: <<https://ygap.org/socent-kenya/>> [Accessed 20 August 2021].

Kobia, M. and Sikalieh, D., 2010. Towards a search for the meaning of entrepreneurship. *Journal of European Industrial Training*, 34(2), pp.110-127.

Kolk, A. and Lenfant, F., 2016. Hybrid business models for peace and reconciliation. *Business Horizons*, 59(5), pp.503-524.

Noreh, A.V., 1988. Harambee in Kenya: A Bibliography. *University of Kenya Libraries*, pp.1-12.

- Nwanko and K. Ibeh (Eds.) *The Routledge Companion to Business in Africa*, Routledge p. 198- 217. ISSN 978-0-415-63545-5.
- Marchant E., 2017. Organizational Cultural Hybrids: Nonprofit and For-profit Cultural Influences in the Kenyan Technology Sector. *Ndemo B., Weiss T. (eds) Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.303-329. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)
- Mirvis, P. and Googins, B., 2018. Catalyzing Social Entrepreneurship in Africa: Roles for Western Universities, NGOs and Corporations. *Africa Journal of Management*, 4(1), pp.57-83.
- M'mboga Akala, D., 2021. Revisiting education reform in Kenya: A case of Competency Based Curriculum (CBC). *Social Sciences & Humanities Open*, 3(1001072), pp.1-8.
- Monitor Group, 2013. *Accelerating Entrepreneurship in Africa*. Omidyar Network, pp.1-48.
- Moreno, C. and Agapitova, N., 2017a. *Emerging Social Enterprise Ecosystems in East and South African Countries*. World Bank Group. pp.1-79. Available at: <<https://openknowledge.worldbank.org/handle/10986/26672>> [Accessed 20 August 2021].
- Moreno, C. and Agapitova, N., 2017b. *Social Enterprise Ecosystem Country Profile Kenya*. World Bank Group, pp.1-21. Available at: <[https://www.innovationpolicyplatform.org/www.innovationpolicyplatform.org/system/files/Kenya%20country%20profile\\_Apr14/index.pdf](https://www.innovationpolicyplatform.org/www.innovationpolicyplatform.org/system/files/Kenya%20country%20profile_Apr14/index.pdf)> [Accessed 20 August 2021].
- Mudaliar, A., Bass, A., Dithrich, H., Nova, N., 2019. 2019 Annual Impact Investor Survey. Global Impact Investing Network. Available at: <[https://thegiin.org/assets/GIIN\\_2019%20Annual%20Impact%20Investor%20Survey\\_webfile.pdf](https://thegiin.org/assets/GIIN_2019%20Annual%20Impact%20Investor%20Survey_webfile.pdf)>
- Murphy, P., Liao, J. and Welsch, H., 2006. A conceptual history of entrepreneurial thought. *Journal of Management History*, 12(1), pp.12-35.
- Ouko, E., 2018. Contextualising integrated conservation and development projects: Restoring the lost 'harambee' link in Kenya. *Geoforum*, 92, pp.81-91.
- Owuor, J., 2008. Integrating African Indigenous Knowledge in Kenya's Formal Education System: The Potential for Sustainable Development. *Journal of Contemporary Issues in Education*, 2(2), pp. 21-37.
- Peacock, C. and Mungai, F., 2019. *Impact investment favours expats over African entrepreneurs. Here's how to fix that*. [online] World Economic Forum. Available at: <<https://www.weforum.org/agenda/2019/07/impact-investors-favour-expats-over-african-entrepreneurs-here-s-how-to-fix-that/>> [Accessed 20 August 2021].
- Roundy, P., 2017. Social Entrepreneurship and Entrepreneurial Ecosystems: Complementary or Disjointed Phenomena?. *SSRN Electronic Journal*, pp.1252-1267.
- Rwamigabo, E., 2017. Social enterprise in Rwanda: an overview. *Social Enterprise Journal*, 13(4), pp.376-391.
- Sambajee, P. and Weston, A., 2015. A Postcolonial Analysis of Entrepreneurship in Africa. *Academy of Management Proceedings*, 2015(1), pp.1-37.
- Sottini, A. and Ciambotti, G., 2020. Social Entrepreneurship Toward a Sustainable Peacebuilding. *Encyclopedia of the UN Sustainable Development Goals*, pp.1-11.
- Sottini, A., Littlewood, D. and Ciambotti, G., 2020. Building Sustainable Business Models in the BoP: Evidence from Social Enterprises in East Africa. *Academy of Management Proceedings*, 2020(1), pp.1-11.

The Tony Elumelu Foundation, 2015. *Unleashing Africa's Entrepreneurs: Improving the Enabling Environment for Start-ups*. The Tony Elumelu Foundation, pp.1-88.

Vershinina, N., Woldeesenbet Beta, K. and Murithi, W., 2017. How does national culture enable or constrain entrepreneurship? Exploring the role of Harambee in Kenya. *Journal of Small Business and Enterprise Development*, 25(4), pp.687-704.

Villalba, U., 2013. Buen Vivir vs Development: a paradigm shift in the Andes?. *Third World Quarterly*, 34(8), pp.1427-1442.

Wamukoya, C. M., and Ng'weno A., 2017. I-Entrepreneurship: Changing Lives Through Technology. *Ndemo B., Weiss T. (eds) Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.163-176. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)

Wanyoike, C. N., and Maseno, M., 2021. Exploring the Motivations of Social Entrepreneurs in Creating Successful Social Enterprises in East Africa. *New England Journal of Entrepreneurship*, 2021, pp. 1-26

Weiss, T., 2017. Entrepreneurship for Society: What's Next for Africa? *Ndemo B., Weiss T. (eds) Digital Kenya. Palgrave Studies of Entrepreneurship in Africa*. Palgrave Macmillan, London, pp.461-485. [https://doi.org/10.1057/978-1-137-57878-5\\_8](https://doi.org/10.1057/978-1-137-57878-5_8)

## Annex

### Annex 1- Interview Questions

1. Can you tell me a little more about your organization/ role?
  - a. What successes and what challenges have you faced in getting started/supporting others to get started?
2. How would you describe the Kenyan SEE landscape?
  - a. Who are the main actors? And what are their roles?
  - b. Who are the targets of the SEE? (local community, socio-economic, international?)
3. What do you think the role of the Kenyan SEE is?
  - a. How does it support local entrepreneurs?
  - b. How does the ecosystem attract the interest of international actors?
  - c. What are the different aims of the various ecosystem actors (for example, education, incubation, funding)?
4. How do you understand the SEE funding landscape?
  - a. Who are the funders?
  - b. Who is accessing the funding? Are there barriers to accessing funds?
  - c. What are funders looking for?
  - d. Are local entrepreneurs able to access funding? What support do they need to better access funds?
5. How do you see the challenges and the opportunities within the SEE?
  - a. Are the challenges and opportunities the same across sectors/ genders/ nationalities?
  - b. What specific challenges and opportunities have you faced?
6. How do you think the SEE could/should be strengthened (such as government policy and legislation, funding, international support)?
  - a. Is this currently happening?
  - b. How is this happening?
  - c. What is needed to make this happen?
  - d. Who should take the lead in this?
7. Do you think that the adopting of International standards/ ways of practice is right for the Kenyan SEE or does it need to consider local context?
  - a. What international standards are good?
  - b. What/ when local context is needed?
8. Finding business models that enable both profit and purpose can be challenging globally, how do you see this in the Kenyan Context?

- a. How do you see the nature of profit within this landscape? Are SE's expected to be profitable? Sustainable?
  - b. What types of models are you seeing emerging?
  - c. What do you think is the difference, if any between a social enterprise and an NGO (non-profit)?
9. Is there any important issue I have missed, or any other information you would like to share about your view or experience with the Kenyan SEE?

## Annex 2- Interview Transcripts

### Annex 2.1 Interview 1 Transcript

Interview 1.2- 09/08/21

Eliana SG: how would you describe the Kenyan social enterprise ecosystem, the landscape so who are the main actors, where they come from, what do they focus on.

Interview 1: I feel like in this in this landscape, we have business associations, so there is SEKO association of social enterprises in Kenya. There is also The name Success of The assessor, which is the also is like a Convening of social enterprise leadership that are working on a social enterprise policy framework. For Kenya, so they have tried to pull together different players, including support systems like embassies so so those you could also consider them ecosystem players, the embassies that support that work like the Danish embassy, the French I think Netherlands also. And then we have the impact players, I don't know most of the impact in just investors are for foreign and not in Kenya, of course, then their enablers and supporters, like us, [org]. And then there are some accelerators, but I feel like accelerators sometimes move based on the grant that they have received so, for example, pangaea is here they are, they also on the board of asset and. Previously, I think, two years ago they they were they were incubating companies to do with sustainable buildings with habitat for humanity and I've seen recently they're advertising for businesses in the climate space. And then of course now you have the social enterprises themselves. I feel like still trying to define themselves whether they are not for profits are there, they are supposed to be for profits, but they are not yet making profits so. There are those they are the social enterprises themselves. Just to dive in a bit deeper to the region around what is and what isn't a social enterprise. So one of the things that I've been seeing is that between all the different ecosystem actors, you have kind of this catch all definition of entrepreneurship.

Eliana SG: More SME entrepreneurship right, which requires specific support specific financing doesn't need for example impact investors doesn't necessarily need accelerators kind of in the western concept right, and then you have more potential high growth enterprises. Right, and so it also seems to me that, beyond having to understand like which social enterprise an organization wants to be it's also navigating to the different support actors within each one. I think the type of financing Maybe I need to go to a bank to get alone, maybe we don't need to go to accelerators and investors and you also bring in that the development actors and finance ears and it adds an extra complication.

Interview 1: You also have businesses that oscillate between accelerators and incubators because they are looking for money, so they do one program with this incubator then they move to the other one, and then the move to the other one but, at the end of the day. What they really need is funding and that's why they are jumping from one place to the other so I think I feel like there is there is a social enterprise, where the entrepreneur has specifically set out to operate a business with social impact. And then there is the regular enterprise or SME as you, as you mentioned, where. The owner set out to start a business, and then it turns out, the business is solving a need, and then it turns out [org] comes to them and says, you know you can have an impact, driven business model and still achieve your goal and then all of a sudden. Now you want the idea social enterprise, or

they are normal for-profit business that just has an impact. Because they didn't set up. like that. I think you can see a.

Eliana SG: lot of kind of small shops or mom and POPs right that. startup and then they say, you know that they create jobs for the Community, yes and it's great right that's that's wonderful and jobs are very needed but does that make them an impactful business Does that make You feel like there's kind of the messaging from let's see the international donor side versus the international investor side.

Interview 1: What I what I be seeing more and more is the shift from International Donors where you're getting grants to execute a program versus impact investors where they want. To invest either debt or equity in your business and they're expecting you to pay it back and so they're expecting your business to generate revenue. I've also seen and I don't know if this has always been the case because I've never been tracking USAID grants before but I've also noted that this they had they have a. This Dave grant that they have they are also asking the project to be self-sustaining after a certain point which, in my view, means that there is a push towards. Not just having a business or an initiative, where you will receive money to run that initiative onto the money runs out, but an initiative that can be profit generating as well as impactful for the Community, which is the shifts that I'm seeing and kind of.

Eliana SG: Moral ethics question I've been thinking a lot about how that that does two things one right one it's kind of Taking this service delivery and privatizing it and commercializing it and oftentimes suddenly pushing a burden of payment on the poor, even if it's you know. A Bo P business model and they're paying very like it's still something that that they have to pay for it, and I think we discussed it last time, then you will are also used to getting things for free.

Interview 1: We don't want to focus only on government to solve society's pressing issues or or focus on. On government to so the environmental issues, of course, we pay taxes and there's the expectation that our taxes would give us clean water good garbage connection, etc. So, so in an ideal situation that is really the purview of government, and no one is supposed to be paying for this service, but the truth is. There are places that are either forgotten all government is in inefficient and these people would need water right so when you look at a bit of like a quick lawyer that's delivering solutions for clean water. that's really what government is supposed to do, but you know if they are providing the service in a way that that is affordable. For those at the bottom of the pyramid and they get clean water and it prevents now these issues of cholera, etc, then that is an alternative that they can bank behind right yeah and I agree with you.

Eliana SG: I'm wondering how much it's it hasn't you know traditionally been the government but it's been organizations and NGOs that it's more remote, you know service delivery and By putting this burden on them to also be profitable or to be self sustainable, you are potentially I would love to like look at numbers for this, but I don't have time but I'm wondering if also service delivery has been impacted well. No, I worked in in GBV. there's no way that I can charge for that service right I tend to have a model right and I have a boutique in London and my proceeds go to but it's a At the end of the day, you know I think we also discussed it a lot of NGOs are turning are starting to look for these profitable models, because they don't have grant funding. Yes, funding says. You

know, we grant funding for a year. You know, like. Like the donors are trying to I guess kill the nonprofit yeah.

Interview 1: : um the way I look at it is. The they are trying to empower the citizens to come up with solutions for themselves. which they can which they can operate for themselves and to be innovative and think outside the box to see okay. There is an issue of unemployment and there is the issue of government not delivering the fact that government is not delivering doesn't mean that the service is not needed, so how can I deliver this service at an affordable rate, but in a way that also creates jobs, so I have so many problems with my solution and.

Eliana SG: don't you think though that a lot of that resists like relies on potential of scale.

Interview 1: Right scalability yes, it does and.

Eliana SG: And that's something and I think that's where I get a bit tripped up among the different kind of definitions and reason in Kenya, because you know let's take let's take a small community organization that's a small community business that is no providing Internet they got Internet. Community okay great then. They also employ local people and. If I am a donor right if I'm like the World Bank and I'm looking for scalability they don't really interesting because you know what's the potential of like okay there's this exists right. And I'm curious because I feel like it's when I'm also talking about the estimate versus going to the high potential. I feel like there's this tripping point of scalability that more and more organizations and investors are seeking kind of this big these big. Companies that that have the potential to scale, but a lot of the impact could happen more through working with SMEs with you know with local entrepreneurs versus kind of looking for these big solutions.

Interview 1: Another way to think about this is not necessarily the big organization that can scale, but the big idea that can scale and I feel like this is why there is a lot of focus on technology. And, and for me, sadly, you know I'm seeing when I see the funding reports of companies that are raising money. They are you know payment platforms or lending platforms or loan giving platforms and I'm like these are not the people that you should be funding, because these people charged 200% plus interest rate per year. And so, yes, it is a technological platform everybody with access to a smartphone can access it, but how you perpetrating the problem, or are you providing a solution for the small business person. You know, so the thing about the business groups, you know as you talked about is most of these groups come together, like self-help groups and one of the key things that they need is funding so that they can go and do their minute businesses and, through it, but then. When you talk about a solution that is scalable now that's a technological platform that you can lend but. How is this when you're looking for a profit making How are they actually making profit and so they are having an impact that they are now, including all these women but is that the impact that we want. Because then your loan rates are. I would say, I would say that to your point about. Whether they are looking for the bigger organizations to come and have profitable solutions part of it, in my view, is the lack of knowing the landscape. Because if they were to come on the ground and see what is happening, then they will know. How to support those grassroots businesses to go without needing to bring in a bigger one or to look for a huge solution because oftentimes The solutions are not difficult they are just had to implement and they

take time. And a lot of people don't want time they want you to do the to do this project and give me a great report at the end of one year. To justify the funding and that's hard.

Eliana SG: And that's and that's going to be more kind of the grant giving the grant giving organizations and then that from you know I've also heard from some investors that that then complicates the process for them right because. Maybe it. was a great idea, maybe there was a great entrepreneur, but because they follow the incentives, I guess. Of the grass and then it kind of made the business, now that an attainable for them where they couldn't, Yes, yes.

Interview 1: : That or it also made them lazy be like okay now, I have a grant I don't need to innovate, I don't need to have a solid foundation in my business and then, when the grant runs out I can think about fundraising at that time.

ES: So do you think when you look at the at the funding landscape, do you think that there's kind of looking at the different levels of funding, do you think there's a gap at any level right from let's say because there's micro finance organizations and then you have the VCs.

Interview 1: You know and, to be honest about funding it's a there is a missing middle which I'm hoping, I would be able to solve with my company not [org] by the financial organization that I told you about because. Right nowadays a lot of focus on tech. And with tech, you are not you can't even tell what's the weather, there is adapt because people are receiving between 100,000 to \$1 million, and you look at the companies and you're like but there's no rhyme or reason to why this person only got this motion that personally but it's almost like you locked out or you wait in front of the right people. In terms of social enterprises that are startups but let's say startups they find it the most difficult to fundraise and you can't really do micro finance because. As a startup you don't know what your future looks like and then you go take a micro finance loan that is 200% per annum. you're digging your whole further so that won't work, so you almost need like an equity investor that believes in your idea, but for them to believe in your idea. You have to have had this idea working for two to three years most startups, and this is why you know when you listen to the narrative from the West is. friends and family should fund your early stage, but whose friends and family in Africa has money to give them to go and be testing out businesses that is that that is not. that's not normal like your friends and family are struggling. or they are paying for school fees they want tangible results they're not going to be giving you angel investment so that's a gap. That funding to test your idea is a huge gap, because you wouldn't try and angel investors that here.

ES: Maybe I guess you could think that the diaspora right could potentially be harnessed for something like that.

Interview 1: yeah but they wouldn't either, because the thing with Africans is, we are not trusting we're like Okay, I would rather be building my house I don't want to go put my money in a business after three years I've seen nothing. You know, so there is that it's also not caught up actually you know what I would say is we do not have the luxury of making those kinds of risks when in our own selves, we are not financially stable, the people who normally make take risks, like that have a level of financial sustainability that they can afford to see Let me give you. A million shillings [~10,000 if you lose it that's fine, but most are not even those in the diaspora, very few.

Eliana SG: Right so you're talking to the about proof of concept and then obviously for development actors right there's no impact at that point necessarily so they're not going to be interested in funding this.

Interview 1: Exactly

Eliana SG: Even though potentially they could be logically they could be potential funders. Take this high risk they can invest in people, they can be sustained kind of you know it's it's livelihoods its job creation it's working on a more macro level, but they want this innovation high tech stuff will yeah. One of the things that we were talking about in our previous discussion was kind of about the the origins of the concept of social entrepreneurship and enterprises versus. What could have developed more locally right and and I like what you're doing by saying you know forget about social enterprise forget about these classifications business to be good period. Just like we don't need to to bring this in it, and I think that when you're looking at. At it also like let's say a lens of colonialism it's just a continuation of like. here's more Western ideology right, you will you mentioned in our last conversation that the schools that you went to build on on capitalism and like you said at a certain point, that it was like the X colonizer coming back and telling you, you know now focus on community. Can you expand on that a bit more, you also brought up a concept that I really liked about teaching and teaching and something that I have heard across every interview that I've done was specifically about the education system in can you. not really something that I've seen in the literature.

Interview 1: So if we start from the point actually have the education system, I think, even the government has realized that the education system is not working so to qualify I didn't go I didn't go to school in Kenya, but we had a similar, we have a similar issue in Cameroon and so speaking from the Kenya perspective of you know, having friends, whose children are going to the government system, my kids went to the British curriculum system, it was very much- go to school absorb all this information regurgitate all this information in exams pass the exams the exam the grade you get to the exam determines whether you're successful or not. That and whether your parents have money to bribe if you're not passing, you see, so a lot of times, even in University, the examples that are being used, I remember there's a there's a journalist. or media lady actually also has an Instagram page is called [inaudible] she was talking about how, when she enrolled to do her master's degree. In a public University in Kenya and she sat in class and she listened to the lecture she was like this is a waste of my time because. The even the examples that are being used are of companies in the West, and we have Safaricom here, that is a case study and no one is talking about companies in our context and what they are doing to innovate, etc, so you will find that a lot of. A lot of students come out of university with this idea of I'm going to be in business, so that I can make money I'm going to be in politics, so that I can make money. As in it's how do I get myself and my family out of poverty by making the most money that I can, and in my view, traditionally the African culture was never individually individualistic. It was always about Community and that's why we have these issues of Harambe, which is fundraising for one person, even if one person is traveling for further studies people gather together they fundraise for money and they send them off without any expectation. Kimani: that the money will it's not alone it is us, contributing to the future of our collective child. The same thing with funerals the same thing which when somebody has a medical bill, as in we've always been community. But all of a sudden, we are individualistic even at [org] when you go to talk to an entrepreneur now and you're talking

to them about purpose driven business. And the becoming be certified to stand out to to champion something, the first question, they ask us is what's in it for me. And for me Sometimes I get irritated because I'm like does there have to be something in it for you, maybe it's something in it for the for your workers. You know, like, why do you need only governments to come and provide social services for them, when you can actually build a business and pay them well, and then they don't need social services from anyone. Because your business can afford like how many more range Rovers do you have to drive to be satisfied, we were never like that. But that's my view that's my view, so I think that we have to teach this and and I was so happy to have a conversation I spoke with someone at Dar El Salam university and we were just talking about how creating business clubs for youth, who are taking business classes, or in an entrepreneur partnership to get them to think. Different so that, when they come out to do their business, they will do differently, because they have learned something new that they haven't seen in many years.

Eliana SG: it's a really interesting point and I think it's definitely like the unlearning. One of the other points that I've been hearing from the education system, and I think you touched on it a bit it's that it's very kind of. You know, go memorize these facts repeat them back and if you're trying to encourage something someone to. You know, find innovation, then it's also about encouraging asking questions challenging thinking outside the box right a lot of things that you know from my experience in general working in East Africa people do kind of like to know what the answer is, and what they need to do. And you know, and you know when you think about like.

Interview 1: If you even going to a doctor here if I went to a doctor and the doctor tells me that this is what I have found or maybe a lab technician or somebody. And I want to ask further to say, but why are you doing this like this, or why what does this mean or Have you considered doing this and they get offended. Because they're like, why are you asking me questions you think that I didn't pass my exams to be here. of being receptive to Okay, you have a question so let's engage so that I can make you feel comfortable and I feel like it's part of the way the education system is set up, because there is you learn receiving all information and giving it back. Without thinking, but the new curriculum that's being proposed is supposed to change all that and that's the intention of the new curriculum is to give children more space to explore to explore their talents. To go outside and play to have conversations, instead of just listening and passing exams, and then, instead of having those section exams, they have continuous assessment tests, so it releases that pressure and it actually serves the need that on a test is supposed to do, which is to find out whether you've actually learned and to help you when you have not learned.

Eliana SG: This new curriculum it's it's going to be put through the the government our.

Interview 1: Yes, yes, actually it's being implemented right now it's called CBC and let me think what CBC means. Competency based curriculum, I think. interesting someone reached out to me on linkedin from Nigeria, he has a business and he was like when it's be coming to Nigeria, because we really need it here because businesses need to hear this different way of thinking it's a challenge, which is why I feel. that sometimes it resonates I mean I completely understand when you approach your business and and they start saying Oh, this is like the carbon thing the climate change thing all over where. Western countries have developed themselves on the back of industrialization and emissions and all of that, and now they're coming to tell us don't cut trees, so that they can benefit

from the fact that we still have trees, and how do you argue with that. It's the same thing that we get by saying, if you look at [org] it is guilty white people trying to give back and you're like okay. But just re-establishing the fact that we, our culture in Africa was always about Community in the first place, you know, this is not a new concept this concept has been here. So that's the teaching parts that we have to teach to see this has this was us.

Eliana SG: And it almost sounds to me if I could kind of just simplify everything that we've been talking about, but when I think about be core and the more I think about what you're doing in Africa, the more I love it. really is is that kind of your We talked a bit about you know, if you like, what would an an African business like a Kenyan business look like in terms of values and purpose and this if you could remove some of that influence. And I think that it would likely be something like what you're trying to achieve right which is saying no need to call anything social or environmental because everything should also consider our Community, we think about us. And if things broadly and yeah you want to make a profit great, but not at the expense and while building kind of a good. So do you think that's a maybe even off the record, but when you look let's say that I think one of my one of my points will also be that I think that the term is irrelevant or unnecessary And then I need it because it is brought in with so many connotations. And then, also a development of of kind of the ecosystem model right so accelerators we know what accelerators look like let's take them everywhere. on social entrepreneurship degrees, which are being developed in the West are also now just you know transplanted into Africa and and so maybe it's me say we don't we don't need this let's understand what we need right and maybe it's developing kind of this, the missing middle in financing. One interesting example in terms of thumb how to kind of stimulate it like so pulling from Israel right, Israel has you know it's the startup nation, the you know all the unicorns that are coming out of there. And one of the things that Israel did, that the Israeli Government did was set up a fund of I think like 10 million or 100 million and they said, the first whatever vcs that come to Israel to establish a fund in Israel, we will match their To just encourage them to come into only invest in Israeli businesses. I'm wondering, I guess, if there is, I think a lot of discussions that say when you look at social enterprises in Kenya, they look at policy right, so they look at the fact that there's no specific policy for social enterprise. And stuff like that, and do you think that perhaps government and policymakers could what I guess what could they be doing differently to strengthen and to really build something versus trying to copycat which. we're going to be like a lot is what they're trying to do right.

Interview 1: Well, I feel like I would, also because I work at [org] I would be championing a benefit corporation over a social enterprise because social enterprises to be honest, they are not sustainable. And impact driven business model is more sustainable where you are realistic with yourself to say I'm running a business here but I'm going to run this business well everybody who is participating in my business will get paid on time, I will not shaft suppliers, if I have If I have environmental waste, I will take care of it properly, I don't need anybody to police me because I am conscious about that, and that even if you police me, you will find me have done well that's the kind of policy that I will champion that we have that came of category. Having a category of a social enterprise to be, to be honest, I haven't seen a social enterprise that is doing well without philanthropy in Kenya and that's and that's is well staffed. You see, because you can have a small outfit with two or three people that seems to be doing well, but how scalable is that and how, how do you pass on that legacy.

Eliana SG: The things that makes me laugh a lot about scalability is that you know if you talk to any investor going to see that one of the things that they really want to see, especially for technology is a patent right because patent means money patent scale. doesn't that kind of go against all this belief, like do we just want to create these huge companies. Potentially right like, if you look at solar power right, the fact that many companies can access that technology can manufacture can produce can work in this. Great so if I'm now a company by develop kind of this innovation you're talking before about people wanting ideas to scale, but for an idea to scale which could mean franchising right you could mean a lot of different ways of growth. Even though I want to caveat it that one of the biggest lessons I think from development and humanitarian work is how it is really difficult to apply. interventions in different contexts right if I do a project in South Sudan, and I take it to Kenya it's not going to work. Right so for also for a company, so what is really the potential of having a scalable solution on a global level, or like I don't know throughout Africa and Asia that's really going like look I kind of I don't I don't buy it, you know I don't buy what they're selling.

Interview 1: You know, actually it's funny that you should talk about that because I was thinking about it this morning, when I was thinking about my business, and I was saying to myself that if I were to give somebody a loan for a business, I would not be giving you the loan saying, I want to see that your business is scalable as in your business, If you're running a small kiosk by the side of the road, I want to see that it can become a supermarket because number one maybe you don't want it to become a supermarket. If I'm giving you a loan, what I want is that you can pay back the loan So if you can show me how this money will generate more money to pay back my own I'm happy on the issue of patents, you know patterns don't work here. And this is also one of the reasons why people shy away from this net we've tried to have different kinds of shack towns. Where you go and you like, here in Kenya, we have lions den but the backlash is always you go on lions then your pitch you show them all your stuff they don't invest in your business you go sit quiet, the following year they have come up with your business. And there's nothing you can do about it, if you want it to go patented yeah you presented it when they what are you going to do now you're going to sue them. And then do you have money or they've carried it or somebody has watched it on TV and done it in in Uganda, for example, and then, because you see, like, I feel that. You know the US countries like the US they're all it's the United States if I patent something in this country this, then I hire lawyers in the States, then I had lawyers, the police, they see whoever else in the US doing this and they come after them, you can do that here. So it's you know patenting the tech it's an end when you think I mean. What is there that has never been actually exactly.

Eliana SG: I feel like it's a double edged sword right because, on one hand we tell people that you need to come up with you know this innovation, it could just be a you know. I don't I think about all the stupid patents that are out there right like and a lot of it is, at the end of the day, stealing knowledge from the comments right and kind of things that should be open source wraps right which could so. On one hand, you could say the fact that people can't claim ownership of their ideas kind of could limit innovation right because people are scared to go into put things out there. But on the other hand, but that's also an individualistic selfish perspective right, because if I put my idea out there, and someone steals it and they're going to do it they're going to make money I won't.

Interview 1: Do it if I don't know I don't know if you're on Twitter there was one time. That Nigerians had a field day with these this European company that had patented a language, a Nigerian language I don't know if it was Yurba or something that they had actually patented that name Yourba, and so this lady she was she was running and she was teaching yoga and she she tried to change have business name or something like that, and then they send her an email see its patented. They were always read, how do you patent a whole tribe the audacity, you know.

Eliana SG: its essence right is a cousin of capitalism right because it so so again it's another concept of do we need it, if you didn't have that if you had more open stores more thing. I keep hitting back up to that one, because I think it's a I don't think yeah. Look at anything without saying that lens.

Interview 1: And if you're thinking about like you said if you're thinking about Community benefits, which is what a social enterprise is of social benefit, why would you want to restricted to only you implementing it. So, then, is it really a social enterprise.

Eliana SG: tell people hey, this is what I'm doing and it works and then someone says cool I'm going to do it next door that's not very nice right if someone goes, and does it in other communities in places where you can read think that that should be a goal.

Interview 1: Social enterprise yes.

Eliana SG: But then kind of when you look at scalability versus like a nice Okay, they do can scale through franchising through kind of open source like it can go out in a lot of ways right, but now as an investor. kind of I feel like that's you know if you're like in in Kenya, you have because you have this private you know private sector Interest right if. You want to monetize and do see a lot of potential opportunities, you have the philanthropy and charity sector right, and then you have the social enterprise and they're all just like pushing each other in these strange directions.

NK: And, to be honest, at the end of the day that entrepreneur just needs to survive. if someone brings them a grant they will take it if somebody gives them an investment for equity stake, they will take it, because at the end of the day, they're just trying to survive, to be honest yeah.

ES: Right and and kind of if you could look at necessity versus opportunistic. Entrepreneurship and May, and I think especially like Okay, I think one of the things that and I'm not maybe sure how to incorporate it, but I feel like also like let's say when people say oh joblessness in Kenya right it's a big problem. Yes, women to fuse, so we need job creation yeah, so we need to encourage businesses that create jobs AKA kind of so it also becomes like entrepreneurship becomes an objective people make it saying oh you can't find a job make your future right pushing the burden again on to people that are usually less. But then also putting them into this confusing ecosystem, where, because if I'm a person that's a from a from kibera, and I have an organization to them you'd be an entrepreneur that also medically falls into social entrepreneurship. What they're doing is impactful.

Interview 1: You do want organizations who can or who do capacity building or training to train people with skills to be self-employed. Not necessarily to become social entrepreneurs. But to

create revenue for themselves income for themselves, so that they reduce reliance on aid for example you empowered in a way. And I think that one of the things that this new curriculum is also doing is to normalize skills development because previously like we always make fun and say you're in you're in an African household you're either going to be a doctor or a pilot a lawyer, an architect. Like they are those big ones that you're supposed to be, and then, ironically, we look down on teachers who are the ones teaching you to be all of those things right. So now, one of the things that this curriculum is doing is also to encourage those who want to go into skills building like if you, if you like. cars and you want to be a mechanic is okay, so that people don't look down on people who want to be a chef who want to be a mechanic who want to be a plumber, who want to be into construction or carpentry so that we also reduce the focus on. I finished school, then I go get a job.

Eliana SG: And I think what you're saying now also right so let's say if I want a lot of my population to be self-employed or you understand it a lot of them will be because. job opportunities yeah. That they're going to need to one understand how to manage and run a business, yeah you know, identifying markets, which I know is a is a sensitive point there to accessing funds to you know building out of business done everything right and, potentially, you would then need to access funding yeah where you would be in a problem number one But also, along with those business skills Ideally right, you would say Okay, if people learn how to be chefs in an end car mechanics and this, then you will have a person opening a restaurant and a person in opening a course like you also have but you need those two skills, you need the technical skills that you need. I just wonder, I think a lot of the A lot of my experience, because I think there's the rosy view the idealistic view of how this could happen and then there's the realistic view of how it happens. And I think that it's relatively easier to teach business skills right, because if you're working with a group of 50 people and you teach them the same business skill and the same technical skills you just have a lot of people competing with each other And that's what a lot of programs are doing. For in South Sudan, they would teach women to make bags and I'm like great Is anyone going to buy your bags. I've been reading some case studies about these organizations that are training and a few in Kibera specifically and you know it's the organization as a social enterprise and they send people to be like street hawkers. How they teach them about the importance of showing up to work on time, and you know sell sell sell and teaching other the worst things probably about you know pushy salesman ship but also not developing kind of that other technical skill. Maybe this is an interesting point when you're just teaching business skill. yeah focus on that and. What business are they going to build.

Interview 1: This past two weeks we've been doing training on financial literacy for women in business, and I mean, most of them, business is for survival, so at the end of the day, I take my sins I go buy food I feed my family. When it comes time to restock I start figuring out where Am I getting money to restock they don't have the concept of save some we invest some. And then pay yourself so that's now your salary is what you're using for your daily needs so that's technical skill of business management know and talk to them about that or they don't even know how to do a budget. They just do, and so you know. Those skills have to be taught and also like you're saying these organizations that come and say oh go sell chips how long, am I gonna sell chips, then when I get to the point where I'm supposed to be to be starting a family is my family going to live on chips like what's the. what's the end game for a hawker.

Eliana SG: And even more than that you take let's say every year you do two classes of people that you train to train 40 people a year on how to sell chips so in three years I'm going to have 15 guys selling chips with me And we're all competing against each other, you know. I consider this to be part of the social entrepreneur ecosystem, because I think and maybe it should be right, because those guys at the end of the day, our social entrepreneurs. But they kind of are because they're being lifted out of poverty, like and they're driven by donor funds that are given to social enterprises like so it's all mixed up to me.

Interview 1: That I think is well, I would say what in my definition of a social enterprise it's an enterprise that is set up for the benefit of the greater good. For the community at large, so the people who are teaching them the skills are the social enterprise, the people who are being taught. At the point where they are self employed, they are not yet a social enterprise now if they decide to do something. A business that is border awkward in their business they teach their fellow neighbors and their children and try to do other things in the Community, with the revenue that they are making besides just themselves, then I would consider them at that time, a social enterprise.

Eliana SG: yeah yeah and I think that it's an important distinction yeah right, but I think that they're kind of Bcorps ideology would come in and. You know these hawkers also say oh I don't know, I also want to make sure that my customers aren't throwing the mtg bags on the ground to go pick it up and maybe right to think i'd be out in a way, these chips are made in England, can I make chips locally. I mean you could expand from that. kind of telling you here go sell for me.

Interview 1: that's that's true. that's definitely true and I think, which is why I was saying, I don't think that's a social enterprise is a long term winning model Can we have regular businesses but doing good. it is an interesting topic and sometimes it seems like it's an elusive dream, but then, once in a while getting a message, like the one from the game, Nigeria and i'll be like okay Maybe we are doing something correct. Who says, you know come to Nigeria and talk about this more even the lady I was telling I spoke to from the University of Dar El Salam alum she's like. We need to form business clubs and start talking about this because we want to graduate youth, who are future entrepreneurs to start thinking and questioning the business practices that they see.

Eliana SG: And I think so, the women and the youth enterprise funds that you were talking about if you don't but I'm curious what kind of what enterprises, they were looking for.

Interview 1: Yes, so, so this is what happened. And of course I'm sure that there are groups that benefited from these loans, but the reason why, in my view, this this failed, number one is of course the corruption aspect where, the the people within the political sphere, or the people controlling the fund just figured out how to get their nephews and nieces who are within the age group to register businesses and go get money in their names, you know, so there was that happening, and so people got frustrated because now it became even to get the certificates to qualify you to apply for the loan became tedious, involved a lot of bribery and corruption, just to get to the point where you're known application is in front of [them]. People just gave up and just like that that story for youth and women's fun just died. You know I don't know I but I don't hear it in the news I don't hear anyone talking about it, if you read all people are like oh that one I've tried it hasn't worked. But I'm sure they are handful of people that actually benefited from it, so

the way the way the women's fund was targeted at any woman in business. And then the youth development fund was targeted at youth groups and they had various. They had very good programs, like, I know that there was even a program with [inaudible] to supply green housings and for youth who wanted to get into farming. And they give you an interest free loan for one year, you get a greenhouse you plant your stuff you grow it and, at least in that one year, you would have had at least two harvest and you can pay back your loan easily before it starts gaining interest. I don't know I haven't followed up to see whether those things are still in place, but you can find information about them online also.

## Annex 2.2 Interview 3 Transcript

Interview 3- 28/7/21

Eliana SG: Tell me a little bit about you an idea of and how you're working with the ecosystem.

Interview 3: Sure, so [org] has been around over 12 years now, and is a strategy and investment advisor and it was really focused on bridging the worlds of what does it look like to do good business and a good business that also stimulates the local economy and sets a higher standard from social, environmental, other perspectives and kind of bridging that with what International Development was doing. And at the time that we started, there was a significant disconnect that we saw having worked in private sector. Where I think it's the same thing you're saying that International Development, perhaps some will argue whether intended to do well, or how much intended to do well, but it was taking a very top down and kind of myopic approach. And that it was trying to in some cases, stimulate the economy but not really thinking about how businesses are actually created or how ecosystems for entrepreneurship, or just wealth creation are created. Yes, so over the years we've done everything from pipeline sourcing and due diligence for impact investors to honestly like in the early days, it was they were investing from the US or Europe they didn't really know what the local context looks like, and so we were ones that came in and figured that out.

And I like to say that, so my co-founder for [org], he had done the peace corps and both of us had also done banking, and so we kind of like to think of the idea of is blending. The Peace Corps grassroots you get thrown into the context you befriend people you understand from their perspective, what matters. You also apply the best practices from a business analysis financial lens of investment banking and then kind of the innovation or out of the box perspective of a generalist, right. Because those are kind of the key three things that really need to happen to get things done in a frontier markets context, right, you can't kind of company you're like now our worldview. And so, over the years, again, it was like a lot of actually restructuring turnaround of early portfolio companies because investments had been made investors didn't really understand the inner workings or the external forces on these companies and needed someone to kind of look into it a little bit deeper. Or it was anyhow, it was working with a lot of investors and actually many cases, you've probably seen, this a lot of impact investors thing in nonprofits what are they intend well but they either have a lot of push for narrow impact criteria that's really quite hard to achieve a real world context so many cases it was also helping interesting companies actually a lot of them were like just local companies not particularly sexy or even they wouldn't be considered social enterprises but to understand how they could become a better company. And also, under help investors understand that they do have good management, they have good intentions, but they need to kind of pace themselves and getting to like international standards for Labor environmental, social, different practices.

So that's what we've done and it's you know, like you said, like so we worked with World Bank USAID, development innovation ventures all these different divisions as well, to help them kind of review and improve their programming and also put that lens on some of their investments so World Bank we went to like refugee camps, and we are saying Okay, if you want to open the market for improved cookstoves, clean energy products, whatever what would actually make that possible, and is there an interesting market there, for the companies that might bring those products

in and for you, as the World Bank, what should your role be in that. Another example is water for people their nonprofit focus and clean water, but they want to look at some more market-based approaches to...they were basically helping people build their own latrines and do like a very small social enterprise model like you said we said hey, why did you actually. Try to build a bigger company and try to fund that company where because not everybody wants to be their own entrepreneur they might just want to be a worker. But they need the opportunity to have a company, they can work for and then one example, and then I'll ask you to let you ask more questions is; USAID development innovation ventures they're playing this kind of like quasi impact investing role they do venture grants. But they really want to look at how they can invest in often like nonprofits but ones that have some kind of evidence of demand, right so some growing component of their business is paid for by a consumer base, even though it's may still be subsidized right so looking at those types of those types of models and helping USAID to figure out. What is a better due diligence process, what should their capital really be doing what should not be doing, and then often we would do the diligence on the ground to kind of like kick the tires and make sure things made sense so I'll pause there.

Eliana SG: And I have a million questions. I'll pick up on the last point, you were discussing around kind of the venture grants. Obviously, social enterprises around the world kind of have that dual mission, but in Kenya and the Kenyan context, specifically with the history of aid and kind of donor funds.

And now kind of the rise of you know impact investment, it does seem a lot like there's clashes potentially between the two right so.

Interview 3: yeah go ahead, why so I mean yes there's like clashes there's a lot of pushback now that only foreign founded companies are getting investment.

And all these things I actually, so again, [org] started in Latin America and we've actually worked in 45 countries around the world, at this point. Anyone on our team even whether it from Latin America, wherever else we'd always bring them into Kenya, as the richest learning environment for what to do, and not do. Because to your point; what I think is it more interesting about Kenya, then the other major investment hubs for example right so like we look at South Africa, if we look at Nigeria, Ghana is growing. Kenya is different because it has such a huge development presence it's one of like UNHCR major headquarters it's all these things. And it did get flooded more than others with development capital, but it also got flooded with slightly more impact investing versus like it was waves right was first pure development then impact investing capital whatever, but as a as a result it's not necessarily producing the best companies from a financial perspective, but it is actually producing a generation of I think locals as well who actually believe that they can build and should build responsible companies and you don't see that another market. It has also yes, it has also kind of created this mentality that anyone who starts a company kind of expects that they'll get grants, for the first or two generations of capital raise if they can and then is possibly compromise the quality of some of the businesses from a financial perspective, but I think it's actually really interesting in touching local Kenyans, in believing that they could create something better. There always problems with just focusing on entrepreneurship um so yeah.

Eliana SG: You know what if you start as a nonprofit right or you're heavily subsidized by USAID funding it can diminish the business model and later may continue to make it attractive to impact right so it's kind of.

Interview 3: But what's interesting about that is there's probably a preference here for investing in for profit entities, not nonprofits, including by USAID. So I don't think that's I mean you know if you look at the total flows of capital it's probably smaller what's going into for profits but it's like cooler right it's like and that actually does matter because, just like Silicon Valley, or anywhere else it just like It becomes an ecosystem of what is OK, to do and it's encouraged to do and eventually more capital will flow and because that's interesting. I would say, you know, I don't pay attention as much to the nonprofit realm, but I think it's actually quite hard to set up a nonprofit here, it is easier to set up a for profit. And now it's almost interesting that there is such pressure from the US and Europe, who are the main parties putting a lot of money in, that there is almost an expectation that if you're to build something that you ever expect investment to come into that there has to be some lens around responsible practices. You know it doesn't always trickle down to like the small businesses, but at the end, the day. You know the kind of kiva funded mom and pop or even smaller than that businesses they're important for economic growth, but they are not our philosophy is always you have to build up the SMEs. Right, if you want to actually stimulate the whole economy, you have to build up the SMEs, so people have jobs or they actually have they can have a company you don't have to be the entrepreneur yourself, but you have to have more job and income options.

Eliana SG: Do you think there are additional challenges, because you have kind of let's say the more traditional high risk, high reward entrepreneurship right which is highly scalable which has global potential, and you have what you are saying a lot of you know mom and pop shops, a lot of SMEs, under the blanket of entrepreneurship right and I'm wondering kind of when everyone is an entrepreneur within that they also the ecosystem, how do you know where you're supposed to go right because. A mom and pop electronic store aren't necessarily going to be an interesting or typical model.

Interview 3: um I think they're all of them are important to create a strong ecosystem, so the mom and pop shops benefit from seeing some of the faster growth companies that are getting investment and what they're innovating on and getting high profile for but you're right at the end of the day, small businesses that are not you know interesting for an equity investment, for example, are the foundation of a stronger economy right in economic wealth and I think there is a lot of discussion around who should be investing in those businesses, and you know, like can banks actually lend to the more our banks, providing favorable terms is there, like a benefit means like first loss guarantees or you know other structures from the development sector, and there were you know, the first generation of impact investors, which actually you know I would include alpha Mundi I in that they actually started, I would say, investing in not I'm just going to call them like the sexy high growth equity player players right they invested in those, the problem is, is that it's really hard to invest in many of those because the business savvy it's not there, and you can't just you can't really promise the same returns profile and You know it actually in most markets, it should be the banks should be the banks are like a small business division of the government or whatever, so I think that is still something that needs to be addressed. And that is kind of beyond the realm that is beyond the realm of social enterprise, in many regards it's actually interesting, this is Latin

America but, but I was doing some work for the Inter-American Development Bank, and they have the IDB lab which used to be a Do you know anything about the IDB? They used to have their multilateral investment fund which really actually did a lot of not very sexy investments into cooperatives and to like local businesses, and I was recently reviewing one of their programs where they were actually really not investing in very interesting businesses at all, like you might actually fall asleep reviewing and not really but you know reviewing some businesses, but the interesting thing is they actually help them to just like integrate basic computer systems and like organizational structure and some of those things, and now they've now this division of the IDB has revamped into the IDB lab which is like an innovation lab and the problem with social enterprise or innovation now is that everyone wants to kind of do like VC like equity like high growth plays and in order to secure capital, because even the development banks need to secure capital, this is a multi-level, you know, like IDB needs to raise capital from different governments or somebody else. They stopped to play into whatever the market is kind of demanding and will put money into and the there is a slight issue globally that innovation is the cool thing to do and promises these great returns, but it's like everyone wants their cake and eat it too without realizing that you need to kind of somebody needs to invest in the foundation of industry. And you know perfect world that's either the government or that is even like the US other places, he was like philanthropists there's like really wealthy businessmen That that funded, the foundation of these things, so you need to have someone playing that that role in this spectrum and my just my point around that is it's really hard, because there is that wave of social enterprises cool innovation and start up is cool and it is cool and it is important but it's only one piece of actually addressing the greater issue that's intended.

108

00:16:03.870 --> 00:16:07.200

Eliana SG: So, I have followed up questions but I'm going to go back to my original question. It will also tell you so yeah kind of taking a step back, how would you describe overall the Kenyan social enterprise ecosystem and what do you think it's.

111

Interview 3: it's role um, it's role for who?

Eliana SG: So yeah I'm thinking, also in terms of kind of that let's say if I think about the ecosystem right as an actor, is it supporting entrepreneurs, is it trying to come up with solutions for BoP..?

Interview 3: yeah I don't know if I can answer that because I'm not even sure anymore what you what would be defined as a social enterprise ecosystem versus just the business startup, you know, ecosystem right.

Eliana SG: yeah and I think one of the things that's becoming very clear in my research is that it's not a separate ecosystem, but it's all just one system, and this is one component.

Interview 3: And that's good right, if it was a bubble on its own, which started as, like all things do, then it would not be effective at all, but because there is no clear division that's where it begins to gain momentum, and you know. It is not fully mature now whatever, this is the social enterprise or the business ecosystem, but it has come so much, since we first came here in 2012. In 2012 it

was a very tiny scene and there was like it was a little bit more of a like grant kind of play into like impact first type companies and, quite frankly, you know a lot of those they're not going to they didn't scale they couldn't scale. And now you know, for better or worse, you do see like venture capital types coming in, because they actually see market potential returns potential here, and that is really important, I mean hopefully it will invest in good and more responsible companies that can scale versus. You know not good companies um, but the main thing is that means there is more capital coming into this market that does trickle down, to work for like a workforce and, in most cases, the majority of like FDI investment well that's not true, the majority of this like impact investing social enterprise category of money mandates that there has to be like a large local employment base those types of things, if we look at greater FDI for like infrastructure things like that it's probably not going to look as good that's not definitely not the social enterprise world we want right we're looking at infrastructure we're looking at like the Chinese coming in a lot and you know, different parties bringing in workers, so if anything I'd say the social enterprise in itself is holding its ground to enforce the mandate that you should try to hire locally and train up people locally, which does create jobs, which I mean even a lot of the trainings in social enterprise world is giving valuable skills and perspective on what is possible to Kenyans whether they become an entrepreneur on their own, or they just become a better employee for a company which makes local or international companies more competitive down the line right.

Eliana SG: You mentioned two points that I think are also related to this before one was about the kind of this perception, can you that foreigners can get funded right but also this understanding that local businesses may require more support right in terms of their business skills. How do you see kind of the lack of skills being played out right is it? And, and how do you think that could be addressed and also do you think it's, it's the investors responsibility to address that and to make sure that there are also funding local solutions, I potential risk of foreigners coming in with you know with foreign solutions and innovations limiting what can happen.

Interview 3: I think foreigners coming in, is okay, I mean if you look at the US or many other places it was built on immigrants and foreigners and that's not a bad thing they still hired people right. And I think you know, so I think that's sometimes I think that's often forgotten in development because it gets so myopic or like it has to be so formulaic about the solutions that are created. So I think I think foreigners coming in, I actually think it's good, because unfortunately there haven't been a lot of examples here, if you are Kenyan and you've never left the country, you can only see, I mean you can watch movies, and things like that you can only see the businesses that have grown here and now, if you start making friends with or hanging out at like you know jays bar here, whichever one used to go to right like or wherever. You suddenly hear about like there's place you know there's a place called Silicon Valley, where there's like ridiculous money that goes into things and like everyone's you know constantly trying new things it's something that maybe you never had a chance to think about before and I think what's really amazing about Nairobi, is it does have a huge expat scene, but it's that diversity, you know, and you know you have literally like this the top MBAs or potential MBAs and like former bankers and all these other people and, like every sector every like every country kind of coming in here either because they started at you know they went to the UN or they decided they want to launch a social enterprise and it failed or didn't right like, so I think that mixing is really important um and then with regard to this whole debate around. Too much money going toward foreign founded companies versus local founded we kind of reviewed this at I live as well, and we realized, a lot of the companies

that we've worked with were actually foreign founded and we were trying to work with local found in once well, but again there's like a few factors that come into that one if you grew up in Kenya. You probably didn't see or hear that much about outside parties investing in your company, other than a bank it wasn't it's just not a thing that is done right. And so, you probably wouldn't think about Oh, that means I have to anticipate being prepared to have conversations with these potential investors and adhering to standards they might expect in the company. And then you know most businesses here are family owned, if anything, right and so it's a very different dynamic and so again that mixing of people provides a different perspective and kind of challenges the norm, I think, and so that does mean, sometimes it means, just like providing a new perspective to some people and their business I don't always think it's the right perspective right should all companies like seek venture capital absolutely not right or you know impact investment funds there's downsides to that too, because they might have to like spend a lot of time and reporting, which can compromise their operations really can right or you can get someone on the board who's, you know, from an impact fund it's changing now a bit, but you know you could get someone who's on your board and kind of pushing for things that actually doesn't make sense for your business because they don't know as well as you and it's always kind of that fine line. But so in terms of skills, I also think you know, this is my perspective, and probably a little bit controversial, but like can you school system is OK, but it's like British school system, I think that's that is a little bit more traditional it is kind of more focused on, this is me and as an American saying this , of course, right, but like it's more focused on like rote memorization and following rules, and I think that's a little bit of the culture here, whereas you know the US has always been like the entrepreneur place where you can kind of ask more questions you're supposed to state your opinion and things like that and, and that is an important culture for leadership for building scalable business, and so you know, like this, the concept of social enterprise or entrepreneurship is an important concept is important to like infuse into a very polite rules oriented culture, so I think that's a lot of if you look at a lot, a lot of the skills training here is actually around those types of soft skills. As well as critical thinking right like because now, you know in in building a business no one's going to tell you what the answer should be. You really need to pursue it. Kenyans have it, they are entrepreneurial they actually inherently really want to ask a lot of questions, but education system and actually even a lot of the multinationals that have come in, we saw almost don't trust their consultants even like international consulting firms, not the new ones that have entered, but like they almost didn't trust her people here and they try to templatize everything and for the really smart people, that is not inspiring at all like they were coming to us very senior people and saying listen like we're kind of basically like not being challenged and all at these leading firms, we want to do something else, and I think that's just kind of you know that's why the world of social enterprise and, like the greater VC space is good in that regard, you know there's always good and bad things. Other skills I mean, most of our people always have like financial skills, I would say that's like pretty weak...

Eliana: You mean the companies you work with?

Interview 3: No, even the people that [org] had internally, they can build a the financial model analyze it model do really solid market research and creative research, because we also used to recruit like people from traditional management consulting from like your us and they talk about their methodology for getting information and say like that's great like you interviewed like five

experts, but here we have to talk to like 70 people. And it like all elements of a value chain if we actually want to understand what's going on, because you know, like it's more that kind of grassroots like scrappy approaching component (inaudible).

Eliana SG: So, when you look at accelerators or incubators, right these additional kind of support actors that you have within that ecosystem that also can support with additional skills right and access, do you think that they're currently being able to address some of the failings that they have the education system.

Interview 3: I think, historically, they were not. Historically they're not um and that was part of the problem, because that was like the gen one coming out of like more heavily impact nonprofit money, and it was off if you look at the first gen incubators and accelerators it's not necessarily their fault, but they are basically startups themselves. Young people, their budgets were small so they're bringing other young people, and I think for an incubator accelerator to be really strong you want to have some more season professionals that are providing support. If you also look at like you know, an incubator accelerator in Silicon Valley, the whole premise was that they actually make an investment into these companies, and then they have an incentive to get good get good companies in to make them better to get them follow on capital, because they would win from it, and most of the impact incubators and accelerators don't get anything right so it's like it's much like more fragmented, more, just like in you know, an impact or nonprofit project structure, then at It like an investment structure that doesn't mean they can't work it's just that I think I think they've evolved a lot over time, because it was this realization of that. And then they started to being held accountable for tracking some metrics on how their program was actually doing, and if they are actually addressing things and then there's different debates on what the actual purpose of an incubator accelerator is it to get investment for the companies that go through, or is it just to help them thrive? And either is fine, but I think there became like there wasn't always a clear mandate. Nor, they again like the staffing or program to complement that it's kind of became like our budgets so small, we basically have to create with this plug and play solution with junior people. That gets us to an unclear result, right. But, again, there are some like I think there's some pretty cool like innovative programs that are out there, like I think founders factory Africa is really quite dynamic they're still learning and growing as well. I think a lot of guys, who have been around for a while, like growth Africa they provide a lot of business strategy support separate from the integrated with their different acceleration type programs. So, I think it's yeah it's evolved a lot. And it's gotten a little bit more savvy and actually now like they thought about things like oh like maybe we should bring in investors to at least be mentors or give perspective. Right and kind of tying in this is like something called catalyst fund as well um Are you familiar with catalyst fund? They know they're an interesting model um I have heard that they have limitations to you because they're kind of run with this kind of international development perspective, but the concept is very cool, which is basically they have a committee of people from different funds, who identify companies that they would like to invest in in the next few years, but aren't quite ready yet, and then they recommend those companies to catalyst fund. Catalyst fund will then consider putting I think it's like \$80,000 of a basically a non-recoverable investment so it's like a grant right, a grant into those companies to strengthen them to be investable. So that's a cool that's another example of like a cool model so that's catalyst fund. Founders factory Africa has actually raised a lot of money from development but also corporate partners and they push to kind of create strategic partnerships for their portfolio companies with like standard bank, which is a major Pan African

bank. And they also provide like technical product design support internally so like that's really good, I think, particularly for local founders because again back to your question on skills. they may, if they want to actually build like a Pan African company or regional company or global competitor they're going to need to think about their systems architecture and the quality of their systems if they wanted to stay local they probably still want a like a fairly decent You know, internal system to even because they are going to get international competition and that that I think is.

Eliana SG: when I've been hearing about the skills that are they're lacking it's mostly, you said that people are going to be focusing on soft skills. And I've also been hearing from investors that you know when they look at companies coming out of accelerators and incubators. it's all about the soft skills, but it's all about how to pitch to investors but actual pitch deck is lacking, they don't have their market analysis of their numbers.

Interview 3: yeah I mean it really actually irritates me that. That like there was such a focus on soft skills, because you do need to have the hard skills. First um and there was a program that launched number of years ago it was actually recruiting people I won't name it because they're they've changed a lot ... they were recruiting people, and it was all focused on the soft skills of social entrepreneurship. And I said listen like this is highly inappropriate you're basically like just telling people to how to sell like a dream that they don't understand and you need to integrate like a financial modeling course or you need to integrate like some kind of hard analytics course because otherwise you're perpetuating the weaknesses of social enterprise that it's gotten criticized for already, and it will just die, it will die this like embarrassingly slow death I didn't say that, but you know. I think you get it, and so I think a lot of those programs fortunately are well intended people who just didn't know that either and they have become quite open to that and really shifted in that regard, and then soft skills are important, but this kind of like finishing school right it's like you know, like even like. You know, like Grad school I'm like I did my MBA but I don't know how much I learned, I think I learned how to drink with my friends and schmooze and network and like you know that's great, but I needed to get you know you need to get skills to otherwise you're building a house of cards and

Eliana SG: Your question popped into my mind, and I think it's a very big philosophical question right, but I think one of the things that I find. most of the word is amusing but interesting about social entrepreneurship and we're talking about how it's kind of the solution for everything, but you look at places where there were markets and governments have failed to reach populations. And then you're saying OK, so now you're going to do it well, making profit, while being you know and it's kind of like it's a big thing to ask of companies. With states have failed we're markets have failed, and then to come up with something that not only is financial but it's also social and environmental.

Interview 3: it's everything. it would be smarter for them to say hey listen like i'm a fund you're a development organization your whatever else your family foundation, we all kind of have an interest in this area or topic, can we, together, say you don't need a return, so you do this I you know we're going to come or somewhere in between so we'll do this and you do this, and I think the real ecosystem approach would actually be ecosystem actors coordinated better together, but you know just like anything, particularly in entrepreneurship and innovation there's a lot of ego

involved and maybe people you know the collaboration can get quite hard, especially if you're dealing with very bureaucratic organizations like a DFIs right and one other point, one other kind of tangent that I would say is something that frustrates me on the skills training as well, if you look at corporate foundations, a lot of what they're focusing on now is also like job creation and youth employment in Kenya. I could kind of kind of frustrated because they basically want the easiest solution and there's a number of programs that get rolled out that are basically online coding training or like online whatever and they are important right it's still like. Providing hope and opportunity for a new job, a new skill set that is relevant for the future, all those things is valuable, but it's kind of like nobody wants to do the nitty gritty harder work or pay for it. Right so it's like great so now you train a bunch of coders on baseline whatever you can learn in the online course. Entry level skills, but are you actually ensuring that they get a job or that they actually get the mix of skills which is some soft skills to be employed. And those are like the things I don't think they're actually being mapped by a lot of whether it's corporate or other foundations and getting kind of deeper into to creating an actual solution and I think that's kind of a shame, they all just wanted same thing. you know there's also like. You know, African management Institute, AMI? they're trying to push a little bit more on it and get like do a hybrid model of management training and things like that I think a lot of this stuff is still kind of soft skills, but they'll do like finance for non-finance managers and they've began to kind of integrate some other things like that, but again, those are kind of the social enterprises that are doing it, not the big you know, not the ones with the big capital, like the corporations or the, I mean the DFI are funding it but it's like it's a small carve out of their actual funding that goes into these types of things.

Eliana SG: You know, and I think what you're saying before about coordination right, it also goes down to that right to have kind of people be able to say okay I'm doing this, this is another piece of the puzzle and to understand how people play together so.

Interview 3: Actually, DFI is the problem the problem I think it's like. DFI's now want to be, I mean maybe it's not from because maybe they're always like this and now they're just admitting to it, but they basically they want to be cool like the VCs and private equity guys and are they meant to? you know, like they're not really right.

Eliana SG: didn't necessarily be competing over the same deals and right they kind of So if you have 20 investors you'd want each investor ideally right to kind of be interested in different sectors in different services and different people. So how do you think that coordination could happen, I think that's an ideally, it could be with the government.

Interview 3: There are people kind of I think pushing for it now from different angles, and I think also you're seeing more diversification, like you know 10 years ago, probably even seven years ago and we started you wouldn't see someone with like any private sector background or investment bank background that worked in any of the DFI's. And now you might, or you might see someone who you know worked in some other like corporate or you know, like different skill sets that are actually being mixed and that's also creating... taking people out of their silos even you know when I first got here, I remember you know we joke right like the. The development folks I mean it's still kind of true right like they have to like live in a certain neighborhood they have did here like hires it's basically like USAID people aren't allowed to interact with anyone actually that's like living a normal life here and that's like it's not even necessarily them it's actually

their government trying to protect itself but. it's actually funny that the US Government even allowed the Peace Corps because it's almost so counterintuitive and not that the peace corps necessarily always created great results, I think, usually it was people many years later, doing something that was good, but it's amazing they even let something like the Peace Corps operate, because it was so counter to other places that said they pulled out of many countries because they decided it was too risky for peace corps volunteers to be in it, but now like what I think is so great about Nairobi is, you cannot stay too much in a bubble here, because it is so kind of not perfect at all, but it is fairly integrated, like you, could you can go up to venues and see like the full spectrum of people it's still small enough that get this mixing and that's really important.

Eliana SG: And I would assume that that has you know immense benefits, because you do have this mixing of people and strategies potentially that are that are more high-level right, but if but let's say for small entrepreneurs, or for budding entrepreneurs. That kind of also intermixed and can make it a bit hard to navigate among the different actors.

Interview 3: yeah I mean there's so I mean there's so many here now it's quite like saturated market, but the good thing is like, if you really I mean not everyone can do this, but if you really want to know what's going on with like the impact investing world like there's Sankalp I don't know if you're going to attend Sankalp. I think it's in September end of September, Sankalp Africa. But You could go there and you could kind of see everyone playing and, like the investment in social enterprise and international development realm and there's like there's a number of co working and not quite incubators more like investor and co working spaces so like Meta, which is where we used to have our office they were kind of like an investor workspace right so investors, you came into town to come there but they do like weekly events they're actually much more geared toward local entrepreneurs, I would say then like you know the big high growth players or whatever else and that's like actually you know that's really important.

Eliana SG: iHub?

Interview 3: Right yeah iHub I have started it and I think it I I'm not trying to I have to iHub in while because I think it kind of lost its edge, but they were kind of the ones that started in yeah.

Eliana SG: yeah but definitely I think I look at a lot of those models, if you know the we work models and I make you sell so much potential from being in this co working space, but as someone who's also worked in these spaces. At the end of the day, it's a place to work, you know and make connections, maybe this but, but they take a lot more than they give. And the additional value of you know leadership courses or this is kind of interesting not.

Interview 3: yeah I still think I still think there, they are valuable because just by being in proximity to others, especially here right, you know it's such a like a social, I mean maybe if you're like extremely antisocial it's not but like it's such a social scene, I used to love that right you just kind of like. But literally when I first moved here in 2012 I like I felt nauseous from like some of the sense social enterprise that I encountered and how like disastrous they seem and how much attention they're getting when they seem like they have no potential right and now it's actually like it's so dynamic it's like a really unique ecosystem that and I was living in San Francisco two years ago, and for about five years and I was splitting my time between the two, and I was like this is

it's so weird because there, they are quite similar. And yet very different obviously but they're quite similar and it's fascinating to me because you do have this kind of rich diverse like art scene here startup scene um you know, like you, could you kind of could tap into a lot of people if you really wanted to right it like it's people are airing on kind of helping each other versus not in many cases, which is quite nice, yes, that is slightly fueled by the expat scene versus the local scene, but I think also can you the Kenyan culture is also quite friendly and into it too.

Eliana SG: yeah one of the things that I'm looking at is the idea of Harambee, if you have this local belief in approach and ideology and you're bringing in you know, do you even need social enterprises. Do you even need to have that distinction because maybe inherently which were also saying in the beginning of the call if every business is also doing good?

Interview 3: I don't think so, I mean I don't know what you think, but I mean social enterprise really doesn't mean anything anymore right and, if anything, I think to call yourself a social enterprise, other than for the purpose of going after a certain like softer capital honestly like it's probably not even in your interest because there's probably more of a negative association with a social enterprise than not like a social enterprise to me almost inherently I'll be like that's a company that intends well but probably can't scale.

Eliana SG: Because you're saying Okay, I want to do good but, but the second you understand Okay, but they're going to be taking on this additional cost of creating more social value environmental value it's going to affect the planet. And that's, why not, I don't I don't think we need the term social enterprises right, I think we need to focus on just businesses doing good. And yeah interesting that I've been hearing from is that the terminology really doesn't resonate with locals right talk to them about impact and stuff like that, but like I don't you know why should I care like white men came and cut down the trees telling me not to cut them no. But it can shift the conversation to, Long term sustainability pieces our ability to continue to cut down trees, will depend on you planting trees as you go. A lot of the term is not necessarily the right fit for Kenya, not in what it's trying to achieve but the terminology and the strings that go with it.

Interview 3: yeah, but the problem is it like what is the right term is it just a good business that a conscious business is it a you know. And it's funny I taught a course at Stanford and it was on social enterprise, and I was so surprised because that was US and a social enterprise, there is actually almost always nonprofit entirely.

Eliana SG: You know, when you look at the British Council report on the state of social enterprises in Kenya.. and the majority of SE's are non-profits.

Interview 3: yeah was it at least innovative nonprofits?

Eliana SG: No, it's all nonprofits doing job creation I think my concern when I think about social enterprise, also in a place like in the context of Africa in general. You're coming and telling people fix their own problems and a game that's rigged against you right, so you don't have a job, become an entrepreneur What do you mean it's easy. yeah not like that's not in your putting the responsibility on other people, without necessarily giving them the skills to understand.

Interview 3: Really, I mean I actually of become an entrepreneur is great to give hope. And this sense of opportunity to many people who don't have a lot of hope or opportunity, and for that it is absolutely valuable, even if you like, it like. Why people become terrorists like you know, like all should join Al Shabab or whatever it's because what else are they going to do, the only opportunity for power or like stability for their family is basically to join this group now like if you're told that maybe you could be an entrepreneur or go get an education or whatever, that is, like hope and opportunity in this absolutely why it is so important. But is absolutely oversimplifying because, like you could just say you could get a job that pays you a regular salary or you could be an entrepreneur or you could do this, and I think that's really what needs to be the kind of periphery.

Eliana SG: And I worry about the false narrative, I 100% agree with you on hope, but my concern is you know when you're talking when you have these social enterprises that are training kind of youth in in you know Kibera and other slums to become entrepreneurs. And people invest their time, energy and hoping these things, and then that also backfires you know what what's kind of the ugly side of social entrepreneurship if you're promising everyone, this is your hopeful solution it's not you know, not everyone succeeds. Success unicorn or cheetah whatever they want to call it.

Interview 3: there's a camel to yeah. I, I agree, I mean, I think you know do it versus not at all there's probably net benefit to again because of the hope factor, because of some like basic analytical critical thinking skills that would come out of entrepreneurship training. But this is what I used to really hate about incubators and accelerators actually was like are many programs that you're talking about it's like. I kind of felt like they'd be like hey come join us in like two weeks or like maybe three months we're going to like help you design like a business model and this great plan and then we're going to like give you absolutely no resources or practical things to implement it, bye! You know and then you're like this is so it's kind of like why we also thought International Development was damaging originals right because they go in and say hey like we're going to like you, are part of a cooperative we're going to like you know give you some money or train you on some things and, like all of a sudden your life can be better and then like you do some crappy training call it a day, check your boxes that you did training for this, many people leave and like nothing actually changes, and so there hasn't been like an actual like results focus.

Eliana SG: So, what do you think what do you think right now is one of the biggest challenges in kind of promoting more good business more social enterprises, and how can, how can others help to make that happen- So what do local entrepreneurs need in order for them to succeed.

Interview 3, so I don't really know that there's that much happening, for example with like organizations like the Kenya association of manufacturers um and these other local trade associations and others them engaging with the social enterprise seemed even do kind of like it starts with awareness, you know trainings mixing on like you know what could be possible and why it's beneficial for business and then going from there, so I think that's still a little bit fragmented um, what was it the question is, and what else is just what else is needed to strengthen this sector. There have been attempts now like World Bank has attempted to like put money into Kenyan Government, for example, to be deployed for like off grid energy, and all this type of things, unfortunately, like it just that's where it gets stuck because they are so bureaucratic and slow moving and I think it's so new to them, so it has typically been paired with other parties who

are kind of more dynamic faster moving entrepreneurial to try to get it done. But there's a good number of programs that are kind of caught in limbo or move very slowly, as a result, and so one of the things I thought should happen is, there almost need to be like you know, like innovation fellows or private sector fellows that are placed in government or even doing rotations between like government and social enterprise and the investment scene, or a sector right like agriculture company, the government, the Ministry of Agriculture and a startup right like something that's that gives a little bit more A transfer of knowledge that would help everyone [in audible] so I don't think anything like that is really happening. I do, I think this is a legitimate concern that venture capital and like tech investors are starting to push into here and want to see those unicorns or whatever they think is possible for Africa and so that is kind of distracting from Helping Regular small businesses work well and I think there should be like a Small Business Administration honestly I don't even know how effective in Small Business Administration is in the US. But they do provide loans right favorable loans, they do provide like trainings and support and resources, and I think you know programs like that an action tend to do that. And maybe you know eventually transferred over to integration with the government quite powerful and.

Eliana SG: it's funny because I would kind of assume then that there's a split, you could say okay development actors, which are more focus on individual kind of opportunities and bettering people's lives could focus on the Small Business component right because they don't really need the exit they don't need the you know the large scale. But when you look like a World Bank for them it's all about scalability right, it needs to be a scalable solution.

Interview 3: there's been too much focus on the scale, and hitting those numbers, but if it's not gonna work you're not going to the numbers anyhow and, and again I think people are getting distracted by this like the appeal of tech it's even just the, there has to be some tech integration at like even small businesses, because I think they will fall behind if they don't have that but it's almost like a real distraction around. Again, like this the sexiness or the cool factor of scale versus the cool factor of a company that's been around for 10 years. And employees, more people year every year but it's not crazy unsustainable growth is also, I think.

Eliana SG: When we look at scale right there's various ways that we could scale right if you're franchising if you're kind of tailoring solutions, but. it's funny because one of the major problems with development was about this kind of this scalability of interventions right, the fact that I do something. In one Community 100% doesn't mean it's going to work and another Community across the globe, so do we even need to be looking for that if, someone is you know if you have a Community that's building small businesses all around a that's great at the end of the day.

Interview 3: yeah need to scale because that's.

Interview 3: I think that's true, and you know, there are programs like this is kind of like a you know it's like. And they're not doing as much here, but like even like village capital they did focus on smaller businesses they're like \$100,000 annual revenue \$50,000 annual revenue companies and they've kind of give them bringing people to give them a little bit more perspective and you'd be like do mock boards right so I'd come in and give them some feedback on things they might consider to strengthen their model like they're probably should be a lot more of that, but I think even build your capital they realized, they could raise much more money in the US to do this type

of work in the US, then, to do it here, and so I think other than You know, like I don't think they've really prioritize scaling in these markets because it proved too hard to kind of secure the right capital to do it again I think Kenyan Government is trying to do some things I just I'm not sure that they'll actually I don't think they do like the research I've been bringing that kind of like the advisors, or whatever that can really help in the way that would be truly beneficial And then I think you know, like, I mean honestly like I think there seems to be some element of social enterprises looking at national policy like trade policy things like that, like it's still like really disastrous and that's why I keep thinking like there has to be a way to go through some government as painful, as it is To kind of ease that tension right like You know, it is true, like even if you want to scale the guys, who are looking for scale. You can only scale so much within a country of Africa, if you really want to go big and yet it's so hard and so unfriendly between African countries, much more so than if you look at other you know most other regions, do you would. Even the even the basic things like the cost to travel between African countries. is really high we I had some work for me who's Ghanaian and he came here because but he's really close to his family, he was in you know our team was an attack, he was an attack and afterwards, he. He was like of the reality is like I realized my part is I need to go back to Ghana. Because my mother would be less likely to fly to Nairobi to see me then to fly to London to see me for basically you know it's the same price, so why would she fly to see me in Nairobi if she could go to London, maybe they're right, and so I think like you know, like those are like little things that open up markets, I mean that is. policy or its airlines, but there's like they need to be more incentives to actually facilitate business and then social enterprises almost like a layer on top of how do we actually allow people to. run a business well, they may have their then have the capacity to integrate anything social or environmental impact oriented because they had the capacity to do so.

Interview 3: you're right actually like even if you look at like you know, South Sudan or when I was in like you know Somalia like here like a lot of the nonprofit workers they actually become like the most skilled promising workers for other things because somebody invested in them, you know being trained a bit and actually a lot of our coaching more recently was on basically, coaching other companies teams to be able to figure it out on their own, we might set up like templates or whatever, but always kind of coaching them along the way, and I think there's not enough, there should be more programs in that regard to do that heavy lifting but quality lifting and then yeah I mean they think.

Eliana SG: coaching and mentoring right how often that also happens.

Interview 3: I don't think that happens that much because everyone wants like an APP like a quick online solution now or something like touch so they can check the boxes of the number of people they've touched rather than the quality of you know, like outcomes that results and that's an issue.

Eliana SG: That, for me, is also a lot about the development legacy right because I want to know how many beneficiaries you reach that's what matters to me. When you switch it over to private sector right, I want to know, like did you reach the customers were they happy, are they going to listen, as well, they bring you more so, so you do care about quality.

## Annex 2.3 Interview 5 Transcript

Interview 5- 11/08/21

Eliana SG: So, my first question actually is, if you can tell me a little bit about your role and fast forward 2030 and I think just hearing a little bit more about the network.

Interview 5: Right, so I joined I joined [the org] last year around similar time but then late July. My role has been to coordinate the young social entrepreneurs who are putting an effort to address global challenges relating to climate change, Sustainable development challenges, and I have one of the major things that I've had is organizing events that bring together these entrepreneurs to share and have conversations about how they are addressing this problem through business and the impact that that businesses are in society and environment. So, we had a first event on waste, conversion of waste, so that remove waste management videos from Nigeria, South Africa, Kenya talking about their businesses how they're tackling the waste will have an entrepreneur from South Africa who. Will has an advertising company that. advertises on waste trucks that point to. I think you know don't do yeah so he uses them to call it waste in the neighborhood. majorly plastic recycling and cardboard, and he has advertisements on them, so he has two sources of revenue from recycling and also from promoting that that we had an innovation from Nigeria regarding application where waste generators from households will create an account and. which they get there with. An n points when they get they always sorted, so the salt out always wins in the reading these points in lawful stalls to get also right and in Kenya, we have arrived variety of w's in the Center we have individuals who are producing Greeks building. We have entrepreneurs, for producing decorative household items from glass and we have also majorly entrepreneurs who are collecting and sorting waste from households and technology recyclers for producing packaging materials and selling them to companies as light as we leave us, so we have. Unilever Kenya has adopted a policy to use 50% recycled plastic to produce the packaging materials and they buy we're doing and we've had conversations between the board in London, the body, Lebanon and decoding Kenya about what are the major, the most important STDs in our different regions and why they're important and we've been building these international Africa and London for winning conversation, and right now we were aiming at having. Again, to build this conversation also what I also like to mention that We also had the last waste glass with Conventional classmates to value watch, where we have interpret nodes one is from Scotland it's the coffee system which produces filtration medium from glass and we have the poorest of which is a collaboration between and Rhonda with from Portugal and the idea is to see whether, in terms of production for us alpha, which is a water retention. Product from with glass, which is a baby in soil use water loss from soy and the coffee since then produces a filtration medium to clean water is water So that's what has been happening so far in between lots of activities also there's a network there's a global network called African assembly, which was Only in a little box yeah so she's one of the people who came up today to Bring brings together policymakers in Africa and thought leaders who helped push for policy. In Africa, to help promote achievement of sustainable development, so first partners in the business engine the engine for business talk bring other young people with these ideas and solving major problems in the continent, but that is what you've been doing in the past me.

Eliana SG: Specifically, in Kenya, more or less how many Members do you have.

Interview 5: We have A membership keep changing because of Members can drop up right now we have tentatively tactic. For years.

Eliana SG: And when you say they come in so here right fast forward 2030 got the link and I'm in the group. Do you so if I'm an entrepreneur Now hi I'd like to join and then, and then you have a WhatsApp group also we're.

Interview 5: Using we're using our platform called Romeo which would be to be using to engage you to interpret years so far and also we've been inviting entrepreneurs for events or events, because right now we don't have major activities where we engage the entrepreneurs from time to. Remember, this clearly defined it's based on the events so it's based on the events when we have events we.

Eliana SG: Out of your entrepreneurs in terms of their profile right, so it sounds like all of them were kind of grand right their kind of looking at scalable solutions And I think I'm asking this because I'm seeing one of the things that I'm seeing in Kenya. and probably globally but in Kenya specifically right is that you have because you have an overlap of the. nonprofit charity world overlapping with the private sector right overlapping a bit with government, and you have social enterprises kind of popping up to. To take the lead, where others have failed, and specifically in Kenya, I saw a report, where a lot of social enterprises we're nonprofit. And I think that you have a lot of nonprofits that are kind of turning to social enterprises because maybe they're running out of grant funds, maybe donor requirements are changing. And you could also have potentially more let's say SME that are social right a social SME that doesn't want to scale that doesn't need you know big funding. And versus kind of these more traditional startup kind of mentality so from within your membership, do you think it's more of the bigger guys yeah do you see this problem. playing out a bit where you have it's a smaller company that would then also require different financing different support different mentorship versus these really big guys that are aiming for the stars.

Interview 5: So, there is this overlap between Social-entrepreneurs, non-governmental organizations because, as entrepreneurs tapped in addressing this whole social problems, most of them do not make profits. And they are enterprises are focused on addressing a problem that, for example, waste in in in the society, and so it ends up the end up depending majorly on grants so within the Kenyan landscape, most of the social entrepreneurs are dependent on grants. The major source of financing has been through grants and then the capital markets also in Kenya do not support. So, regarding financing of social enterprises within the capital markets, it has been focused on the traditional form of investments. Until last year, that the green bonds were introduced and this targeting the world developed big companies so startups do not have a chance of raising capital within the stock market, so they still have to go back into either savings or crowdsourcing or looking for impact investors or looking for grants from our side. And then most of the social enterprises within the country, are more focused on the social change than the return on investment so finding this balance between making profits and having a social impact is still a difficult thing that most of the entrepreneurs are facing right now, so they take they take a very long period of time running as they solve a problem, without making any profits.

Eliana SG: And so, this is also something that I've heard you know come up in other conversations right and you mentioned kind of crowd funding and grants and impact investors. Right and I think also when you're looking at the lifeline of funding for startups right maybe through starting with some kind of seed investment or friends and family and then moving on to angel impact investment would kind of be at the end of the spectrum right, you need to be like impact investors aren't going to invest in you, if you're not profitable right. Most likely so do you think that that startups are finding challenges is going to be in the initial phase of financing, so do you think that's kind of where grants play out more. And from what you've seen, do you think that if a social enterprise starts by using grants, I do think that that could be a problem down the road? Right, because you said they're not focused really on finding that that balance between social impact and profit but, at the end of the day, that's, the most important thing for social enterprise to figure out.

Interview 5: Majorly most of the social enterprises begin by looking for grants. Grants have been the one of the major sources of financing for social enterprises. There are very few social entrepreneurs who depend on their own savings, so fundraising has been through applicant applying for grants and developing proposals then impact investors come during the later stages after enterprises have proven the impact and, as you know, impact assessment has been also one major hurdle because trying to balance between making profits and also having that social value of the enterprise becomes a challenge for startups so at the impact investment level it comes at the later stages, after the businesses have already picked up so grants have been the major sources.

Eliana SG: I mean, one of the things that I have heard is from impact investors right is saying that a company that starts with grants will potentially be less interesting for them in the future. Because, even if it was a good idea, even if it's a good person leading it was like I come from the development, humanitarian. donors have their specific demands are parameters, they want you to reach people want to come. And it is a very different model from what impact investors look for which is yes, that impact, but also really that profit. At the end of the day, right for them to invest, they need to see that profit and I agree with what you're saying you know I think initially social enterprises. really want to make sure that they're making their impact and especially if you're working with a grant giving organization, they want to see the impact. And that that focus potentially makes it more challenging than for social enterprises to find you know mature companies are like investment ready companies.

Interview 5: yeah I think that's correct, and looking also, one of one of the things that makes it so difficult for social enterprises within Kenya, to be able to generate much profit is because can in itself is a young is a young markets in terms of sustainable products so if I would give an example of a company that is producing bricks from plastic, this is a product that is new it's radical and it's not the traditional way of construction. So, the customer base of this product is (smaller? inaudible) so before many struggles to build its customer base or medium or larger construction companies which are using the normal brick for construction also give an example of either the entrepreneur who we have in the network, which is hydroponic farming in the urban areas, food production within small spaces in urban areas. This entrepreneur would not be able to compete with a farmer that is producing on soil in a farm, for example, majorly because one there is, one, the customers have gotten attitude towards what kind of food consumption food they want to consume so getting to consume food from that has been grown without soil is something new. And before they can capture that market, it will take time for them to change their attitude and that believes that

customer so. Kenya, being a market where most of the products that innovators within the Sustainable Development space are coming up with they require, some time before they are adopted and before they can compete to the traditional or they previously existing companies becomes hard to for them to start making profits. So that still gives them the only option as grant so. It doesn't attract as much impact investors as it taught me and also, I also want to mention that another trend that is there in the in Kenya is that we have hubs innovation space which allow entrepreneurs to come together in those spaces and collaborate and work together and even get a chance to apply for grants within those places so that has also continued to develop the interest of more social entrepreneurs to go towards the direction of looking for grants rather than looking for impact investors and. There are very few local impact investors in their country, so local entrepreneurs have to look for impact investors from outside the country and so getting to build this connection with investors who are not local. takes time to build trust that relationship before they could now put in the money or invest the time into a business law can.

Eliana SG: Do you think I mean traditionally banks would also play a role right and potentially be able to give maybe some loans. And, but I think the banks in Kenya, are also very risk averse and have very high interest rates it's I'm guessing that it's also not a good path for the entrepreneurs. And then, if friends and family, you know, are also more limited than yeah, then you just your only option really if the grant.

Interview 5: [Getting financing from] banks in Kenya its very rare and difficult because for banks, they are risk averse, it's true that is one. The interest rates they're not as bad like they could be between 12 and 13% per annum for businesses, but then it has to be secured or you have to have been with them for a longer period of time, so for a startup who are majorly the members within the [network] it wouldn't be an ideal source of financing for them, because of one they're starting so they don't have the credit. They haven't built the credit is, which is that requirement from most of the banks, and also the interest charges as well.

Eliana SG: So, so you also mentioned before, have Any anything hubs. You have these coworking spaces right, you can have like I have. accelerators and incubators. Are you thinking about like other innovation spaces like I don't know if Google runs you know, an open space or the other, they can maker spaces what were you thinking when you were speaking about these innovation spaces?

Interview 5: So, the innovation spaces majorly allows entrepreneurs to interact physically amongst themselves and also to access events and these events bring people for outside not just Kenya, but also across the region and across the world. So, these spaces have allowed people to build networks for collaboration and even for them to access sources for which they will apply for grants, so the spaces have been have been providing the opportunities for the social entrepreneurs talk with others.

Eliana SG: And some of these places also going to focus on yeah they got on skilled development I've heard you know both kind of I consider, iHub to be more for co working space and that's a you know accelerators read that are more focused on programs, but both from what I see leadership or kind of do sessions, with their entrepreneurs.

Interview 5: There are parts of skill development, some of them [are paid] and some are offered for free to the entrepreneurs. So like Strathmore University in Nairobi has got one of these spaces it's called the iBiz. ID Center which allows the entrepreneurs to pay for space for their offices and also attend some courses within the collaborative so this this causes majorly help them develop their marketing or their accounting skills so that they able to improve on their businesses.

Eliana SG: So, you just said, marketing and accounting and from what I've been hearing one of kind of. A lot of the hubs aren't necessarily focusing on the right skills Right so they're focusing kind of on how to pitch and how to market your product but they're not thinking about stuff like accounting and budgeting. But also focus less on the business model like an idea I think one of the investors, I spoke with said, they just come to you in the pitch, but if they idea isn't there if you don't have the foundations of your research and your market research it doesn't matter how next you know.

Interview 5: The IBiz Center if you get some time to check out their website that I showed you the link they have an incubation period where. The enterprise goes through some courses. Part of the incubation period, this is them making those pitch sessions to potential investors are also they also have courses, I am not sure about the content of the courses, but I know marketing and accounting has been one of one of those courses they've been offering for now they customize based on the type of business like they do also they also have our programming majorly for IT related kinds of businesses.

Eliana SG: from within your network right. What are the challenges around skills that you're hearing from entrepreneurs, maybe people expecting them to have certain skills or things that they're finding challenging.

Interview 5: So majorly has been penetrating the markets, that has been one major challenge amongst the entrepreneurs and standardizing the products so getting the entrepreneurs to standardize and produce the same products over and over again that has been also another big challenge so.

Eliana SG: In terms of like the quality.

Interview 5: Yes, yes, in terms of the quality.

Eliana SG: haven't heard that before right and I'm curious, because if you're talking let's see about making crafts, nor like hand and making items, you can have variety, but have some slight differences. But I don't know if you're making the glass for the soil, what you're saying with water retention my baby needs to be a certain grade you consistently reach a certain quality.

Interview 5: So, like for the handmade crafts five bucks these are variation between one product and the other so being able to produce similar product, so that if a customer buys, for example, the quality. Of the same or the same kind like the one they bought previously.

Eliana SG: So that's kind of around the production manufacturing that's a Year And when you said kind of market penetration, we talked about it a bit before I like that you brought. Early adopters

right which is really crucial in a market when you when you were kind of trying to push those innovations out. Right to get kind of your early users using you know plastic bricks and then also having them kind of talk about their experience to get more people to get that feedback. And now that's an interesting point that if you don't have that drawl so you know how can you how can you iterate on your product it's so hard to get people to use it. I mean I'm curious right how many they if the problem is also around and not necessarily designing the right solutions. Right, like, for example, the bricks from plastic materials right so obviously from an environmental point of view it's great. Someone who buys into that, because otherwise it's just that it's a plastic brick, you know, maybe it'll fall apart quick right, oh no it's I don't know made it I don't trust you these bricks I know so I'm going to keep you.

Interview 5: Part of another challenge is getting the balance between not only producing an environmentally friendly product, but also a cost-effective product so balancing between the cost. The value it social value generates and so you realize that some sustainable products they could be a little more expensive, so we have one of the entrepreneurs who is producing plastic balls pause which are made of plastic material and they are used for fencing but then the plastic pole is a little expensive than a wooden pole, because of the cost of producing so it has a higher price, and it cannot compete with a wooden poles in the same market because it will go at a higher price therefore less demand for the compared to the world.

Eliana SG: With an investor, he said something which I found really interesting, which was kind of about the fact that ideas need to reach A natural death. We were talking specifically about accelerators and about how some individuals go to one accelerator if it doesn't work they just keep going to accelerators. In another interview, this was term kind of accelerate hopping. I think you know here like an example of what you're giving me now, this is a product. Me why it's not working, you know, maybe. it's not cost effective if people are interested in it, you know, can you take. ways to get the cost down. Right like something like this. But yeah I think it's interesting right like, how do you have this idea. You have the market research also to kind of bounce back from this or to iterate your product.

Interview 5: it's good that you mentioned the part of research and one of the researches is market research and also there is a product for that research. I'll give an example of we have an opinion producing organic fertilizer from food waste and fraud, waste and. He had difficulty getting to the right amount of nutrients required in the fertilizer but then he got a collaboration and one of the universities in the US, who allowed him to use the allowed to test the product and they set it up in Kenya, so that they could help improve on their nutrient content. so most of the start-ups, or social entrepreneurs in Kenya they have a challenge in product research and market research so that they can continuously improve. That element of continuous improvement is a problem, they stagnate, it's difficult for growth because there's that gap of research that research.

Eliana SG: And so, how do you think that research gap can be closed because that's up to the entrepreneurs, also to conduct market research right.

Interview 5: yeah, that is, that is one way of address needs the other way could be kike how these entrepreneur did he went to MIT actually it's a university MIT which offered to help him there is

industry and academia collaboration this work that the academia, will be able to do and help entrepreneurs achieve that the entrepreneur might not have enough time to do so, having a collaboration, perhaps with research institutions so that perhaps it could be part of a student project or something that to help the entrepreneur gather more information to understand. Not just the markets, but the product and the environment, and that which they are selling these products.

Eliana SG: And that's a really interesting example right because a collaboration like MIT an organization like MIT, for you know if you need lab equipment and you need to be able to yeah like to go into the technical nitty gritty right. I can hear your point of having these collaborations with research institutions that's great something like. I'm pushing on this point because I've heard from a lot of people that market research is a problem, and you know I spoke with someone in Kenya, who has an advisory and like works with entrepreneurs. And she said that when she says, you know again share your market research with me they're like what no we didn't do it we don't want to, or you know just take a lot of kind of Just people not wanting to do that not wanting to sit in, and you know make all the tables with referring to kind of work on the cooler stuff. That we can also you know, ensure that, because here if I just have an idea for a product that's not based in anything you know that's not really backed by research by market and product research. So how can we support entrepreneurs to come up with ideas that makes sense and that have potential.

Interview 5: That's an interesting question and I think that there would be very, very many ways to do it. Because, for you to be able to develop a product, you have to go through a process and part of the process would be for you to understand who the consumer of our product to be so entrepreneurs, we definitely need to go through that process of. Doing market research engaging with the stakeholders, especially the consumers and getting to understand. What are the what, what are the gaps that they're trying to fill and what the needs of the consumers are before this product is developed and presented to them. And of course they have to do these iterations back and forth with the consumers, for them to be able to up with a product that public perfectly fits and you know that market research does not end with your launching the products to the market, it continues even as you continue operating even as a business, so that continuous conversation between the entrepreneur and the markets and get gathering data that will inform improvement of the product is important.

Eliana SG: yeah I agree, so I see that we only have like 10 minutes left and I don't want to take up too much of your time so I'm going to pick my next question for you. They have my general questions that I had more specific questions for you. So, I guess right my research is looking more at the ecosystem as a whole. Right and I think. This is an interesting point okay so. You know you have a lot of expats in Kenya and in Africa, and you have also a history of colonialism. And, and I think that you have to, especially in very cautiously look at social enterprises through those lenses right because you do see a big shift in aid and development being channeled into kind of social enterprises yeah and you and there's. there's pushback I think right around terms of kind of impact, and you know why do we have to conserve trees when other people got rich by cutting down trees. And I feel like there's African cultures and if you have one do you have around Ubuntu and Harambee you have these kind of local traditions that are very enlightened let's say with the principles of social entrepreneurship. But social entrepreneurship still is, it is a Western creation, so do you think that, within the context of Kenya. I guess how much do you think social entrepreneurship like it is practiced around the world right where you have kind of incubators that

serve a specific role and. Impact investors that invest in certain ways, how much do you think that we should and can customize specifically to the African context. If you're interested that question it's a bit loaded.

Interview 5: Well that's a that's an interesting question Then I'll attempt to answer it from the knowledge base that I have. I think that the political and social issues arise in the process of trying to address societal problems through businesses but then it's important to look at to look at these challenges, not on the challenges that Kenya is facing but challenges that are shared globally and we are all targeting towards a sustainable world, so we did the global targets towards sustainability, so if you if I use the example that you gave and regarding trees, and why should we be forced pocket trees, or the POP benefited from trees it's an argument that beats the purpose of achieving sustainable development, globally, because the whole world. Both the colonists and the old colonizers are all targeting towards achieving global sustainability, we cannot look back and say that we want to go back to the hills we're looking at the future so. Collaboration between Africa and Kenya and entrepreneurs and those ones from the globe from Europe from the US and from Asia is important because. This value in terms of knowledge and understanding of the problem in Africa from Africa entrepreneurs and the people who reside here. There an exchange of knowledge that can result to collaboration technical and tactical knowledge as well, and these helps put perspective to the problem and getting to understand the problem in a manner that can be addressed so. We've seen situations where there are very good technical solutions coming from the West but they fail to work in Africa major leading cause able to not understand how to use it, or people do not use it in terms of their social and cultural contexts, does not appeal to them so encouraging collaboration encouraging people to work together so equal exchange knowledge towards addressing a common problem shared problem we be it food problem beaten environmental problem will help will help clarify and somehow. put aside these political issues that may arise. Regarding the past history of colonialism and also getting to see that. What is the value, what is the value of social innovation is eating just the money that they need, or is it just is it in the solutions that are generated? But the value that people get out of the solutions when they are implemented, so we have to look at it and hold something. That they mentioned, not just in terms of the money that it's putting but also in terms of the value that the innovations of the citizens, or on the people who it's targeted towards.

Eliana SG: Can I ask you a question. Now I'm just think devil's advocate yeah. So, I think it's interesting right because you're saying you know there's an I agree with you 100% there's global challenges that the entire world is facing, and we all need to work together to address it right. However, within Africa there's specific challenges also that are unique to the continent let's say high rates of youth unemployment right that a lot of them also kind of turned to entrepreneurship, but I digress. I think like if I take the example of the recycled brick right and you're saying here, so they have a problem, maybe finding an initial market in Kenya. Right, but that potentially could be a Global Expert right a lot of people here I'm looking out of my window in London and I see bricks you know. So, I think you know, do you think that I'm already I come from Israel, where there's a lot of startups and all of them are geared towards the American market. They don't launch anything in Israel, because it's too small, it doesn't matter it's too different from America, you know. So, so I think it's interesting what you're saying, because 100% I think a Kenyan grown solution could be implemented around many places, but I think that the reason that Kenya is interesting to a lot of. The enablers of social entrepreneurship are also because of you know, the

large segment of bottom of people that live in the bottom of the pyramid right World Bank like that's the only reason like they say social entrepreneurship needs to provide services to the BoP. And BoP, you were saying there's also issues with you know if they're going to buy a product if they're used to have to getting services in different ways. And, coupled with that. Are you familiar with a B corp. So, I think they know obviously it's also kind of an international concept, but I think that. They have an interesting model where they're saying right don't you know you don't need to be a social enterprise that every business needs to have impact every business needs to be good. And, and what you're saying also you know, for me, like yeah we're facing a lot of global challenges if we have social enterprises, and then we have just enterprises that are still you know. polluting or extracting or causing you know inequalities, where they go wouldn't it just be better to say you know businesses in Kenya. Get to the Community and can we just redefine the concept of business.

Interview 5: There are different perspective of what really social entrepreneurs are and what are they doing. What is the right balance between social value and profit and should social value be defined as the responsibility of a business or should it be as the core role of a business, providing the social value, and if that is the core value of the business, then, how do you measure it and perhaps one device, so that you can perhaps produce. Like they produce a financial statement to show that profits that the company has made, how can your account and produce a statement to show the social body of the social impact that the company has so that it's Equal.

Eliana SG: For example, or be labs they have their certification process. Which is kind of this like pretty commonly agreed upon impact assessed.

Interview 5: Any kind of business that is.

Eliana SG: yeah for any kind of business.

Interview 5: I think I think, then, in that, in that situation companies as a whole, like from what I've seen previously it has been the corporate social responsibility. For them to do put aside some money or somebody to do something that that gives back to the Community, but I tend to look at it differently, that it shouldn't be. Just the corporate social responsibility, but it should be in there, called the business in how they do in how they do business on a day to day basis, including in your workspaces including how they treat their employees, how they balance their agenda, how they consume water, how they consume electricity all those all those nitty gritty is all needs need to show that it's a company that is targeted towards social value and sustainability.

Eliana SG: In don't you think though that like you know my experience, if you have a lot of social enterprises that have their mission that's a company that makes chocolate right and pays farmers a sustainable living wage right, so I guess not slaves, and I mean I don't know about their packaging and about how they ship things you know so they could be having like they have their one kind of value that they champion. But that doesn't necessarily mean that they're socially and environmentally responsible throughout their operations.

Interview 5: yeah and there need to be like an overall accountability in that within the ecosystem, so, if you look at the entrepreneur legal system. Part of the players are the regulators. The

Government, for example, or regulate businesses, and as we look at them, the role would be to ensure that there is checks and balance for companies though they are doing good, for example, like you've mentioned, and they are other aspects, within the operation that. are contributing to some hum the government's need to keep them in check, perhaps it could be through some incentives for them to do good and ensure that they are overly operate sustainably, or it could be through some punishment or Penalties for them violating those so there's like within the ecosystem, the regulators, the enablers, the financiers, the entrepreneurs themselves. How to establish that synergy, because all these actors should target towards one common goal, which is sustainability and ensuring that. Businesses operates sustainably, so the challenge is on that synergy within the ecosystem players.

Eliana SG: don't think there's a lot of kind of coordination bodies right within this ecosystem and again because you have so many divergent definitions and goals of the actors and the ecosystem you kind of have these like sub ecosystems, without right through throughout. So, you have people like You who focus, you know say everything sustainability and SDG's write a lot About kind of job Creation and stability that's I think it's interesting like, how can you, coordinate and really I'll ask you one last question, if I can. Right I let you go, so you mentioned government and around policy, you know, I think that there's a lot of debates around how it could be helpful to have a legally recognized form of social enterprises yeah. What other Okay, no but I've also been you know. kind of you mentioned something which, which I find interesting and encouraging, which is about how you also want to bring entrepreneurs together to collaborate. But one of the things that I've been hearing a lot is kind of how people don't want to put their ideas out there because they're afraid that they'll get copied or stolen, but you don't have too much like intellectual right protection. Corruption, you have these things that can really stifle innovation policy or what kind of governmental policy or decisions do you think could be made to strengthen and support the ecosystem. You know, because you also mentioned about you know about working with London and they read the British Council report should have seen it and, and you know, and also the world backwards, they all they all compare African ecosystems to like Europe to the UK. Does the UK have the Danish Government as an active player and they have your core system right like you also have so many foreign organizations are multilateral organizations, but. Essentially, I cannot supersede the government right but but potentially have a bit more power to shove, their elbows in so. The question of policy.

Interview 5: There is a big role that government can play in terms of policy to strengthen the ecosystem and the role I split it into two penalties and incentives. Incentives to encourage entrepreneurs to grow, the social and sustainable enterprises penalties to punish businesses that contributes to perhaps violating the principles of sustainability and social entrepreneurship, and this could be in terms of policies regarding. licenses taxes and fees for example it's very expensive in Kenya, to bring in an incinerator for setting up a waste management plant fast, you have to pay the national authorities license to conduct an environmental assessment you have to get a license from the health authorities, so you, you probably need to pay for like six different licenses, which I find. stifling for an entrepreneur and discouraging it's like punishing someone who wants to solve the problem, so removing these barriers and offering incentives for example tax breaks for situations where an entrepreneur comes to solve a problem that would otherwise be solved by the government. For example, waste management within a municipality could be given incentive for them to do that, so that you encourage more entrepreneurs. At the end it's a win-win between

Government and entrepreneurs. Where entrepreneurs get to solve the problem when governments are given a reduction or expenditures that they could have used to address the problem that the citizens are facing. When it comes to comparing the ecosystem in Kenya with the ecosystem in Britain, I think that there are a lot of differences, though we have similarities, but there are major differences, the amount of investment that have been put by the Kenyan government to social entrepreneurs is nothing comparable investments that are being put by. Government in UK to young entrepreneurs, that is one. Most of the investments coming into entrepreneurs in Kenya is investment from outsiders, so from Scandinavian countries from, from the British, from American countries, so there's a lot of money from other governments coming in to support entrepreneurs, if you notice more major startups in Kenya, which have grown one of them being Twiga. The CEOs or most of the decision makers are not Kenyan so it would be two co-founders one is one is not the Kenyan one is foreign and another one is Kenyan so that the foreign could help bring in financing, for example and the Kenyan will help in establishing it's registering it in the country, so it makes it easy for operation within the within the country, so governments need to channel resources, especially in funding to entrepreneurs in Kenya in reasonable amounts. I'll give an example of what government has been trying to do in Kenya. There is a fund called WESO and the fund gives only \$500 to entrepreneurs as funding. And if you if you use that \$500 well, then you qualify for \$1,000 So these are very small amounts that cannot help entrepreneurs do anything significant. And, to top it up government require that for you to get that funding, you need to apply in groups of 10 people so it's negligible amount that cannot do something substantial [for] entrepreneurs, so I think the amount of investment government is putting tons of resources need to be increased Their needs to be more incentive to entrepreneurs who have already started in terms of taxes in terms of reducing penalties. and reducing the licenses and all these barriers that have been put because, like you've mentioned corruption is one major problem, so instead of governments. Thinking of how can we get more money for many years, they should think how can we encourage more entrepreneurs to solve problems, so that we could reduce the cost that we have in solving the problems ourselves.

Eliana SG: That you mentioned WESO fund, was that the woman entrepreneur fund. So, can I just ask you. It when I didn't know that it was for 500 and then 1000 I heard that those funds that people were talking about them a lot. And then there was a bunch of corruption and now they've kind of disappeared, because politicians were sending like their nieces and nephews to get groups and then because you also had to like be approved, I think, in order to finish your application so it was also just kind of I guess a failure. You know anything.

Interview 5: Yeah that has been corruption cases in the in the fund and one that I know about has been the youth fund. There was another one called the youth and The Youth enterprise development fund under the government, and I think there was a corruption scandal of around 10 million being lost 10 million Kenyan shillings being lost. There has been those cases of young people, not being able to access these funds, and I think if government invests in young people and they have the one to channel those resources, perhaps the resources could be channeled through maybe private entity which needs to be accountable to government about how those funds for us to the value that they have achieved, other than Government itself and the government officials, giving out that money and not being accountable to anyone.

Eliana SG: And I say Okay, even if the government funds kind of matched by the Kenyan Government, and then by some other international donors, but run by a third party was accountable will distribute the funds will report it kind of to curtail potential corruption. And yeah and, and for that you know I'm also obviously there's a lot of work together between the different government right, but I wonder how much aid organizations, you know. When they're kind of promoting social entrepreneurs how much they're pushing for policy on this.

Interview 5: That's an interesting question, because I know the British Council has been trying to push for policies and they've been training young people who are interested in doing advocacy and documenting policies and pushing to government. We have the national youth policy which captures contents regarding youth employment and social innovation, but then, in passing, so we need that there is no policy on social entrepreneurship in the country, there are those regulatory gaps that exist and. So far, I know I know the contribution British Council has had in terms of shaping young people to be advocates to advocate for these changes. But then I don't know much about foreign governments, whether they be doing, and also there's the Swedish government as well, has that program which has been taking entrepreneurs through training on how to address social problems, but then they haven't looked at policy it their focus has been on generating solutions entrepreneurs' innovative solutions, but not policy changes so we still have a gap on the regulatory side. And I mean, I think.

Eliana SG: my gut would say that kind of the things that you were talking about from penalties and incentives. I feel like that would be. Having you know.

Interview 5: yeah that's true that's true and the penalties and incentives to be generated from goodwill. And still right now that goodwill it's not there it's not there as clear as it should be.

Eliana SG: that's also because then I'm going back to my original point but because kind of in Africa was an entrepreneur, you know everyone hassles everyone needs to make things happen and you have. I don't know if they feel like it's all these like. Over overlapping definitions that that make it even harder than to have policies and regulations I'd because if you want to you know if you if you're saying Oh, we have high rates of unemployment, so we want to encourage people to be self-employed aka entrepreneurs. Right and yet, and how do you incentivize that but also how do you give them the skills and kind of the financing that they would protect you how do you build an ecosystem, to support that which you don't have right because All the organizations, these are smaller people that need.