



***The state of  
social enterprise  
in Kenya***

## Acknowledgements

We are grateful to all who assisted us in making this research possible. We are particularly grateful to the survey respondents, incubators, representatives of government, civil society and private sector actors, including those listed in the annex below. Thanks must also go to those who gave their time to peer review this research and to those who supported with advice and encouragement.

### Acronyms

<b>AfDB</b>	African Development Bank
<b>AGPO</b>	Access to Government Procurement Opportunities
<b>ANDE</b>	Aspen Network of Development Entrepreneurs
<b>CSO</b>	Civil Society Organisation
<b>EASEN</b>	East Africa Social Enterprise Network
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information Communication Technology
<b>IGA</b>	Income Generating Activities
<b>IMF</b>	International Monetary Fund
<b>KCA</b>	Kenya College of Accountancy
<b>KENSUP</b>	Kenya Slum Upgrading Programme
<b>MSME</b>	Micro, small and medium enterprise
<b>MSME</b>	Micro, small and medium enterprise
<b>MITC</b>	Ministry of Industry Trade and Cooperatives
<b>NGO</b>	Non-governmental Organisation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PLC</b>	Private Limited Company
<b>PPOA</b>	Public Procurement Oversight Authority
<b>SACCO</b>	Savings and Credit Organisation
<b>SEUK</b>	Social Enterprise UK
<b>TICAD</b>	Tokyo International Conference on Africa's Development
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UnLtd</b>	UnLtd, the Foundation for Social Entrepreneurs, UK

## Executive Summary

The British Council has delivered a two-year European Union funded pilot project, 'Support for Social Enterprises in East Africa,' that has focused on two of East Africa's fastest growing economies, Kenya and Ethiopia. The overarching aim of this project is to ensure disadvantaged populations are given access to the basic human needs of 'social protection, health, education and jobs', thereby ensuring 'inclusive and sustainable economic growth for human development'. This survey will also help assess the impact of the British Council's social enterprise programme and will shed light on the ways in which stakeholders are able to support the development of social enterprises in future.

The findings from this study reveal a vibrant social enterprise landscape in Kenya. Our research suggests that the supporting ecosystem for social enterprise may develop further in the years to come, as awareness of social enterprises' ability to combine commercial activity with solving social and environmental issues gains momentum.

As part of this project, we have analysed Kenya's social enterprise landscape through a methodology similar to that used across six other countries in Sub-Saharan Africa and Asia. A survey was a key component of our methodology, with the purpose of identifying the size and character of social enterprises in the country.

Research was carried out first-hand in three of Kenya's major cities: Nairobi, Kisumu and Mombasa. This was complemented by desk-based research into existing literature on Kenya's social enterprise landscape, including research on the structure and impact of social enterprise on Kenya's economy, mainstream business activity,

and research into higher education institutions and the not-for-profit sector.

This report sets out the results from a survey which was carried out between September and November 2016. A total of 218 organisations completed our survey. They included a mix of micro, small and medium sized enterprises (MSMEs), companies limited by guarantee and organisations which recognised themselves as social enterprises. A strict definition of social enterprise was not used during the sampling process in order to ensure a broad range of organisations participated from the outset. However, we later filtered out those which did not meet the social enterprise criteria which were used for the purposes of this study. In the end, we based this analysis on the responses of 183 organisations.

The results of the survey reveal that:

- Young leadership is a hallmark of social enterprise in Kenya: 65 per cent are led by people aged between 25 and 44 and 0.6 per cent of respondents said that their organisations were run by people over the age of 61. This is particularly notable when placed within the context of mainstream business. Available data relating to youth-owned businesses within the micro and small enterprises (MSEs) business segment paints a contrasting picture and this doesn't take into account the informal economy which accounts for 80 per cent of the employed population<sup>1</sup>. Nevertheless, young leadership in social enterprise points to a constructive response to the pressing need for job creation among young people in Kenya, a priority for the Kenyan Government over the past few years.
- The majority of survey respondents (68 per cent) reported that the key

mission of their company was to create employment opportunities. The high proportion reflects the commitment of social enterprises to respond to local needs and realities, among which has a youth unemployment rate in Kenya of 25 per cent. The next most significant priority for respondents was the provision of business support services along with education (11 per cent), both of which are critical to the long-term sustainability of the social enterprise ecosystem.

- Just under half of social enterprises in Kenya are female-led (44 per cent), which reflects the 48 per cent of medium-sized enterprises (MSEs) which are female-led (United Nations Development Programme, *Resilient Nations: Micro, Small And Medium-Size Enterprises (MSME's) As Suppliers To The Extractive Industry (2015)*). There has been a concerted effort to empower women in a myriad of ways more broadly in Kenya which is reflected in the social enterprise ecosystem. Some of these initiatives include: state intervention through constitutional reform<sup>2</sup>, setting the target of eliminating the gender gap by 2030 (Vision 2030) and the creation of funds specifically targeting women (such as Women's Enterprise Fund and Uwezo Fund)<sup>3</sup>.
- One in ten social enterprises operate internationally. According to a study undertaken by Adam Cave (2016) 'international work experience of key decision makers has a crucial role in the process of internationalisation of

1 <http://www.ilo.org/public/english/bureau/program/dwcp/download/kenya.pdf> The extremely wide disparity between social enterprises and mainstream business may also be related to a difference between 'ownership' and 'leadership', since survey respondents were asked about who 'runs' the organisation, as opposed to who owns it.

2 [http://www.icla.up.ac.za/images/constitutions/kenya\\_constitution.pdf](http://www.icla.up.ac.za/images/constitutions/kenya_constitution.pdf)

3 <http://www.wef.co.ke/>

Kenyan SMEs<sup>4</sup>. With the increasing interplay between local communities and the Diaspora, coupled with the fact that Kenya is a primary destination point in Africa for foreign direct investment (FDI<sup>5</sup>), we anticipate that the number of social enterprises that will have a presence beyond Kenya will only increase in the future.

- Social enterprises in Kenya most frequently register as a Limited Liability Company (LLC) (23 per cent), in spite of the known administrative and procedural complexities associated with this type of registration, not to mention the cost implications<sup>6</sup>. However, at the same time, LLCs provide some level of flexibility. For example, they allow organisations to register for one purpose and then change it at a later date. They also enable the business to be transferred across generations, in contrast with sole proprietorships, for instance.
- Profitability is often seen as a mark of the sustainability of the social enterprise (Panum and Hansen, 2014)<sup>7</sup> and in the context of this research, the social enterprise ecosystem in Kenya has a vibrant future, although there is clearly room for more growth. Just over half of social enterprises surveyed said that they made a profit (55 per cent), with 69 per cent saying that profits were used for ‘growth and development activities’. This growth is expected to come from attracting new customers or clients, developing and launching new products and services and boosting repeat custom.
- Access to capital is the main obstacle constraining growth among social enterprises surveyed. A second, less significant challenge is access to grant funding. However, there is a real opportunity for Kenyan social enterprises since ‘almost half of all

impact capital disbursed in East Africa has been placed in Kenya — this represents more than USD 650 million of non-DFI capital and more than USD 3.6 billion of DFI capital’ according to the Global Impact Investing Network (GIIN, August, 2015).

Based on the very small and unrepresentative sampling process we deployed, we have tentatively estimated that there could be around 40,000 social enterprises currently operating in Kenya.

4 <http://www.sapientpress.com/IJKIB/IJKIB-02-4001-cave.pdf>

5 [http://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/E%26Y%20-%20AFRICA%20ATTRACTIVENESS%20\(2016\).pdf](http://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/E%26Y%20-%20AFRICA%20ATTRACTIVENESS%20(2016).pdf)

6 <http://kenya.smetoolkit.org/kenya/en/content/en/58268/Comparison-Between-Limited-Liability-Companies-LLC-Limited-Liability-Partnerships-LLP->

7 [http://openarchive.cbs.dk/bitstream/handle/10398/9002/Panum\\_and\\_hansen\\_2014\\_2.pdf](http://openarchive.cbs.dk/bitstream/handle/10398/9002/Panum_and_hansen_2014_2.pdf)

## Contents

<b>Introduction</b>	<b>6</b>
Study methodology	7
Study aims	7
Overview	7
Social enterprise classification	8
Social enterprise database and sampling	9
<b>Overview country context and existing research on social enterprise</b>	<b>12</b>
Country context: Kenya	12
Social enterprise policy findings	15
Existing research on social enterprise in Kenya	17
Overview of key actors in social enterprise in Kenya	18
<b>Study findings</b>	<b>26</b>
Social enterprise survey sample	26
Years of operation	29
Geographical reach	30
Legal status	30
Areas of focus	32
Social impact	34
Job creation from social enterprise	35
Turnover and profit/surplus use	36
Growth plans and barriers	36
Finance sources and constraints	38
<b>Estimate of the number of social enterprises in Kenya</b>	<b>40</b>
<b>Conclusions</b>	<b>41</b>
Bibliography	42
Annex 1: Interviewees and consultation workshop participants	45
Annex 2: Survey questions	49
Annex 3: Reporting and caveats	55

## List of tables

Table 1: Social enterprise inclusion criteria	9
Table 2: Kenya population by province	12
Table 3: Quick facts on Kenya's economic and social structure	15
Table 4: Social enterprise relevant policies	16
Table 5: Forums and networks	19
Table 6: Tertiary education, research and ecosystem support organisations in Kenya	20
Table 7: Incubators, accelerators and workspaces in Kenya	21
Table 8: Impact investors/other financiers in Kenya	23
Table 9: Chambers of commerce, industry associations and business advisory bodies in Kenya	25
Table 10: Legal status of social enterprises	32
Table 11: Social enterprise objectives	32
Table 12: Percentage of social enterprises by sector and gender of leader	33
Table 13: Use of profit/surplus	34
Table 14: Job creation by social enterprises	35
Table 15: Growth plans	36
Table 16: Barriers to growth	37
Table 17: Source of financing	38
Table 18: Top finance constraints	39
Table 19: Sources of information for total number of social enterprises	40

## List of figures

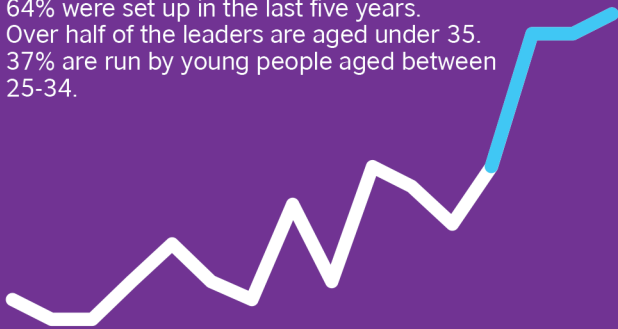
Figure 1: Survey workflow	7
Figure 2: Kenya administrative by province	12
Figure 3: GDP by activity, USD Mil. current prices 2014	13
Figure 4: Venn diagram of social enterprises from survey	26
Figure 5: Number of survey respondents per social enterprise criteria	27
Figure 6: Age of social enterprise leaders	28
Figure 7: Number of social enterprises starting up across time	30
Figure 8: Social enterprise beneficiaries	34
Figure 9: Social enterprise employment growth projections	35

# The state of social enterprise in Kenya

Social enterprise activity in Kenya is growing. To quantify and enhance our understanding of this sector, we surveyed 183 social enterprises in the country. The following are key findings.

## A young social enterprise scene

Kenyan social enterprises are young and so are their leaders. Of all Social enterprises established 1980, 64% were set up in the last five years. Over half of the leaders are aged under 35. 37% are run by young people aged between 25-34.



## Women and social enterprise

Nearly half of social enterprises are run by women (44%). And social enterprises established since 2015 are more frequently female-led than male-led.

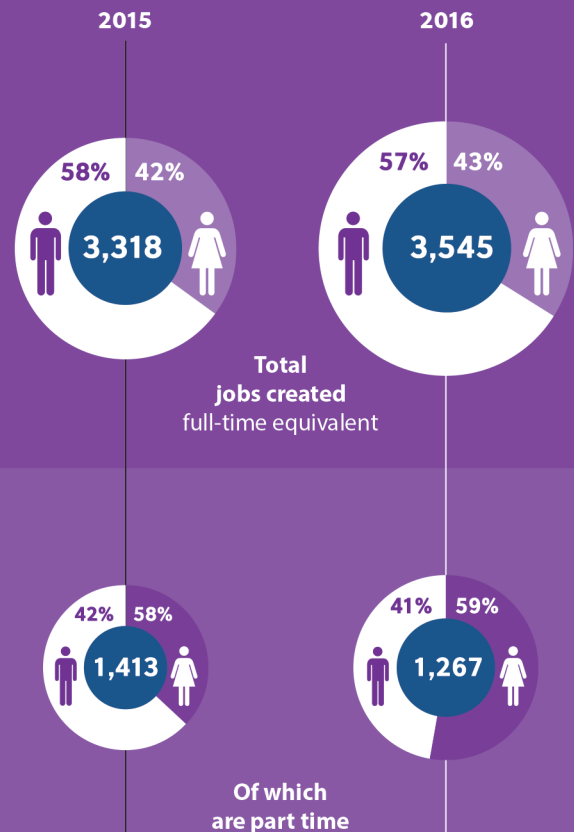
## Growth is set to continue

43% expect staff numbers to 'increase a little' next year 38% expect a substantial increase.

Kenyan Social enterprises have wide-ranging growth plans – particularly through attracting new customers or clients or launching new products or services.

## Social enterprise is a viable business model

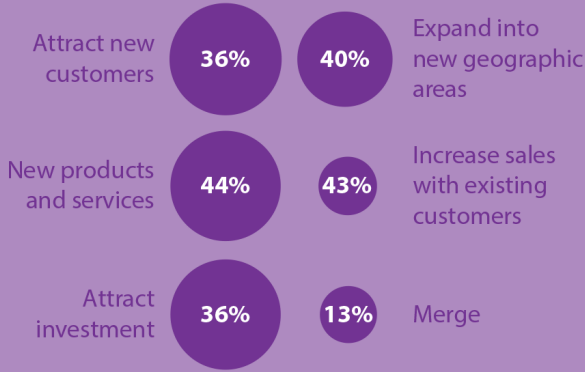
Kenyan social enterprises have an average of thirteen full-time equivalent staff. Almost half reported making a profit.



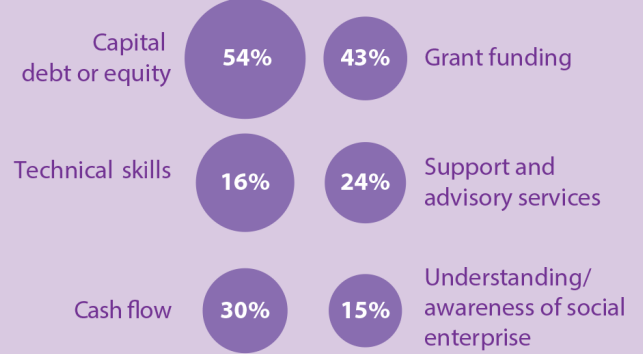


Kenyan social enterprises have wide-ranging growth plans – particularly through attracting new customers or clients or launching new products or services.

### GROWTH PLANS



### BARRIERS



### OBJECTIVES

Many social enterprises in Kenya exist to create employment opportunities. Job creation is often a primary focus.

Based on the very small unrepresentative sampling process, there may be as many as 44,000 social enterprises currently operating in Kenya, with growth expected.

# 44,000

social enterprises  
in Kenya

#### TOP



#### MID



#### LOWER



### Lack of access to capital and grants

The biggest barriers to growth are lack of access to capital (54%) followed by lack of access to grant funding (45%).

### Finance and funding

Donations and grants are the most common sources of funding. One social enterprise in five has secured loans or issued equity. Lack of access to investors is seen as the primary financing constraint.

### Policy, fiscal and regulatory environment

The policy, fiscal and regulatory environment with specific regard to social enterprise in Kenya is the very early stages of development. This policy landscape may evolve in future to offer greater explicit recognition to social enterprises and their impact on communities.

See full report at [www.britishcouncil.co.ke](http://www.britishcouncil.co.ke)

## Introduction

Social enterprise is rapidly capturing imaginations across Africa and Asia and around the world. Anecdotal evidence suggests that there is increasing activity in this field in the form of social start-ups, incubators, accelerators and the emergence of social finance. At the same time, NGOs and CSOs seem to be turning to social enterprise as a potential model to ensure the longer-term sustainability of their operations. However, to date there is little quantitative evidence of how many social enterprises exist in some of these regions, as well as an absence of detail about their operations and impact.

The British Council's Support for Social Enterprise in East Africa project, funded by the European Union, is currently being delivered in Ethiopia and Kenya. This research, conducted as part of the EU fund project aimed to provide a summary of the current size and scale of the social enterprise ecosystem in Kenya in order to track how it develops in the future. It presents quantitative information in order to serve as a baseline for measuring the growth of social enterprise activity, building on a methodology developed for other countries in Africa and Asia. As the evidence base on social enterprises is scarce in Kenya, this study aims to serve as a stepping stone and to make an important contribution to the development of social enterprise, allowing stakeholders to evaluate progress and identify possible interventions to support its development.

Data for this study was gathered between September 2016 and November 2016. In total, 241 organisations responded to our survey, although not all of them fully. Twenty-three partially-filled questionnaires had to be discounted, leaving a total of 218 fully-completed surveys. The vast majority of respondents

answered the survey using the online tool (Surveygizmo) while we also had some respondents complete hard copies, especially during the outreach exercises we conducted in strategic locations around the country: Nairobi, Kisumu and Mombasa.

The survey respondents included a mix of MSMEs (micro small and medium enterprises), NGOs, co-operatives and recognised social enterprises. Our sampling method, which did not discriminate by organisational type, allowed a variety of social enterprises to be included in the survey in order to capture the sector's diversity, in line with our objective of learning about the breadth of the current Kenyan social enterprise ecosystem.

This report presents the results of this baseline survey. After a presentation of the survey methodology, we provide an overview of the Kenyan context and existing research on social enterprise. This includes a summary of relevant policies, key actors in the social enterprise sector and networks existing in Kenya. The following section presents the study findings before our conclusions and recommendations for potential next steps.

## Study methodology

### Study aims

The main aim of this study was to better understand the profile of social enterprises in Kenya including providing an estimate of the current size and scale of the social enterprise ecosystem. In addition, this research aims to support the British Council's Global Social Enterprise programme, tracking how these businesses develop in the coming years.

This study also explores whether there are existing policies to support social enterprise in Kenya and the extent to which higher education institutions in the country currently provide social enterprise-specific courses.

Although there are limitations to our work, it is hoped that it will allow other actors to evaluate progress and identify possible interventions to support the growth and development of the sector. As such, the authors welcome feedback on the results presented.

### Overview

The study was carried out by a diverse team. It was led by locally-based partners, Botho Ltd, and Songhai Advisory LLP, with support from UnLtd and Social Enterprise UK.

There were five main phases to the research. The first included methodology design, validation and development, followed by desk-based research, which continued throughout the life-span of the project. The creation of a social enterprise database followed next. The fourth phase was sampling and the social enterprise survey data collection. The fifth phase was data analysis and the write-up.

The graphic below shows the overall survey workflow.

**Figure 1: Survey workflow**



In order to better understand social enterprises in Kenya, the primary component of the study was a survey of social enterprises. Our survey of social enterprises sought the following information:

- Year of registration and legal registration form
- Turnover, profit generation and use of profit
- Number of employees, by gender and in comparison to the previous year
- Number and type of beneficiaries reached
- Gender and age of leadership
- Sectors where social enterprises are engaged in and focus/core objectives
- Location and sphere of operation (regional, national, international)
- Profit/impact focus
- Growth expectations and barriers faced
- Sources of finance and funding, including proportion of income from grants/donations
- Top three constraints to financing
- If respondent would describe their organisation as a social enterprise

The study also sought to generate an estimate of the total number of social enterprises operating in Kenya and to establish what policy activity relevant to social enterprise currently exists. A brief review of policy and higher education activity relevant to social enterprise was also conducted.

## Social enterprise classification

A crucial part of the survey design was establishing how to define social enterprises for the purposes of this survey. The definition of social enterprise, while relatively consistent and well established in some parts of the world, such as the UK, can still be contentious. Given the lack of a globally agreed definition, the research team sought not to impose a strict definition of the term from the outset, but rather, to map out a clear process for identifying social enterprise, which can be replicated or revised in different countries and contexts, as appropriate.

Survey respondents were asked questions that could be used as inclusion or exclusion criteria without informing them of a specific definition, and allowing for a definition to be applied afterwards based on a combination of these criteria (see Table 1). This reduced the risk of respondents being influenced by the definition before answering.

For the purposes of this report, the research team has settled on two criteria which had to be met for a respondent to be considered a social enterprise. It is not suggested that these criteria together form a watertight or universal definition of social enterprise, nor that others should adopt it. It is simply the criteria that the research team found most appropriate for the purposes of this study, based on lessons from a wide range of contexts and other research. The criteria are listed on the next page:

**Table 1: Social enterprise inclusion criteria**

Criteria	Question detail	Determination for inclusion as a social enterprise
<b>Primary criterion: Impact – core mission of the organisation</b>	Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly? Profit first Social/environmental mission first Both jointly (one answer)	Organisations reporting that their core mission put 'profit first' were eliminated
<b>Primary criterion: Income source</b>	What proportion of your income comes from grants? 0-24% 25-49% 50-74% 75-100% (one answer)	Organisations reporting '75-100%' from grants were eliminated

We also considered the use of a secondary criterion, as has been used in some other studies, based on what the enterprise reported it did with its profits. Some enterprises will seek to maximise profits but only in order to distribute them to a parent charity, for instance, or another social purpose. Such businesses are often widely understood to be part of the social enterprise landscape even though, in themselves, they are very much profit first. However, we have not included them in our core social enterprise dataset in this research for the purposes of simplicity and because the relatively small number of these businesses we found would not have had a significantly material impact on our findings.

## Social enterprise database and sampling

### Database

A social enterprise database was created using online research as well as social media platforms such as Facebook and Twitter (with social media activity designed to harness interest from social enterprises). Existing information that the research partners already had and support from stakeholders (such as access to their databases, networks and portfolios) were also crucial. After the database was set

up, we added to it throughout the project, notably by incorporating information gathered from the three outreach events. The findings and analysis contained in this report are based on the information in this database.

### Sample size and selection

The survey sample was non-randomised. The approach we took was to reach as many organisations as possible that were likely to meet the social enterprise criteria used for the study. The data was not sufficiently large enough to be divided into sub-national or other sub-sets for more systematic sampling, and using stakeholder portfolios, memberships and networks for outreach also meant that a formal sampling process was not possible. As such, the survey responses are an indication of social enterprise activity, not a representative sample of such activity.

Survey responses were secured through four main sources:

- Outreach events – inviting people to social enterprise themed events and asking them to complete the survey or subsequently to circulate the survey among their contacts
- Online – emails were sent to organisations likely to be social enterprises which were identified through online research

- Social media platforms: Facebook and Twitter pages targeting Kenyan social enterprises were created to promote participation in the survey
- Phone calls – these were useful in both following up on incomplete survey responses as well as obtaining responses from respondents with limited access to the internet.

Events were held in the capital city of Nairobi as well as Kisumu and Mombasa. As a result of outreach work being focused in major cities, the data is likely to be biased towards social enterprises based in larger urban centres in general, and the event cities in particular.

### Survey tool and analysis

An online survey tool was developed to compile the survey data. The research team was responsible for reaching out to participants and providing the survey link. The survey questions are detailed in Annex 1.

### Data analysis

The target number of responses was 200. Through rigorous marketing via word of mouth and social media, this target was met, and exceeded.

Once the target number of responses had been achieved, data was downloaded from the online survey tool into Excel and analysed. Primary data analysis was supplemented by secondary analysis to explore patterns across geographical areas, for example, or by age of ventures, female-led social enterprises, by size and by sector.

### Confidentiality and subsequent use of data

All survey data has been treated as confidential, other than where explicit permission has been given to share information (basic demographic and contact details).

## Data to estimate total number of social enterprises

### Methodology

One component of the study was to estimate the total number of social enterprises operating in the country. This calculation was challenging and it is important to note that figures provided can only be viewed as rough estimates (see Darko et al (2016) for information on estimates in the UK). In order to make these estimates, the team adopted the following approach:

- A brief survey of a small sample of 60 micro small and medium enterprises (MSMEs) to ascertain the proportion of these organisations that meet the study's social enterprise criteria. The total number of MSMEs (6293) operating in Kenya was obtained from the Public Procurement Oversight Authority (PPOA) and the number which met the social enterprise criteria was used to estimate how many MSMEs in Kenya as a whole might be social enterprises.
- A similar process was conducted for NGOs, in which 60 NGOs were sampled from a list of 7083 NGOs (being the total number registered) provided by the NGO Council.
- A similar process was used for co-operatives given the significant presence of these organisations in the Kenyan economy. Sixty cooperatives taken from a list provided by the National Transport and Safety Authority (which gave details of 635 cooperatives only) were polled<sup>8</sup>. The Ministry of Industrialisation and Enterprise Development puts the total figure for cooperatives at 17,916 (please see Legal Status).

<sup>8</sup> Some or all co-operatives are sometimes viewed as social enterprises but we do not take a judgement here. For the purposes of the study, we relied on the criteria questions to determine if an organisation was considered a social enterprise or not.

Data from the wider social enterprise survey was also used to validate whether the proportions obtained through the NGO, MSME and cooperatives sampling approach were reasonably accurate (for example, if five per cent of the social enterprises surveyed reported that they were MSMEs, then we might expect that a similar proportion of our overall estimates of the overall social enterprise population were also MSMEs).

In addition to this basic data collection, the methodology and results were validated informally with key stakeholders at an event held in Nairobi, and further qualitative information was sought from key informants and through online research to verify findings.

For example, this includes information on the proportion of NGOs that are trading (selling goods or services, as opposed to relying on donations and grant income). Sources of such information proved extremely limited. This, combined with the sampling process being fairly small and complicated by limited data and contacts, has meant that this report gives less prominence to findings on total social enterprise numbers than might be possible under other conditions. This is a first attempt at such a calculation of overall social enterprise figures and our methodology, resource allocation and available data needs to improve before more accurate estimates of social enterprise numbers are achievable.



Peter Oloo, CEO Social Enterprise Society of Kenya during Social Enterprise Policy Dialogue in Nairobi.

## Overview of the country context and existing research on social enterprise

This section briefly sets out the current social, political and economic landscape in Kenya in order to provide an overview of the environment within which social enterprises are operating. It then summarises existing research on social enterprise in the country, and identifies existing organisations which are supporting social enterprise either explicitly, exclusively, or as part of a wider mandate.

### Kenya country context

Kenya is one of the larger countries in the East Africa Countries region in terms of population, with 46 million inhabitants. Yet it remains one of the least urbanised. According to the UN (UN Data, 2015) some 25.6 per cent of the population resides in urban areas<sup>9</sup> (compared with the global average of 54 per cent<sup>10</sup>), although this figure has been increasing since independence, when just eight per cent of the population lived in the urban areas. This trend is likely to continue in the future, as the rate of growth in the urban areas (4.3 per cent) is faster than the overall population growth rate (2.7 per cent)<sup>11</sup>. In terms of cities, Nairobi is the most populous, with 6.54 million inhabitants (including the city's suburbs), followed by Mombasa (1.2m), Kisumu (0.4m) and Nakuru (0.3m)<sup>12</sup>.

Figure 2: Kenyan provinces

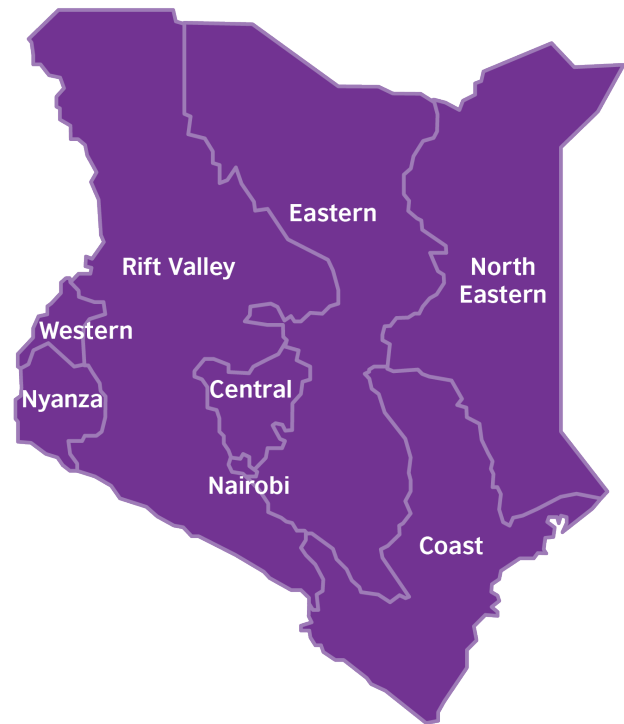


Table 2: Kenya population by province

	Province	Percentage
1	Rift Valley	25.9%
2	Eastern	14.7%
3	Nyanza	14.1%
4	Central	11.4%
5	Western	11.2%
6	Coast	8.6%
7	Nairobi	8.1%
8	North Eastern	6.0%

Source: Kenya Bureau of National Statistics, Kenya Census 2009

9 <http://data.un.org/CountryProfile.aspx?crName=kenya>

10 <https://esa.un.org/unpd/wup/publications/files/wup2014-highlights.Pdf>

11 <http://data.un.org/CountryProfile.aspx?crName=kenya>

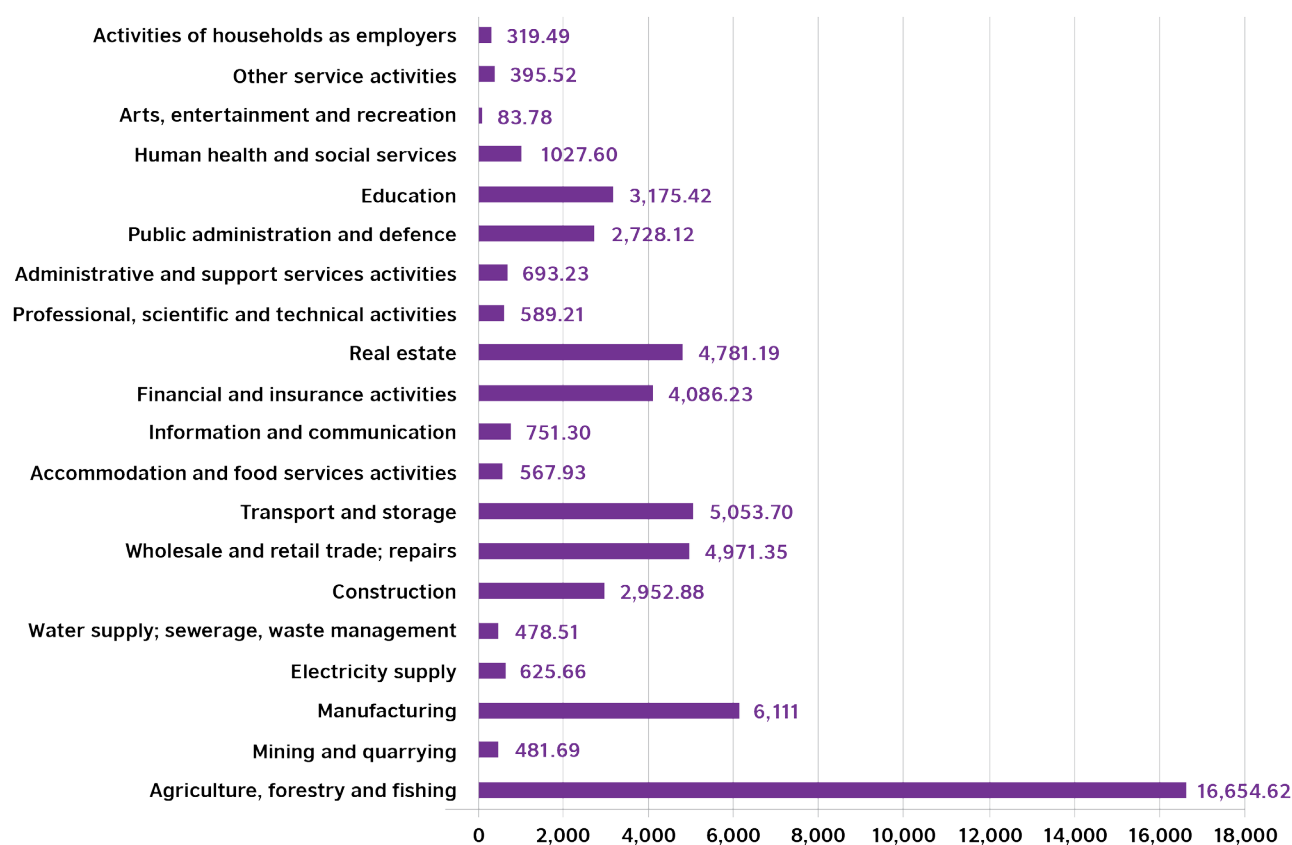
12 <http://worldpopulationreview.com/countries/kenya-population/>



The Kenyan economy grew at 5.61 per cent in 2015 and 6.1 per cent in 2016 according to the IMF<sup>13</sup>. On the basis of relatively low oil prices (Kenya is an oil importer), a strengthening consumer base, expansion in electricity and improved climactic conditions for agricultural production, as well as greater momentum in tourism, the prospects for continued growth appear to be bright. Strong growth has been accompanied by greater investor confidence and in 2015, the country received more foreign direct investment (FDI) projects than any other country on the continent, bar South

Africa<sup>14</sup>. This has been made possible by a relatively conducive business landscape: according to the World Bank's 2017 Doing Business rankings, Kenya is the fifth easiest place to do business in Sub-Saharan Africa (World Bank Doing Business, 2017). With an economy worth US\$52bn, Kenya is also the largest economy in the East African Community (EAC) block<sup>15</sup>. The rebasing of its economy in 2014 put GDP per capita at US\$1200 and from this point onwards, Kenya has transitioned from being a lower-middle income country to a middle-income economy.

**Figure 3: GDP by activity (USD million, current prices 2014)**



Sources: KNBS, World Bank, Songhai Advisory

13 <http://www.imf.org/en/Publications/CR/Issues/2017/02/02/Kenya-First-Review-Under-the-Twenty-Four-Month-Stand-By-Arrangement-and-the-Arrangement-44607>

14 [http://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/E%26Y%20-%20AFRICA%20ATTRACTIVENESS%20\(2016\).pdf](http://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/E%26Y%20-%20AFRICA%20ATTRACTIVENESS%20(2016).pdf)

15 <http://www.forbes.com/sites/faraigundan/2014/10/01/kenya-joins-africas-top-10-economies-after-rebasing-of-its-gross-domestic-product>.

Private sector domestic investment has grown from 13.3 per cent of GDP in 2000 to an estimated 15.7 per cent of GDP in 2013<sup>16</sup>. Local investors have increasing opportunities to invest their capital through the growing financial services industry, including a local stock exchange, banking services, Savings and Credit Organisations (SACCOs) and more. While in the 1990s, FDI inflows averaged US\$23 million per annum, by the first decade of the new century, the annual average was US\$128 million, and from 2010 to 2013 it grew to US\$322 million<sup>17</sup>. Kenya has become a leading private equity investment destination<sup>18</sup> in the region and the IMF forecast FDI inflows of US\$901.7 million for 2014-15 and US\$1,278.5 million for 2016<sup>19</sup>.

Observers have identified opportunities for GDP growth around the following areas:

**a. Regulatory and infrastructural improvement:** A US\$500 million IMF facility was approved in February 2015 supporting plans to scale up investment in public infrastructure and reforms in the banking sector.

- b. Changing consumption patterns:** Increases in per capita income are likely to translate into growing demand for goods and services and increased business confidence.
- c. The onset of hydrocarbon production:** The government hopes oil and gas production from recent discoveries will begin by 2018.

There are, however, threats to this potential growth:

- **Human resources:** the availability of skilled labour is a growing challenge and one likely to be amplified in future.
- **Security:** Islamist militants, Al Shabaab, have conducted operations in the region in recent years.
- **Regulatory context:** the regulatory environment is becoming increasingly open but bureaucracy still presents significant challenges<sup>20</sup>.
- **Competition:** as domestic and foreign investment grow, competitive pressures have become an increasing source of insecurity for local businesses.

<sup>16</sup> according to the African Development Bank (AfDB)

<sup>17</sup> UNCTAD Data

<sup>18</sup> <http://www.businessdailyafrica.com/Kenya-leads-Africa-in-private-equity-firms-investments/-/539552/1754414/-/13bxeybz/-/index.html> and <http://www.iiste.org/Journals/index.php/EJBM/article/viewFile/10525/10717>

<sup>19</sup> IMF Country Report No. 15/31

<sup>20</sup> <http://www.cnbc africa.com/news/east-africa/2014/10/29/kenya-business-world-bank/>

**Table 3: Quick facts on Kenya's economic and social structure**

<b>Population (millions)</b>	46.05mn (2015) <sup>21</sup>
<b>Labour force (millions)</b>	17,500,228 (2015)
<b>Main economic sectors (% GDP)</b>	Tourism (15.4%); Construction (13.6%); Finance & Insurance (8.7%) ; Transport & Storage (7.1%); Real Estate (6.2%); Agriculture (5.6%) <sup>22</sup> ; Manufacturing (3.5%)
<b>Major cities</b>	Nairobi, Mombasa, Nyeri, Thika, Ruiru, Kisumu, Kitale, Eldoret , Nakuru <sup>23</sup>
<b>GDP annual growth rate (USD, constant), %</b>	5.6 % (2015)
<b>GDP total</b>	US\$63.40 billion (2015)

## Social enterprise policy findings

As part of this baseline study, the British Council asked the research team to assess the social enterprise policy landscape in Kenya.

### Policy findings

There is no government policy or legislation specifically aimed at social enterprise in Kenya. There is no legislation that expressly relates to social enterprise in the country. As such, social enterprises are obliged, for example, to make use of existing legal structures also used by other private or third sector organisations. However, during the workshops organised as part of this research, participants strongly communicated their desire to see lawmakers and relevant institutions develop more supportive policy mechanisms. At the outreach event we held at the British Council, a representative of Rise Kenya reported that they were in the initial stages of engaging some Kenyan Members of Parliament to prepare a Bill relating to social enterprise.

Recent changes in the law relating to companies (Companies Act 2015) will affect social enterprises and in some instances, should prove to be beneficial to them, for the law seeks to streamline the process of doing business. Furthermore, to stimulate youth participation in entrepreneurship, the

minimum age for a company director is now 18 years as opposed to 21 years<sup>24</sup>.

Social enterprises have been impacted by legislation and policy relating to NGOs in Kenya, mainly through the NGO Coordination Act 1990 and the 2006 Sessional Paper. The relationship between government and the third sector has not always been a smooth one in Kenya, with the government seeking to impose stricter controls on NGOs through the passage of the 1990 Act. However, by 2006, this dynamic had changed somewhat and government policy was geared more towards finding ways to ensure NGOs could reach their full potential.

The absence of an institutional framework specific to social enterprises has arguably accelerated the emergence of various non-governmental initiatives, such as the East African Social Entrepreneurs Network, which has a core mission of driving the social enterprise agenda.

Table 4 sets out key legislation which may be relevant to social enterprises and offers potential insight as to where changes in legislation could support social enterprise development in the future.

21 <http://www.worldbank.org/en/country/kenya>

22 <http://www.treasury.go.ke/component/jdownloads/send/11-related-documents/6-budget-summary-for-the-fy-2016-2017-and-supporting-information.html>

23 Analytical Report on Housing Conditions, Amenities and Household Assets (2012)

24 <http://www.kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/Companies%20Act.pdf>

Table 4: Social enterprise relevant policies

Policy type	Policy name	Detail of relevance to social enterprise (NB no current policy directly supports social enterprise)
Investment/ Finance	Micro and Small Loans Centre	Established in 2005 to offer loan finance to the micro and small enterprise sector. This was intended to enhance access to credit by groups and individuals for business expansion.
Strategy	The Coordinated Programme of Economic and Social Development Policies (2014-2020): An Agenda for Transformation	Plan setting out the policies, programmes and strategies for achieving socio-economic transformation including a special emphasis on SMEs as part of a dynamic, efficient and competitive private sector.
Enterprise and NGO legislation	Cooperative Societies Act 1968	The Act stipulates that 'any society which has as its object the promotion of the economic interest of its members in accordance with co-operative principles, may be registered under this Decree with or without limited liability'.
Strategy	Kenya Slum Upgrading Programme	Seeks to enhance the living standards of Kenyans by 2020. KENSUP is a US\$13bn project which carries out activities in various projects including in communities, town planning, housing, waste management, peacebuilding and healthcare (HIV/AIDS). In particular, the latter could have a positive impact in terms of financing for social enterprises that operate within the health and social care space in Kenya
Legislation	Access to Government Procurement Opportunities (AGPO)	In 2012 the Kenyan President Mwai Kibaki ordered that 10 per cent of all government projects should be undertaken by young people (defined by the government as those between 18 and 35 years <sup>25</sup> ) as a direct response to the issue of high youth unemployment. A year later, the rules were amended to now enable 30 per cent of all contracts to be earmarked for youth, women and those with disabilities. With youth-led social enterprises accounting for a significant percentage of overall social enterprises in the country, this policy directive has significant potential for social enterprises.
Strategy	Vision 2030	A designated government agency was set up to implement Vision 2030, which is founded upon three key principles: Economic, Social and Political Governance. A key feature of the vision is to ensure the country maintains a 10 per cent growth rate. Social enterprises fit into this vision via their potential to create jobs across critical sectors such as agriculture and service sectors (ICT, tourism).
Legislation	The Companies Act 2015	The aim of this law is to ease doing business in Kenya by speeding up processes and instituting certain corporate governance principles. Some of the notable elements of the Act include the abandonment of the requirement for all companies to have at least two members. Now, under this Act, just a single member will suffice for a private company. Other recent changes to the Act include the elimination of the requirement for all private entities to have a company secretary. It is also possible now for companies to have just one director and the minimum age for a company director is now 18, in conformity with government policy of stimulating youth enterprise and creating more employment opportunities.

25 [http://www.adeanet.org/min\\_conf\\_youth\\_skills\\_employment/sites/default/files/u24/Kenya%20Country%20Report\\_0.pdf](http://www.adeanet.org/min_conf_youth_skills_employment/sites/default/files/u24/Kenya%20Country%20Report_0.pdf)

<b>Legislation</b>	NGO Coordination Act, 1990	This law sets out rules relating to NGOs, including rights and obligations relating to structure, registration and financial management. It came into force at a time when tensions between the government and the third sector were high and the passing of the Act was government's way of regulating the sector. However, when the law was enacted, there was some confusion in its co-ordination, which paved the way for a new national policy on NGOs.
<b>NGO Policy Framework</b>	Sessional Paper No 1 of 2006	This policy framework was created in acknowledgement that the third sector is an intrinsic part of Kenya's economy and was a precursor to further legislation to ensure that NGOs could realise their full potential. The aim of the sessional paper is to ensure the compliance of the NGO Coordination Act, 1990 in a mutually beneficial manner for all stakeholders.

Sources: Sessional Paper No 1 of 2006 on Non-Governmental Organisations; International Journal of Not for Profit Law; Access to Government Procurement Opportunities (AGPO)

## Existing research on social enterprise in Kenya

The genesis of much of the social enterprise activity in Kenya can be traced back to the 1980s when Kenya began to experience significant economic restructuring. This led to reduced government expenditure on social services, consequently encouraging growth in service provision by non-state actors such as NGOs and commercial players (Smith and Darko, 2015).

Increased competition for donor funds has been a factor in some NGOs restructuring themselves to adopt a revenue generating model. Panum and Hansen (2014) contend that most social enterprises in Kenya began after the year 2000. This was a pivotal moment in Kenya's economic history, at a time when the nation experienced a slump in economic growth at -0.5 per cent, down from an increase of 1.9 per cent the previous year. The downturn was due to a number of factors including 'poor economic management; inefficiency in the public sector, the impact of withdrawal of donor support from 1997 and adverse weather conditions' (OECD/AfDB, 2002). Poor relations with the international donor community had an impact on the amount of aid inflows, which may have also prompted a new way of attempting to solve social and environmental challenges.

Some research suggests that members of Kenya's 'educational elite' dominate the emerging social enterprise sector. About 75 per cent of social entrepreneurs 'have at least a master's degree' (Hanley, Wachner and Weiss, 2015). A majority of social entrepreneurs have professional backgrounds, with up to 38 per cent having worked as entrepreneurs while 22 per cent have emerged from the education sector and another 15 per cent are former consultants (Hanley, Wachner and Weiss, 2015).

Other research has suggested that the main barrier to the success of social enterprises is financial. A lack of access to credit is often identified as a key problem for social enterprises (Ronoh, 2013). There appears to be growing momentum for social enterprises to look to new sources of possible funding and finance, including crowdfunding initiatives, as demonstrated through the Kenya Climate Innovation Centre (InfoDev, World Bank).

Earlier studies indicate that social enterprises contribute immensely to the provision of basic needs and poverty reduction in Kenya (Hanley et al., 2015). Meanwhile, Hanley, Wachner and Weiss (2015) found that most social enterprises which have attracted social investment tend to concentrate in three main sectors, namely, environment, education

and training, and information and communication technology (ICT).

The Hanley, Wachner and Weiss study (2015) also reveals that a rising proportion of social enterprises are adopting models which may allow for a degree of profit distribution, with a clear shift in that direction after 2006. Furthermore, the activities of social impact investors are focused primarily on those without limits on profit distribution, with hybrids accounting for 30 per cent, while 'conventional' NGOs receive just six per cent of this investment.

## Overview of key actors in social enterprise in Kenya

There are a number of actors that have an impact upon the social enterprise ecosystem in Kenya. There are a few forums and networks which have been established exclusively in support of social enterprise and we identified two courses which focus specifically on social enterprise. However, what we found to be more often the case, is the prevalence of organisations which support social enterprise within the broader context of mainstream business support.



©Thelessi Media

Anna Othoro from Nairobi County Government at the British Council's Social Enterprise Policy Dialogue in Nairobi.

26 <http://socentlab.blogspot.co.uk/p/english-summary.html>

27 <http://www.theeastafican.co.ke/business/2560-1175130-14ec6bu/index.html>

28 [www.socialenterprise.or.ke](http://www.socialenterprise.or.ke)

There are a number of networking and membership organisations in Kenya which work with social enterprises. These include the Aspen Network of Development Entrepreneurs (ANDE), Trickle Out Africa Project, East Africa Social Enterprise Network (EASEN) and Ashoka. There is also the Nairobi-based SocEntLab<sup>26</sup>, which is a social enterprise think tank focusing on developing the entrepreneurship ecosystem across the African continent. Kenyan Social Investment Exchange (KSIX) was launched in 2011<sup>27</sup> to drive social enterprise activities. Additionally, a few business incubation centres, mainly in Nairobi, have stepped in to also provide social enterprises with networking opportunities. There is also the Nairobi-based Social Enterprise Society of Kenya (SOSEK), whose stated mission is to 'be the main catalyst for development

of the Social Enterprise sector in Kenya'. It seeks to do this by offering 'funding, advisory services, training, research, relevant resources & networks<sup>28</sup>' and was formed by the first cohort of MBA students from Tangaza University College.

EASEN was established in 2010 and is based at KCA University, Nairobi. The network promotes the development and growth of social enterprise networks across East Africa, providing networking and information sharing services, and establishing a point of connection between social enterprises and their supporters. This organisation seeks to become a leading voice in the discussion around social enterprise in Kenya by providing advice, training and other types of support to social enterprises across several sectors.

**Table 5: Forums and networks**

Name of institution	Organisation type	Location	Social enterprise related activities
<b>SocEntLab</b>	Think Tank	Nairobi	SocEntLab is a social enterprise think tank focusing on developing the entrepreneurship ecosystem across the African continent.
<b>Social Enterprise Society of Kenya (SOSEK)</b>	Support	Nairobi	SOSEK is a platform for social enterprises to share information and deliberate on challenges facing the ecosystem such as policy and funding. It seeks to become a leading voice in the discussion around social enterprise in Kenya by providing advice, training and other types of support to social enterprises across several sectors.
<b>Regional Institute for Social Enterprise (RISE) Kenya</b>	Support	Nairobi	RISE Kenya is a Community Based Organizations and Self Help Groups and SHG-owned enterprise that empowers communities to improve their livelihood through capacity development.
<b>East Africa Social Enterprise Network (EASEN)</b>	Support		The EASEN network brings together social enterprise together to develop the ecosystem.
<b>Kenyan Social Investment Exchange (KSIX)</b>	Support	Nairobi	KSIX was launched in 2011 to drive social enterprise activities.
<b>Ashoka</b>	Support	Nairobi	Ashoka invests in social entrepreneurs with impactful social interventions to address societal challenges.
<b>Trickle Out Africa Project</b>	Support	East/ Southern Africa	Trickle out Africa is a research-based driven by Economic and Social Research Council, University of Essex and Sheffield University Management to create an online directory of impact of social enterprises across countries in East and Southern Africa.

### Higher education

We found one MBA course in Kenya which is specific to social entrepreneurship: 'MBA Global Business and Sustainability-Social Entrepreneurship Track'. It is being run by the Institute of Social Mission (Tangaza University College), and students who enrol onto the programme will also receive a diploma from the Catholic University of Milan, Italy. The first class graduated in October 2016. Tangaza University also runs a diploma course in social entrepreneurship.

### Technical and vocational education and training (TVET)

The TVET Authority Kenya (TA) recently published information on 540 registered public and private TVET institutions that it deemed to be qualified as TVETs. These institutions train young people from craft to diploma levels and to degree level through partnerships with accredited universities. Some courses are geared towards enterprise development, such as business management, business administration, sales and marketing, supply chain management, environmental health and community development. However, we did not discover TVET courses specifically and exclusively for social entrepreneurs.

**Table 6: Tertiary education, research and ecosystem support organisations in Kenya**

Name of institution	Organisation type	Location	Social enterprise related activities
<b>Regional Institute for Social Enterprise/The Catholic University of East Africa</b>	Tertiary education	Eastern Region	Offers a Diploma/Certificate in Social Entrepreneurship
<b>Amani University</b>	Tertiary education	Nairobi	Its MSc in Social Innovation Management is designed for people working in the social or private sector as well as graduates and social entrepreneurs who aim to scale up businesses. It also offers various short courses.
<b>The Kenya Polytechnic University College (Centre for Entrepreneurship Innovation and Technology Transfer)</b>	Tertiary education	Nairobi	Modules are offered to all KPUC students to equip them with entrepreneurial and business planning skills, which includes a course on business incubation plans. However, it is not specific to social enterprise.
<b>Kenyatta University</b>	Tertiary education	Nairobi	MSc Environmental Planning & Management addresses climate change issues and solutions both at the local and international level.



Incubation provision is becoming more prevalent amongst Kenyan HEIs, supporting students and the wider public to become social entrepreneurs. While they provide support to social enterprises, they tend not to do so exclusively. Jomo Kenyatta University, just outside Nairobi, runs the UniBRAIN (Universities Business and Research in Agricultural Innovation) incubator, in which they link university education, research, business and sustainable agriculture. This incubator supports

enterprises to start-up, diversify and up-scale whilst simultaneously providing graduate training in entrepreneurial and business skills.

Of the 70 public and private universities accredited by the Commission for University Education (CUE), a number have set up business incubation centres which are useful for entrepreneurs more broadly, rather than social entrepreneurs specifically.

**Table 7: Incubators, accelerators and workspaces in Kenya**

Name of Institution	Organisation type	Location	Social enterprise related activities
<b>Kenya Climate Innovation Centre</b>	Incubator/ Accelerator	Nairobi	Kenya Climate Innovation Centre (KCIC) is focused on providing skills and financial support to Kenyan entrepreneurs to develop innovative solutions within the energy, water and agribusiness space.
<b>FabLab Nairobi</b>	Incubator	Nairobi (Global)	FabLab, with origins at the Massachusetts Institute of Technology's (MIT) Centre for Bits and Atoms (CBA), is a platform that leverages digital technology to develop innovative products that benefit societies.
<b>Impact Amplifier (Green Pioneer Accelerator)</b>	Accelerator	Nairobi (South Africa)	Impact Amplifier provides a number of services including preparing entrepreneurs to attract scalable investments within the environmental and services sectors. It also provides quality investment pipelines for investors.
<b>Growth Africa</b>	Accelerator	Nairobi	Growth Africa readies both local and international impactful start-ups to attract scalable investments.
<b>iHub</b>	Incubator/ workspace	Nairobi	iHub is one of the pioneers of Kenya's tech ecosystem for start-ups. It helps entrepreneurs to refine concepts into viable and marketable opportunities.
<b>@iLabAfrica</b>		Nairobi	@iLab is a research-based Centre of Excellence for ICT in Kenya based at Strathmore University. One of its major objectives is to help Kenya meet Vision 2030 within the ICT space.
<b>@iBiz Africa</b>	Incubator	Nairobi	@iBiz Africa is a youth-focused incubator that links start-ups with mentors to develop innovative solutions that address societal issues.
<b>Sinapis</b>	Accelerator	Nairobi	Sinapis provides budding entrepreneurs with access to seed capital and a platform to help them scale their ideas.
<b>Nailab</b>	Accelerator	Nairobi	Provides start-up entrepreneurs with three - six months training to develop innovative and technology driven products.
<b>Kenya Feed the Future Innovation Engine</b>	Accelerator	Kenya	Kenya Feed the Future Innovation Engine is a joint initiative between USAID/Kenya focused on harnessing innovative ideas to drive agribusiness activity across the country.

<b>Kenya Kountry Business Incubator (KeKoBI)</b>	Incubator	Nairobi	KeKoBI provides business support services to start-ups including capacity-building to scale up their ideas.
<b>88mPH</b>	Accelerator	Nairobi	88mPH is a tech-based accelerator focused on providing both technical and funding support to start-ups within the web and mobile development space.
<b>Chandaria Business Innovation and Incubation Centre</b>	Incubator	Nairobi	Chandaria Business Innovation and Incubation Centre of Kenyatta University is focused on supporting young people and start-ups for careers in development and, in the process, contribute to the country's Vision 2030.
<b>LakeHub</b>	Incubator	Kisumu	LakeHub is a technology driven platform that links various players within the field to develop innovative products.
<b>AfriLab</b>	Incubator	Nairobi (Africa)	AfriLab is an ecosystem of 40 players across 20 countries leveraging technology to build the necessary infrastructure to drive the knowledge economy in Africa with start-ups/entrepreneurs playing a critical role.
<b>Intellectap</b>	Incubator	Nairobi (Global)	Intellectap helps and works with social enterprises and impact investors in Kenya to achieve business-oriented social development. It does this through two programs, namely the Sankalp Forum which connects social entrepreneurs and impact investors with policy makers and Intellectap Impact Investment Network, which is a network of angel investors with interests mainly in social enterprise.



Majani Baridi from Kenya's Ministry of Education during Social Enterprise Policy Masterclass in Nairobi.

As the largest economy in the East Africa countries, with a rising middle class consumer market, Kenya is the most attractive destination point for impact investors in the East Africa sub-region. According to the Global Impact Investing Network (GIIN), Kenya alone accounts for close to half of all impact investments in the sub-region, totalling around US\$3.65bn, as investors are reassured

by the ‘more readily available human capital’ in neighbouring countries<sup>29</sup>. Given just how well-served the market is with impact investment, it has been suggested that the market is becoming saturated, but given the country’s political risk and socio-economic challenges, it is clear that the market has not realised its full potential (GIIN, 2015).

**Table 8: Impact investors / other financiers in Kenya**

Name of Institution	Organisation type	Location	Social enterprise related activities
<b>Acumen Fund</b>	Not for profit venture fund	Global	Acumen receives charitable donations and invests this through equity or debt ranging from US\$250,000 to US\$3 million in projects which will have a sustainable impact upon low-income earners in healthcare, agribusiness, education, affordable housing. It recently partnered with GE – a global power giant – to organise a summit for social enterprises and other global players to drive business models to tackle social issues in Africa <sup>30</sup> . Some investments in Kenya have included a micro-insurance company and Sanergy which provides a scalable solution to Kenya’s waste management challenge.
<b>Root Capital</b>	Social investment fund	Nairobi (Global)	Root Capital is an agriculture impact-focused investor supporting small-scale farmers to create sustainable livelihoods in rural areas. In Kenya it has invested in Freshco, which sells ‘high yield, drought-resistant seeds’ to small scale farmers which can lead to a doubling of their output.
<b>One Acre Fund</b>	Not for profit	Bungoma, Kenya (East Africa focus)	An agricultural not-for-profit whose raison d’être is to eradicate poverty by providing smallholder farmers with asset-based financing and various interventions across different stages of the farming cycle, from seed to market. It works across Western and Nyanza Provinces with 136,500 smallholder farmers.
<b>Lundin Foundation</b>	Impact Investor	Nairobi (Global)	Invests in small and medium sized businesses with the potential to create employment opportunities and in the process, reduce poverty in a sustainable fashion. In Kenya, it has disbursed funds to organisations and initiatives such as Ledwar Youth Polytechnic, PETRAD Scholarships and the Lundin/Equity Bank Emerging Entrepreneurs Fund.
<b>Willow Impact Investors</b>	Impact investor	Nairobi (Dubai)	Willow Impact Investors is a multisector investor with a focus on early-stage social enterprises and SMEs who aim to deliver social and environmental impact. In 2012, it acquired a 35 per cent share in Kenyan dairy company, Bio Food Products Ltd.

<sup>29</sup> [https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01ExecutiveSummary\\_GIIN\\_eastafrica\\_DIGITAL.pdf](https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01ExecutiveSummary_GIIN_eastafrica_DIGITAL.pdf)

<sup>30</sup> <http://acumen.org/blog/acumen-and-ge-support-social-enterprises-across-africa-to-build-inclusive-businesses-that-tackle-the-problems-of-poverty/>

<b>Truestone Impact Investment Management Ltd</b>	Impact investor	Nairobi (London)	Truestone Impact Investment supports early stage businesses across multiple sectors. It has invested in a property impact fund, the Kenya Students Christian Fellowship.
<b>Novastar Ventures</b>	Impact investor	Nairobi	Novastar is an East Africa focused group helping entrepreneurs scale innovative ideas to meet the demands of the region's mass market. It has a multi-sector portfolio and in Kenya it has invested in companies such as Soko, which sells jewellery from Kenyan-based artisans to customers in Europe, the US and beyond.
<b>Savannah Fund</b>	Seed capital	Sub-Saharan Africa	Savannah Fund provides seed capital for early stage technology start-ups with high growth potential across East Africa.
<b>VC4Africa</b>	Investor	SSA (Global)	VC4Africa is an investment-raising platform for mentoring entrepreneurs as well as linking investable businesses with investors across multiple sectors. There are currently 590 projects on its site in Kenya.
<b>Oiko Credit</b>	Impact investor	Nairobi (Global)	Oiko Credit is a co-operative that supports impactful social enterprise interventions in low income countries.
<b>Acra.it</b>	Social investor	Nairobi (Global)	OPES impact fund.



Evans Ndemo from Issitet taking during Social Enterprise Policy Dialogue in Nairobi.

There are several organisations which support the work of mainstream business,

which would also be useful for social enterprises in Kenya.

**Table 9: Chambers of commerce, industry associations and business advisory bodies in Kenya**

Name of Institution	Organisation type	Location	Social enterprise related activities
<b>The Ministry of Industry, Trade and Cooperatives (MITC)</b>	Trade	Nairobi	This government agency develops policies for industrialisation and private sector development.
<b>Micro &amp; Small Enterprises Authority (MSEA)</b>	Policy/Regulatory	Nairobi	MSEA is an agency under MITC responsible for the promotion, development and regulation of activities of micro and small enterprises.
<b>The Kenya National Chamber of Commerce and Industry (KNCCI)</b>	Trade/Advocacy	Nairobi	The Kenya National Chamber of Commerce and Industry (KNCCI) provides trade support for small, micro enterprises (MSEs), medium and large enterprises.
<b>Eastern Africa Economic Chambers of Commerce</b>	Trade/Advocacy	Nairobi	Eastern Africa Economic Chambers of Commerce (EAEECC) links the chambers across the nine countries of the association.
<b>Economic Projects Transformation Facility (EPTF)</b>	Support	Mombasa	The Economic Projects Transformational Facility [EPTF] is a platform for driving entrepreneurship through capacity building and business development.
<b>Kenya National Farmers' Federation</b>	Support	Nairobi	This organisation is responsible for influencing policies across the nation's agricultural space.



Participants at the Active Citizen Social Enterprise leadership training in Kisumu

## Study findings

### Social enterprise survey sample

A total of 218 organisations completed the survey. Using the two social enterprise inclusion criteria (see Methodology for details) 183 respondents were classified as social enterprises for the purposes of this study (83.94 per cent). If the secondary criteria question were used, the number of social enterprises would have reduced only marginally, to 179 (see Figure 3 below).

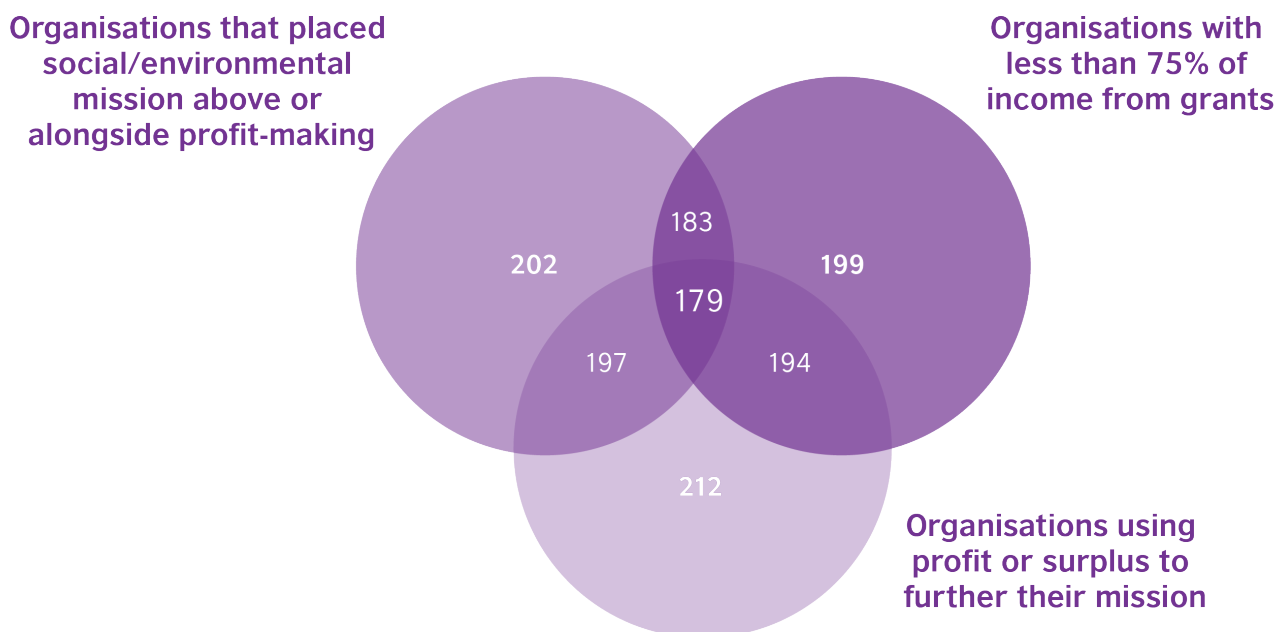
Separately, 218 respondents were also asked whether they consider themselves to be social enterprises. One hundred and forty three of these survey respondents (or 66 per cent) said that

they considered their organisations to be social enterprises (self-identifying social enterprises), even if they did not meet the criteria used in the study.

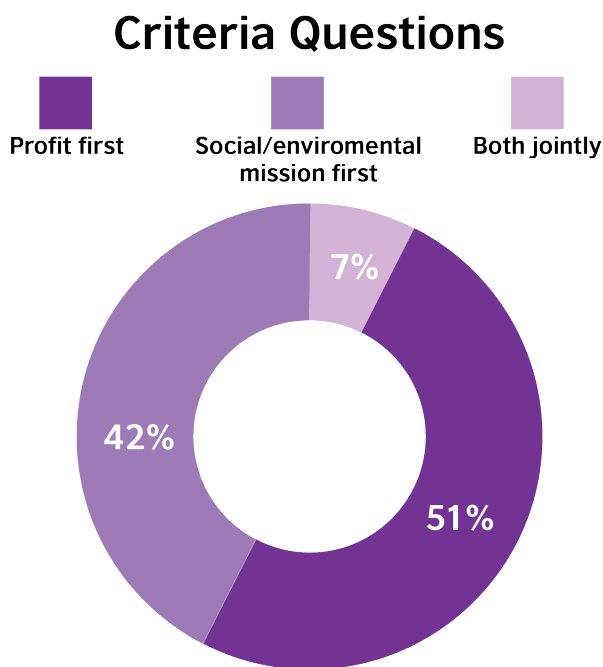
Through the exclusion criteria, 35 of the respondents were eliminated. Nineteen responses were eliminated because 75 per cent or more of these organisations' income comes from grants. Sixteen were eliminated as they put the emphasis on profit above social or environmental mission.

Forty-two per cent of the social enterprises surveyed stated that their mission was to pursue profit and social or environmental mission jointly, while 51 per cent focus on creating primarily social or environmental impact.

**Figure 4: Venn diagram of the types of social enterprises in the survey**



**Figure 5: Number of survey respondents per social enterprise criteria**



### Age

The Survey shows that, young leadership is a hallmark of social enterprise in Kenya: 79 per cent of social enterprises are led by people aged 25 to 44, and 37 per cent by young people aged 25 to 34. What's more, 42 per cent of the social enterprises surveyed are led by people aged 35 to 44. Only one per cent of the respondents said that their organization is run by someone over the age of 61. See the graph below.

These findings tally with our anecdotal understanding that young Kenyans under the age of 35 play a significant role in the running of micro, small and medium-sized businesses. While we have not yet discovered a specific figure relating to the number of youth-led mainstream businesses, the Brookings Institution does note that 'most small and medium-sized enterprises (SMEs) in Kenya are owned by young people<sup>31</sup>'. It also reflects the broader demographic of Kenya's population in which 70 per cent of the population is under 35 years. This appears to directly respond to the pressing need for job creation

among young people, which has been a priority for the government over the past few years. For instance, in 2005, the Ministry for Youth Affairs was created 'to represent and address youth concerns, including employment<sup>32</sup>'. The government also launched a presidential directive on 'Youth Access to Government Procurement' in 2012. Under this initiative, government has earmarked 10 per cent of all state contracts for businesses owned by young people<sup>33</sup>.

The Ministry of Youth Affairs and Sports (MOYAS) strategic plan 2008-2012 is linked to the Vision 2030 and was prepared to cater for youth and development. It has a responsibility of raising the labour participation in the country to 85 per cent by among other projects promoting an entrepreneurial culture and developing infrastructure for SMEs.

Kenya's constitution defines 'youth' as people between the ages of 18 and 34 years and young people account for two-thirds of the working population (UNDP, 2013).

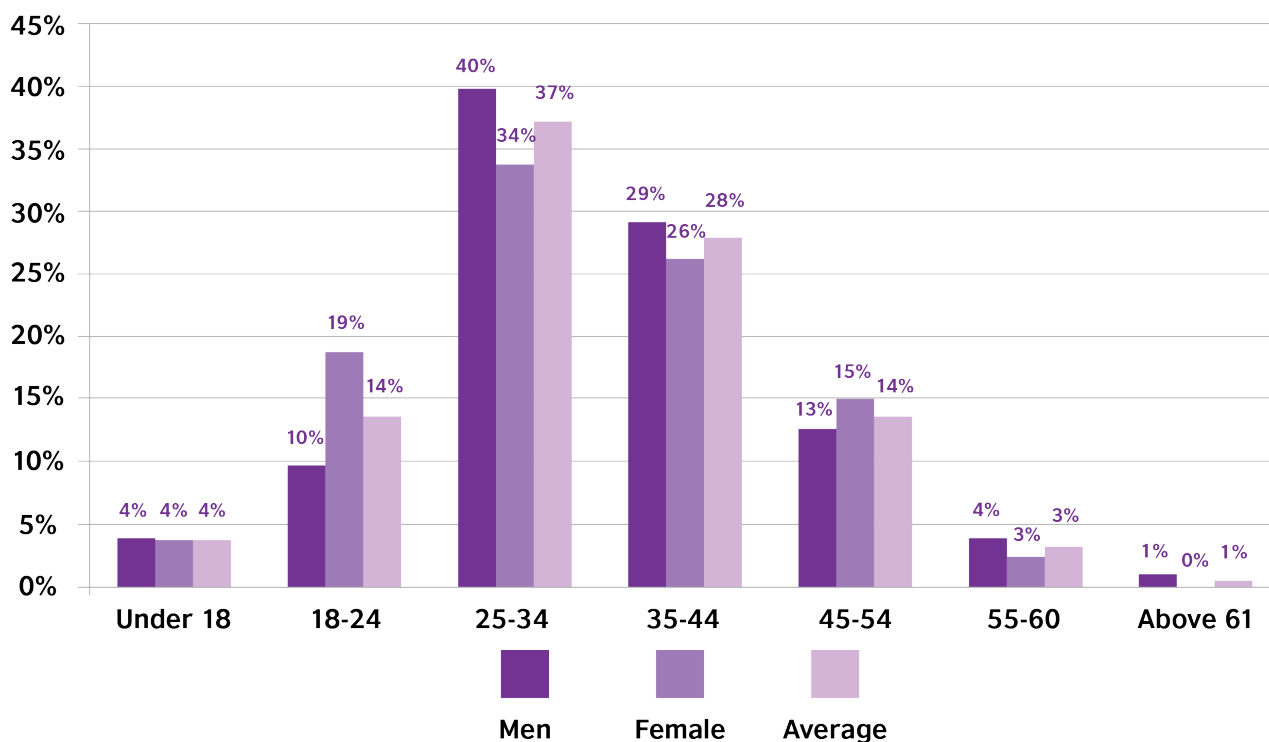
One potential consequence of such a young social enterprise culture is a fairly inexperienced sector. This helps to explain why, for instance, the top constraint listed by respondents for their businesses is access to investors due to a limited network of contacts. However, as the ecosystem strengthens with the increasing presence of incubators and other support networks (see Table 6), we anticipate this constraint becoming less pronounced in the future.

31 <https://www.brookings.edu/about-us/>

32 <http://www.ilo.org/public/english/bureau/program/dwcp/download/kenya.pdf>

33 Defined as those between the ages of 18 and 35.

Figure 6: Age of social enterprise leaders



## Gender

Gender inequality is a social injustice that has a serious economic cost for the African continent, estimated at US\$95 billion per year, or the equivalent of six per cent of GDP. Great strides have been made over the past five years to narrow the gender divide through constitutional reforms in Kenya, and the UNDP notes that the engagement of women in 'leadership, governance and decision-making' stood at 20.5 per cent in 2008 but rose to 38.6 per cent in 2012.

Our survey showed that just under half of social enterprises are run by women (44 per cent). This corresponds with the average number of female-led mainstream businesses in Kenya which sits at 48 per cent<sup>34</sup>. It also showed that between 1990 and 2014, there were consistently more male led social enterprises than female-led ones. However, in 2015 this trend reversed for the first time, with our data showing that the female-led social enterprises overtook the male-led ones: 17 and 15, respectively. In 2016 this change was

maintained, with 26 led by women and 18 by men.

In Kenya, the discussion around the empowerment of women is vibrant and has translated into tangible changes in policy geared towards achieving gender equality. For example, the Women Enterprise Fund was established in 2007 and began operations the following year with a view to supporting women-led businesses in the country. Its mandate is to support women by tackling the fundamental challenges which had traditionally restricted women from realising their full potential, such as 'access to credit, business development support services like capacity building, decent and secure market infrastructure<sup>35</sup>'. Moreover, this gender mainstreaming initiative earmarks '30 per cent of procurement opportunities<sup>36</sup>' for women-led enterprises. While research

34 <https://womenentrepreneursgrowglobal.org/2016/07/17/women-account-for-48-percent-of-all-smes-in-kenya/>

35 <http://wef.co.ke/index.php/13-about-us/wef-profile/experience/12-strategic-plan>

36 *ibid.*



indicates that the fund has not realised its full potential<sup>37</sup>, it has arguably made some positive difference for women. In addition to policy shifts, there are also examples of the private sector taking affirmative action. For instance, in July 2015, investment bank Goldman Sachs partnered with the International Finance Corporation (IFC) and Kenya's Chase Bank to provide a line of credit ranging from US\$10,000 to US\$1 million to female-run businesses<sup>38</sup>.

### Years of operation

Our survey found that around three per cent of social enterprises in Kenya began operating in the 1980s and that it was not until 2012 that the social enterprise ecosystem gathered significant momentum: 64% of social enterprises in our sample had been established in the last five year.

This rapid growth in the creation of social enterprises in the last five years is in tandem with the emergence of various key service providers within the social enterprise ecosystem. For instance, start-up incubators, iHub and Nailab both opened their doors in 2010 and although they support mainstream businesses as well as social enterprises, they have been able to support a number of social enterprise start-ups since their inception<sup>39</sup>. Growth Hub is another such incubator which started operating in 2012. Indeed, the company's Managing

Director, Patricia Jumi, is ambitious: 'jobs have to be created, and not only in the ICT-sector. Kenya needs more people who start their own companies<sup>40</sup>', she told Venture Capital for Africa.

Various financial support initiatives have also been established, the result of which has been in evidence in recent years. For instance, the government-backed Youth Enterprise Development Fund (YEDF) was set up in 2006 to encourage entrepreneurial activity by providing mentorship and low-interest loans to start-ups (Higgins, Lalan, 2013). According to Dr Jacob Omolo, an economics lecturer at Kenyatta University, the YEDF began to yield fruit a few years after its establishment: 'By 2012 [the YEDF] had reached 158,000 youth enterprises and ... it has also trained slightly more than 200,000 in youth entrepreneurship and assisted about 1,800 young entrepreneurs to market their products and services' (Higgins, Kalan, 2013).

This gathering momentum responds at least in part to the pressing need for job creation in Kenya. The World Bank notes that in 2014, Kenya's youth unemployment (15-24 years) stood at 17 per cent<sup>41</sup>. The World Bank describes the dichotomy between job availability and job seekers in stark terms: there are said to be some 800,000 Kenyans who are looking for work annually but only 50,000 are successful<sup>42</sup>.

37 <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.953.8474&rep=rep1&type=pdf>

38 <http://enterprise54.com/women-entrepreneurs-in-kenya-25-million-collateral-free-loan-availabile-for-you/>

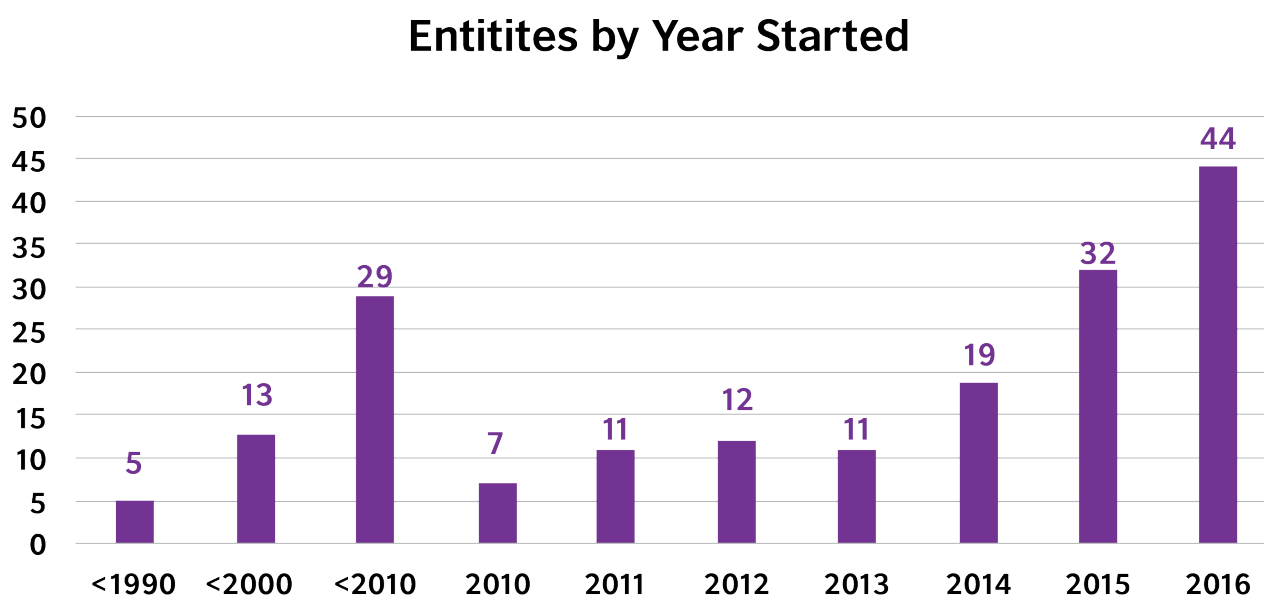
39 <http://techloy.com/2017/02/06/kenyas-ihub-relocates-to-new-home-in-nairobi/>

40 <https://vc4a.com/blog/2012/05/28/growthhub-nairobi-jobs-have-to-be-created-and-not-only-in-the-ict-sector/>

41 <http://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=KE>

42 <http://www.worldpolicy.org/blog/2013/10/15/reducing-youth-unemployment-kenya>

Figure 7: Number of social enterprises start-ups across time



### Geographical reach

The social enterprises we surveyed operate mostly at a regional level (50 per cent), while over one third have a national reach (39 per cent). Sixty one per cent of those which operate nationally are led by men. A little over one in ten social enterprises operate internationally (11 per cent) and there is gender parity in their leadership.

The social enterprises we surveyed are mostly concentrated in the main urban poles of the country. An overwhelming number of them are based in Nairobi (60 per cent), followed by Nyanza Province (16 per cent), Coast (13 per cent) and Rift Valley (seven per cent). This pattern is likely partly skewed by our methodology and the parts of the country where we were able to conduct outreach activity, namely Kisumu, the capital of Nyanza Province and Mombasa, the capital of Coast Province.

However, the results are also reflective of the burgeoning social enterprise ecosystem in Nairobi. Not only is Nairobi the administrative capital, it is also home to the lion's share of social enterprise support organisations, including incubators, accelerators and impact

investors. In perhaps equal measure with its potential to thrive, Nairobi also has its fair share of socio-economic challenges, being the location of the largest informal settlement on the continent, Kibera, with some estimates pointing to a population of 250,000 residing here alone (but a total of 2.5 million informal dwellers in the entire city). This context therefore provides the scope for entrepreneurs to make a tangible impact through social enterprise.

### Legal status

The most popular choice of legal form for registration of the social enterprises surveyed was Limited Liability Company (LLC) (23 per cent). On the one hand, by so doing, these companies are giving themselves the opportunity to scale up, which is not necessarily the case with other legal forms. For instance, an LLC structure would enable the social enterprise to ultimately list on the Nairobi Stock Exchange, through the Growth Enterprise Market Segment (GEMS)<sup>43</sup>, which was launched in January 2013 and is tailored for smaller companies. Another advantage of the LLC structure is that it

43 <http://fsdkenya.org/publication/review-of-growth-enterprise-market-segment-gems-and-increasing-access-to-kenyas-capital-market-by-small-and-medium-enterprises-smes/>

enables a company to outlive its owners, something which is not the case for sole proprietorships. Sole proprietorships account for one in five of the social enterprises surveyed. They tend to be the most common type of company for those entities with permanent staff of more than one and less than 10. Given that 80 per cent of Kenyan businesses are family-owned according to the Association of Family Business Enterprises<sup>44</sup> the LLC model would allow for the social enterprise to be passed down the family line.

However, if a social enterprise registers as an LLC, there are challenges. For instance, the processes of registration and administration of the LLC are fairly complex. While research points to high adult literacy rates in Nairobi (87 per cent), it is likely that the majority of entrepreneurs, who would want to register a social enterprise as an LLC in the North Eastern Province for example where the adult literacy rate is 9.1 per cent<sup>45</sup>, would struggle.

The LLC structure is also burdensome from a tax perspective: not only is 30 per cent corporate income tax applicable but double taxation can also occur as

there is a five per cent tax on dividends<sup>46</sup>. Given the fact that the mission of social enterprises is to solve social or environmental challenges, placing such a heavy tax obligation on such companies is likely to stymie growth.

Fifteen per cent of respondents reported that their companies are registered as not-for-profit entities. Increasingly in Kenya, the rules on registering as a not-for-profit entity are tightening<sup>47</sup>, which could partially explain the relatively low number of social enterprises which register in this way. It should also be noted that registering as a not-for-profit would, by definition, undermine the commercial viability of the venture, which stands at odds with the sustainability aspect of social enterprises.

Five per cent of social enterprises surveyed said that they were registered as 'societies' or cooperative societies. This figure is reflective of the broader context within mainstream business in Kenya. There are an estimated 17,916 registered cooperatives (Nyatichi J., 2015) and 310,000<sup>48</sup> registered companies in Kenya overall. Thus 5.7 per cent of mainstream businesses are also cooperatives.

## Cooperatives in Kenya

'Cooperative societies' or 'cooperatives' in Kenya have played a significant part in the country's socio-economic development and can be traced back to the early 1900s when they began as informal structures used by the colonial powers. In 1945, Kenyans were finally accorded the right to form their own cooperative societies and this trend gathered pace in the 1960s and 1970s, particularly within agriculture. The pace of registration intensified, and with the combined support of the government and donor bodies, by 2009, there were 12,000 cooperatives operating in the country. They spanned various sectors, with the majority of them in savings and credit (SACCOs), followed by agriculture, consumer, handicraft, housing and transport (Minishi L., 2012). More recently, the Ministry of Industrialisation and Enterprise Development estimated that at the end of 2014, there were 17,916 cooperatives.

44 <http://www.afbkenya.org/about-us/>

45 <http://www.dvv-international.de/adult-education-and-development/editions/aed-712008/international-reflections-on-issues-arising-from-the-benchmarks-and-call-for-action/measuring-literacy-the-kenya-national-adult-literacy-survey/>

46 <http://kenya.smetoolkit.org/kenya/en/content/en/58268/Comparison-Between-Limited-Liability-Companies-LLC-Limited-Liability-Partnerships-LLP->

47 <http://www.laht.com/article.asp?ArticleId=2431168&CategoryId=12395>

48 <http://bit.ly/2nqtpU2>

**Table 10: Legal status of social enterprises**

Legal Form	Number	% of filtered responses
Limited Liability Companies	42	22%
Sole Proprietorship	39	20%
Not for Profit Organisations	28	14%
Other (please specify)	28	14%
In the process of registration/ not yet registered	19	10%
Partnership	17	9%
Societies	9	5%
Low Profit Limited Liability Companies	4	2%
Flexible/Social Purpose Corporations	4	2%
Corporations	3	2%
Trustees	1	1%
Benefit Corporations	1	1%
<b>Total</b>	<b>195</b>	<b>100%</b>

### Areas of focus

Survey respondents were asked to select which areas of focus were priorities for their organisation and invited to select more than one option if applicable. From our survey findings, the majority of social enterprises prioritise creating employment opportunities (65 per cent). Thirty-nine percent of respondents reported that the main objective of their organisation was to sell a good or a product. Protecting the environment was also a common aim, among 35 per cent of social enterprises, while 36 per cent sought to make improvements to the local community.

While for the majority of social enterprises across the country, selling a good or a product was the second most common goal, this was not the case in Rift Valley and Nyanza. For social enterprises in Nyanza Province, improving the health and well-being of their beneficiaries came second, while in Rift Valley, improving the community was a more significant aim than elsewhere. This is an interesting survey finding because it seems to point towards social enterprises' ability to respond to the needs of the communities they operate in. For instance, Nyanza Province is one of the most disadvantaged regions of

Kenya, with recent studies showing that illnesses such as HIV and malaria are most prevalent in the area<sup>49</sup>. Meanwhile, Rift Valley has been described as the 'epicentre' of ethnically-motivated violence following the disputed 2007 elections in which over a thousand people were killed<sup>50</sup>.

**Table 11: Social enterprise objectives**

B. Organisation's overall objectives	Respondents (%)
Create employment opportunities	65.03%
Sell a good/product	38.80%
Improve a particular community	36.07%
Protect the environment	34.97%
Support vulnerable people	34.97%
Promote education and literacy	33.33%
Support vulnerable children and young people	31.15%
Improve health and well-being	29.51%
Support other social enterprises/organisations	28.96%
Address financial exclusion	22.40%

49 <http://bmcpyschiatry.biomedcentral.com/articles/10.1186/s12888-015-0693-5>

50 <https://iwpr.net/global-voices/community-banks-help-reconciliation-kenyas-rift-valley>

## Sectors

One hundred and thirteen per cent of survey respondents operate across three sectors: education, business development services and entrepreneurship support, the former being most popular among female-led social enterprises while the latter two are the most popular for male. However, according to the Global Impact Investing Network (GIIN), education is a sector which attracts ‘significantly fewer deals’ than sectors such as agriculture and financial services most likely because

of a dearth of investible projects in this sector<sup>51</sup>.

Eleven per cent of social enterprises are engaged in ICT and tourism, followed by agriculture and fisheries (nine per cent). The least common sectors are forestry and housing, both accounting for less than one per cent of the responses we received. The ‘other’ category accounts for 19 per cent of responses and includes a variety of sectors, including art, fashion, waste management, media and security.

**Table 12: Percentage of social enterprises by sector and gender of leader**

	Female	Male	Total
<b>Agriculture and fisheries</b>	11%	6%	8%
<b>Business development service and entrepreneurship</b>	10%	15%	13%
<b>Education</b>	15%	11%	13%
<b>Energy and clean technology</b>	8%	2%	5%
<b>Financial services</b>	1%	7%	5%
<b>Food and nutrition</b>	6%	1%	3%
<b>Forestry</b>	3%	9%	6%
<b>Health and social care</b>	0%	1%	1%
<b>Housing</b>	1%	2%	2%
<b>Infrastructure development and maintenance</b>	1%	1%	1%
<b>Justice and rehabilitation</b>	11%	7%	9%
<b>Livelihood and employment creation</b>	1%	1%	1%
<b>Manufacturing</b>	1%	1%	1%
<b>Mobility and transport</b>	1%	2%	2%
<b>Others</b>	18%	19%	19%
<b>Retail</b>	3%	0%	1%
<b>Services (ITC, tourism)</b>	7%	14%	11%

<sup>51</sup> [https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01ExecutiveSummary\\_GIIN\\_eastafrica\\_DIGITAL.pdf](https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01ExecutiveSummary_GIIN_eastafrica_DIGITAL.pdf)

## Social impact

### Profit

Of the 183 social enterprises which met the social enterprise criteria for this survey, 85 per cent (n= 100) said that they made a profit. What is done with the profit varies, but the most popular use of profit was for 'growth and development activities' (69 per cent). A

distant second was funding third party social/environmental activities (13 per cent), followed by putting profit away for savings (seven per cent). None of the social enterprises said that they use their profits for 'cross subsidising', although this may be as a result of a lack of familiarity with the term.

**Table 13: Use of profit/surplus**

Use of profit/surplus	Proportion of respondents
Growth and development activities	69%
Rewards to staff and beneficiaries	6%
Funding third party social/environmental activities	13%
Profit sharing with owners and shareholders	5%
Reserves	7%
Cross subsidising	0%

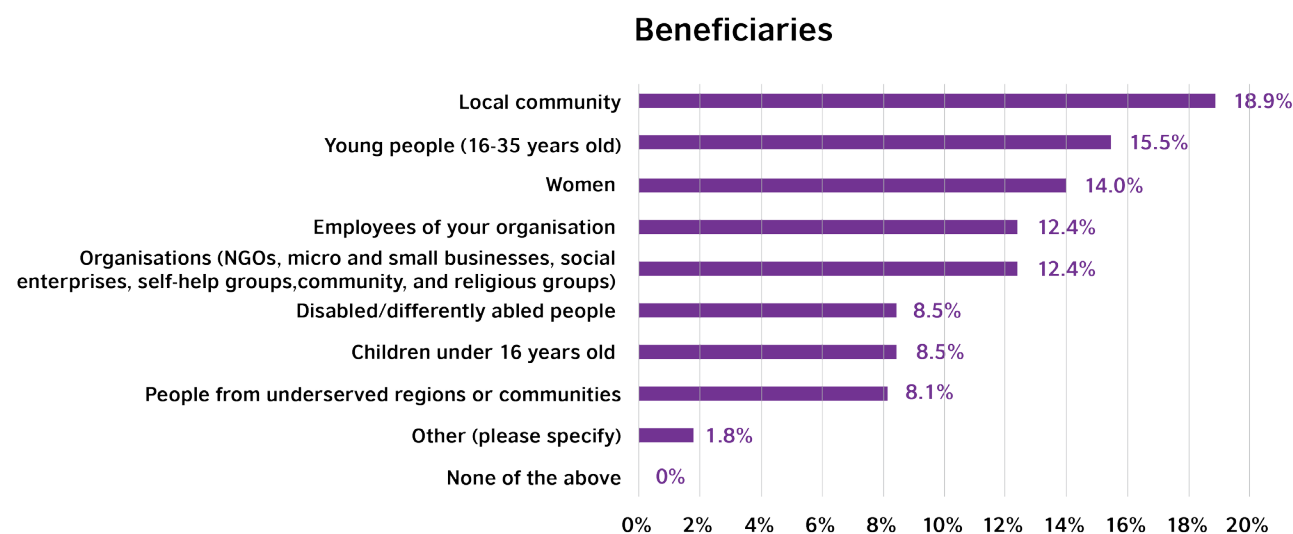
### Case study: swivelBox

swivelBox is a Nairobi-based organisation that provides entrepreneurial training for youth including those from disadvantaged communities in Kenya. In addition to this, it helps educational institutions across the board to design curricular content on entrepreneurship. Through its five-day Entrepreneurial Academy, swivelBox provides a platform that supports students between 14-18 years to develop business ideas that are pitched to established entrepreneurs. swivelBox ploughs its profit or surplus into growth and development activities.

## Beneficiaries

From our findings, the most frequent types of beneficiaries are the local community, young people and women.

**Figure 8: Social enterprise beneficiaries**



## Job creation from social enterprise

There are almost twice as many men employed by social enterprises as women. This is interesting, considering that there is an almost even split between social enterprises which are male-led and those which are female-led.

That there are almost twice as many men employed within social enterprise than women could be somewhat reflective of gender roles in Kenya more broadly, with the United Nations Development Programme (UNDP) stating that ‘traditional ideas about the roles of girls and women restrict their contributions to Kenya. These ideas hold women back from contributing to important development goals; especially in the areas of economic growth, nutrition and food security<sup>52</sup>. The Global Gender Gap Index 2016 notes that in Kenya, there is a growing disparity in pay between men and women<sup>53</sup>.

Social enterprises in Kenya tend to be small in terms of number of employees, with the average size no more than four staff members. That said, a little over 40 per cent of respondents expect staff numbers to ‘increase a little’ next year while 38 per cent are expecting a substantial increase.

Figure 9: Social enterprise employment growth projections

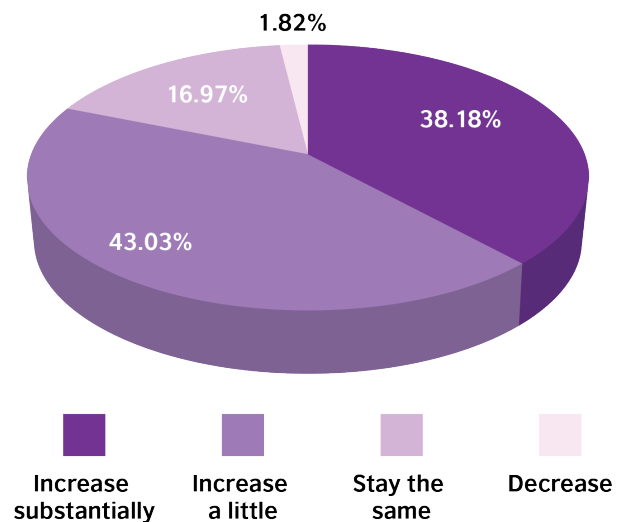


Table 14: Job creation by social enterprises

	Last year	This year
Full-time equivalent jobs, mean average (% female)	11 (42%)	13 (43%)
Total jobs created	3,318	3,545
Of which, part time (% female)	1,413 (58%)	1,267 (59%)

52 <https://www.usaid.gov/kenya/gender-equality-and-womens-empowerment-kenya>

53 [http://www3.weforum.org/docs/GGGR16/WEF\\_Global\\_Gender\\_Gap\\_Report\\_2016.pdf](http://www3.weforum.org/docs/GGGR16/WEF_Global_Gender_Gap_Report_2016.pdf)

## Turnover and profit/surplus use

Twelve point five per cent of social enterprises reported turnover of up to US\$1001. Three point eight per cent of social enterprises said that they have a turnover of between US\$1001 and US\$2001 and 2.1 per cent of social enterprises said that their turnover is between US\$1 million and US\$5 million. Fifty five per cent of respondents reported that their organisation made a profit.

## Growth plans and barriers

Survey respondents cited attracting new customers or clients (54 per cent) as the top driver of growth followed by developing and launching was expected was through attracting new customers or clients (54 per cent), followed by developing and launching new products and services (44 per cent) and boosting sales among an existing client base (43 per cent). Acquiring another company was the least frequent response (three per cent).

**Table 15: Growth plans**

	No of responses	% responses
Increase sales with existing customers	79	43%
Expand into new geographic areas	74	40%
Develop and launch new products and services	80	44%
Attract new customers or clients	98	54%
Replicate or franchising	21	11%
Attract investment to expand	66	36%
Merge with another organization	24	13%
Acquire another organization	6	3%
Win business as part of a consortium	20	11%
<b>Total</b>	<b>468</b>	



## Barriers to Growth

Access to capital was the main obstacle constraining growth among social enterprises surveyed. This chimes with existing literature on social entrepreneurship challenges (Ronoh, 2013). Traditional bank loans can be difficult to obtain in Kenya, particularly for businesses in their infancy, for they may require prohibitively high collateral ratios - sometimes double the actual loan required<sup>54</sup>.

Obtaining grant funding is also a challenge for 54 per cent of social enterprises, which could be symptomatic of Kenya moving to lower-middle income status in 2015<sup>55</sup>, thereby shifting the focus away from donor-dependency. Cash-flow is a further, and related challenge for 30 per cent of respondents.

**Table 16: Barriers to growth**

	No	% responses
Capital (debt/equity)	99	54%
Obtaining grant funding	79	43%
Cash flow	54	30%
Lack of access to support and advisory services	44	24%
Shortage of technical skills	29	16%
Understanding/awareness of social enterprise among banks and support organisations	28	15%
Late payment	27	15%
Understanding/awareness of social enterprise among general public/customers	25	14%
Taxation, VAT, business rates	22	12%
Availability/cost of suitable premises	20	11%
Shortage of managerial skills	19	10%
Economic climate (fiscal regulations, prohibitive commissioning, exchange rate losses)	17	9%
Regulations/red tape	14	8%
Recruiting other staff	11	6%
Lack of demand for product or service	11	6%
Access to public services (transport, energy, water and sanitation)	6	3%
None of the above - we haven't faced major barriers	1	1%

54 [https://thegiin.org/assets/161025\\_GIIN\\_EastAfrica\\_FULL\\_REPORT%20\(002\).pdf](https://thegiin.org/assets/161025_GIIN_EastAfrica_FULL_REPORT%20(002).pdf)

55 <http://www.worldbank.org/en/news/press-release/2015/07/01/new-world-bank-update-shows-bangladesh-kenya-myanmar-and-tajikistan-as-middle-income-while-south-sudan-falls-back-to-low-income>

## Finance sources and constraints

### Financing sources

A significant number of social enterprises in our survey had been supported by donations in cash or in kind (37.4 per cent). A greater proportion of female-led social enterprises receives support in this form (53 per cent). One in every four respondents said that they received

no financial support at all. Just five per cent had accessed commercial loans which is perhaps unsurprising in the Kenyan context. Banks in Kenya find it expensive to monitor loans of small value and carrying out due diligence is costly because of a lack of credit ratings agencies, which makes it harder for banks to lend to small firms<sup>56</sup>.

**Table 17: Source of financing**

	N=	Responses (%)
Grants from governments	16	8.1%
Grants from foundations	24	12.1%
Donations in cash or in kind (e.g. equipment, volunteer time, friends and family support)	74	37.4%
Concessional loans (loans with below-market interest rates, including from friends and family)	17	8.6%
Commercial loans (market interest rate loans)	9	4.5%
Equity or equity-like investments	13	6.6%
None	45	22.7%
<b>Total</b>	<b>198</b>	<b>100.0%</b>



Rahab Kenana, Technical Advisor, Issitet during Social Enterprise Policy Masterclass in Nairobi.

### Financing constraints

Lack of access to investors due to limited networks was the primary financing constraint for respondents (40 per cent) followed closely by a limited supply of capital (39 per cent). Many social enterprises felt they also needed to refine their business models.

More male-led than female-led social enterprises identified regulation and red-tape as a major barrier, which may perhaps reflect recent policy which aims to make it easier for women to

do business. More male-led social enterprises also report that they face regulatory constraints when securing funding from international sources. On the other hand, more female-led social enterprises face challenges in accessing business premises.

On the whole, male-led enterprises experience more challenges in accessing financing than female-led entities, which could be indicative of the increased affirmative action by various investors to promote the inclusion of women.

**Table 18: Top finance constraints**

	No	%Sep
Access to investors is low due to limited network of personal/organisational contacts	73	39.9%
Limited supply of capital	72	39.3%
Business model is not refined	45	24.6%
Limited track/performance record	44	24.0%
Revenue and profitability requirements for bank loans	38	20.8%
Generating revenue for equity investors	29	15.8%
Regulatory constraints when securing capital from international sources	24	13.1%
None of the above - we haven't faced constraints to financing	0	0.0%
<b>Total</b>	<b>325</b>	<b>178%</b>



Participants at the Active Citizen Social Enterprise leadership training in Kisumu

## Estimate of the number of social enterprises in Kenya

Based on the very small unrepresentative sampling process detailed in the Social Enterprise Database and Sampling section above, it is possible to extrapolate numbers to give a rough indication of the potential size of the social enterprise sector. Using these calculations, which are far from statistically robust, this study makes an initial estimate that there could be around 43,933 social

enterprises currently operating in Kenya. Table 10 below shows the data on which this estimate is based. It is worth noting that the high social enterprise prevalence rate for cooperatives (68 per cent) likely stems from the fact that the list from which respondents were sampled includes companies keen to take advantage of the government's special procurement initiative<sup>57</sup>, which could have included a number of social enterprises from the outset.

**Table 19: Sources of information for total number of social enterprises**

Sampling data source	Total number	Social enterprise prevalence rate	Expected total number of social enterprises (= Total*Prevalence rate)
NGOs (NGO Council)	7083	25%	1,771
Cooperatives (National Transport and Safety Authority)	17,916 <sup>58</sup>	68%	12,183
MSMEs (Kenya Bureau of Statistics)	1,500,000	2%	30,000
<b>Total</b>	<b>1526179</b>		<b>43,933</b>

<sup>57</sup> <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.953.8474&rep=rep1&type=pdf>

<sup>58</sup> Nyatichi J. Ministry of Industrialisation and Enterprise Development, 2015

## Conclusions

This study finds that social enterprise activity is gaining momentum in Kenya. It estimates that there could be 43,933 social enterprises in the country, many of them recently established and optimistic about the future.

Kenya's social entrepreneurship ecosystem is vibrant and if the economy continues to grow at current levels while insulating itself against the risks of political instability and insecurity, then there is every reason to be optimistic about the potential for further expansion in response to the socio-economic challenges which exist. However, the fact that the ecosystem is relatively young presents both risk and opportunity.

In terms of the risks, there is little in the way of institutional knowledge in relation to social entrepreneurship dating beyond a generation. The leaders of social enterprises also tend to be young. This means that there are few 'lessons learned' which are specifically anchored in the Kenyan context. It also means that there are few successful exit stories for impact investors to draw upon.

However, the relatively young ecosystem presents an opportunity for impact investors who actively pursue early-stage investment opportunities. Yet they would need to see some sort of a track record or experience from a social enterprise before feeling confident enough to invest. In order to get around this conundrum, we may start to see a closer collaboration between international non-profits and local for-profit organisations<sup>59</sup>, particularly as the Kenyan government seeks to enforce stricter requirements on international organisations. The more that the ecosystem becomes populated with service providers and linkages are created across borders as well as in-country, the more depth that business

environment will have and the more cross pollination of ideas and best practice between local and international social enterprises there will be.

<sup>59</sup> [https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01ExecutiveSummary\\_GIIN\\_eastafrica\\_DIGITAL.pdf](https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01ExecutiveSummary_GIIN_eastafrica_DIGITAL.pdf)

## Bibliography

Argidius (2015): The Entrepreneurship and Enterprise Growth Landscape Kenya. Available at: [https://www.argidius.com/wp-content/uploads/2015/03/Argidius\\_Kenya\\_Landscape\\_Public.pdf](https://www.argidius.com/wp-content/uploads/2015/03/Argidius_Kenya_Landscape_Public.pdf)

British Council & SERIO (2016). Social Enterprise in a Global Context: The Role of Higher Education Institutions Country Brief: Kenya. Available at: <https://www.britishcouncil.org/society/social-enterprise/news-events/reports-social-enterprises-higher-education-country-reports>

Business Daily (2015). Kenya has Highest Informal Jobs in Africa. Available at: <http://www.businessdailyafrica.com/Kenya-has-highest-informal-jobs-in-Africa-/539552-2765348->

Cave, A (2015/2016). Internationalization Speed of Developing Country SMEs: An Empirical Look into Kenya. International Journal of Knowledge and Innovation in Business. Available at: <http://www.sapienpress.com/IJKIB/IJKIB-02-4001-cave.pdf>

Darko, E and Koranteng, K (2015). Social Enterprise Landscape in Ghana. The British Council Available at: [https://www.britishcouncil.org/sites/default/files/social\\_enterprise\\_landscape\\_in\\_ghana\\_report\\_final.pdf](https://www.britishcouncil.org/sites/default/files/social_enterprise_landscape_in_ghana_report_final.pdf)

Ernst and Young (2016). Staying the Course. Available at: [http://www.flanders-investmentandtrade.com/export/sites/trade/files/market\\_studies/E%26Y%20-%20AFRICA%20ATTRACTIVENESS%20\(2016\).pdf](http://www.flanders-investmentandtrade.com/export/sites/trade/files/market_studies/E%26Y%20-%20AFRICA%20ATTRACTIVENESS%20(2016).pdf)

Enterprise 54 (2015). Kenyan Women Entrepreneurs: Here's How to Access Chase Bank's \$25m Collateral-free Loan. Available at: <http://enterprise54.com/women-entrepreneurs-in-kenya-25-million-collateral-free-loan-availabale-for-you/>

Financial Times (2016). Kenya to Cap Interest Rates on Bank Loans. Available at: <https://www.ft.com/content/42836c50-6a0d-11e6-a0b1-d87a9fea034f>

Forbes (2014). Kenya Joins Africa's Top Ten Economies After Rebasing of its Gross Domestic Product. Available at: <http://www.forbes.com/sites/faraigundandan/2014/10/01/kenya-joins-africas-top-10-economies-after-rebasing-of-its-gross-domestic-product>

Global Impact Investing Network (GIIN). The Landscape for Impact Investing in East Africa. Available at: [https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01Executive-Summary\\_GIIN\\_eastafrica\\_DIGITAL.pdf](https://thegiin.org/assets/documents/pub/East%20Africa%20Landscape%20Study/01Executive-Summary_GIIN_eastafrica_DIGITAL.pdf)

Hanley, Wachner and Weiss study (2015): Taking The Pulse of The Social Enterprise Landscape in Developing and Emerging Economies Zeppelin University & Siemens (Stifung)

Hansen, M. and Panum, K. (2014). Successful Social Enterprises in Africa: Case Studies of Six Social Enterprises in Kenya. Centre for Business and Development Studies. Available at: [http://openarchive.cbs.dk/bitstream/handle/10398/9002/Panum\\_and\\_hansen\\_2014\\_2.pdf](http://openarchive.cbs.dk/bitstream/handle/10398/9002/Panum_and_hansen_2014_2.pdf)

Ijaza A., Mwangi S., Ng'etich, K., Challenges Faced by the Women Enterprise Fund in Kenya A Survey of Hamisi Constituency, Vihiga County-Kenya (2014). Available at: <http://cite-seerx.ist.psu.edu/viewdoc/download?doi=10.1.1.953.8474&rep=rep1&type=pdf>

ILO (2015). Women in Business and Management Gaining Momentum: Abridged Version of the Global Report Available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_334882.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_334882.pdf)

IMF (2016). Regional Economic Outlook: Sub-Saharan Africa Time for a Policy

Reset Available at: <https://www.imf.org/external/pubs/ft/reo/2016/afr/eng/pdf/sreo0416.pdf>

IMF (2017). Kenya First Review Under the 24 Month Standby Arrangement. Available at: <http://www.imf.org/en/Publications/CR/Issues/2017/02/02/Kenya-First-Review-Under-the-Twenty-Four-Month-Stand-By-Arrangement-and-the-Arrangement-44607>

Intellcap (2015). Closing the Gap Kenya: Update on Key Challenges for the 'Missing Middle' in Kenya Available at: [http://www.intellecap.com/sites/default/files/publications/26.10.15%20\(1\)\\_0.pdf](http://www.intellecap.com/sites/default/files/publications/26.10.15%20(1)_0.pdf)

Kaane, L. Harry (2014). Kenya Country Report For The 2014 Ministerial Conference On Youth Employment (How To Improve, Trough Skills Development And Job Creation, Access Of Africa's Youth To The World Of Work) Available at: [http://www.adeanet.org/min\\_conf\\_youth\\_skills\\_employment/sites/default/files/u24/Kenya%20Country%20Report\\_0.pdf](http://www.adeanet.org/min_conf_youth_skills_employment/sites/default/files/u24/Kenya%20Country%20Report_0.pdf)

Kagiri, A; Kanali, C.; Kimuru, M; Nugugi, P: International Journal of Advanced Research in Management and Social Sciences: Effect of Access to Capital on the Growth of Youth-Owned Micro and Small Enterprises in Kenya. Available at: <http://www.garph.co.uk/IJARMSS/Apr2016/18.pdf>

Kenya National Bureau of Statistics (2012). Analytical Report on Housing Conditions, Amenities and Household Assets

Minishi L., (2012). The Co-operative Movement in Kenya. Friedrich-Ebert Stiftung.

Muriithi & Ndonge Advocates (2016). Comparison Between Limited Liability Companies and Limited Liability Partnerships. Available at: <http://kenya.smetoolkit.org/kenya/en/content/en/58268/Comparison-Between-Limited-Liability-Companies-LLC-Limited-Liability-Partnerships-LLP->

National Council of Law Reporting (2009). The Companies Act. Available at: <http://www.kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/Companies%20Act.pdf>

National Council for Law Reporting. The Constitution of Kenya (2010): Available at: [http://www.icla.up.ac.za/images/constitutions/kenya\\_constitution.pdf](http://www.icla.up.ac.za/images/constitutions/kenya_constitution.pdf)

Next City: How Young Entrepreneurs Are Changing Nairobi's Economy. Available at: <https://nextcity.org/features/view/the-improvisers-nairobis-youth-confront-a-future-with-few-formal-jobs>

Okudzeto, E., Mariki, W.A., De Paepe, G. and Sedegah, K. (2014) Ghana 2014 – African Economic Outlook. Paris: African Development Bank (AfDB), Organisation for Economic Co-operation and Development (OECD) and United Nations Development Programme (UNDP)

Reuters (2014). Kenya's Economy Increases by a Quarter to Join Africa's Top Ten. Available at: <http://www.reuters.com/article/2014/09/30/kenya-economy-idUSL6NORV1Q020140930>

The Companies ACT Chapter 486 (Revised Edition 2009 of (1978). Published by the National Council for Law Reporting with the Authority of the Attorney General Available at: <http://www.kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/Companies%20Act.pdf>

The Guardian (2016): Tackling Youth Unemployment in Kenya Through Public Private Collaboration. Available at: <https://www.theguardian.com/sustainable-business/2016/mar/02/tackling-youth-unemployment-in-kenya-through-public-private-collaboration>

The National Treasury (2016). The Budget Summary for the Fiscal Year 2016/17 and Supporting Information. Available at: <http://www.treasury.go.ke/component/jdownloads/send/11-re->

lated-documents/6-budget-summary-for-the-fy-2016-2017-and-supporting-information.html

United Nations (2014). World Urbanization Prospects. Available at: <https://esa.un.org/unpd/wup/publications/files/wup2014-highlights.Pdf>

United Nations Development Programme (2013). Discussion Paper: Kenya's Youth Unemployment Challenge Available at: [http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Inclusive%20development/Kenya\\_YEC\\_web\(-jan13\).pdf](http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Inclusive%20development/Kenya_YEC_web(-jan13).pdf)

United Nations Development Programme (2015). Resilient Nations: Micro, Small And Medium-Size Enterprises (mSMEs) As Suppliers To The Extractive Industry

World Bank (2011). Making a Difference for Entrepreneurs. Doing Business Available at: <http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB11-Full-Report.pdf>

World Bank (2014). Kenya A Bigger Better Economy. Available at: <http://www.worldbank.org/en/news/feature/2014/09/30/kenya-a-bigger-better-economy>



## Annex 1 Interviewees and consultation workshop participants

### Outreach events and workshops

The first stakeholder consultative meeting on the social enterprise survey was held during The Sixth Tokyo International Conference on African Development (TICAD) held at the Kenyatta International Convention Centre (KICC) on August 28, 2016. The TICAD platform was used to highlight the purpose of the survey and sense check what industry expects understanding of social enterprise was. A total of 57 people attended this session including social enterprises.

Name	Organisation Name
Angela M. Gachui	Triple Bottom Line Associates
Anthony Wachira Kiunga	Zantosown
Antony Mwangi	YMCA
Arthur Kamau	International Consultant
Beatrice Mugure Shikali	Africa Nazarine University
Caroline Kisia	Action Africa Help International
Daniel Githu Maina	Wambugu Wangai & Co.
David Mureithi	Creative Enterprise Centre
Dominic Abere	Word Vision
Dr. Charles Mphande	Victoria University
Edwin Ojiambo	Young Rocket Empowerment
Erick Kago	Allavida/Ksix Kenya
Esther Muthoni	Economic Project Trust Fund
Eva Macali	Social Entrepreneur
Flacia Wanjiru Nyamu	Indepedent Consultant
Florence Gitau	Moi University
Gathigi Samuel	Gramonra Gardens
Gathii Kanyi	Asante Africa Foundation
Hadija Shakombo	Mbaraki Port Warehouse (K) Ltd
Itotia J. N	Living Positively LTD
Jane Kariuki Gathoni	Church

Jane Mwanyumba	Eastern Africa European Chamber Of Commerce
Jason Braganza	Ministry Of The East Africa Community
John Matogo	Paradigm Technologies
Judith Ogweno Oriya	State House Girls
Kiliku Peter Munuve	Beacon Humanitarian International
Lucy N. Macharia	Nairobi Water
Magdalene Wali	St John Ambulance
Mark Abaha	Christian Aid
Martin Nkaku	Riziki Kenya
Mary Kiguru	Sedi-K
Mary Kilonzoi	Kenya Wildlife Service
Mary Mugure Maina	Brazafric Enterprises Ltd
Mike Eldon	The Depot
Mlanao Daniel	Tamla Advisory Services
Mr. David Ogiga Otieno	Kasigau Wildlife Trust
Mr. Maina Kio	Sustainable Healthcare Foundation
Ms Edith Omamo	Ack Eldoret Region Ccs
Ms Shah Sapna	Acumen Fund
Ms. Silvana Wanjiru Kamau	Capita Registrars
Ms. Zaremba Jo	Oxfam
Mutuku Nthuli	Global Action Plan (Gap)
Mwai Wa Kihu	Amalgamated Chama Limited
Mwenda Mwongera	Sisdo
Nkandu Joseph	Nucafe (Association Of The Coffee Farmers Of Uganda)
Onjala Amos Otieno	Opportunity Kenya Ltd
Osward Tusiime	Roofings Ltd
Rev John Calvin Kamau	Pcea Yatta
Rose Muthuma	Anglican Church Of Kenya
Roseirene Githige	Techno Serve
Salim Mohamed	Ashoka
Salome Njau	World Vision
Samuel Ssinyimba	Lgt Venture Philanthropy
Selemani Jafari	University Of D Ar Es Salaam.
Sharu Huka	Ministry Of Youth
Silvya Riunga	Equity Group Foundation
Simon Kanyama Alex	Fish Farming Cluster

The first outreach meeting for the social enterprise survey was held on 1 November 2016 at Lake Hub in Kisumu. This gathering brought together 65 attendants including social enterprises.

Name	Organisation Name
<b>Agina Rachid Isaac</b>	Kisumu Innovation Centre
<b>Ambrose .O. Dongo</b>	Faraja Jirani
<b>Angelina Juma</b>	Gem Pod Pek
<b>Beatrice.A.Opere</b>	Kisumu Informal (Kites)
<b>Brian Aluoch</b>	Dliciples & Mercy
<b>Carren Atieno</b>	Teko Stars Women Group
<b>Celestine .A. Odongi</b>	St Luke Women Group
<b>Dan Odhiambo</b>	Monlem Transport Shg
<b>Daniel Owaga</b>	Migosi Junction
<b>David Onyango</b>	Ziwani Brothers Group
<b>Denina Ngwen</b>	D.H.Y.G
<b>Dorothy Aluoch</b>	Gem Pod Pek
<b>Edward Samoka</b>	Glory Cornerstone
<b>Elizabeth Awino</b>	Teko Stars Women Group
<b>Emma Oyugi</b>	Nyalenda Self Help Group
<b>Everlyne Ateino Oonje</b>	Chosen Ten Women Group
<b>Florence Odhiambo</b>	Buuye Widows And Orphans Vulnerable CBO
<b>Florence Oluoch</b>	Bawo Women Group
<b>Fredrick Omondi Otieno</b>	Migosi Junction
<b>Grace Otieno</b>	Pap Otumba S.H.P
<b>Jacky Akida</b>	Slow Women Group
<b>Jenipher Atieno</b>	Kakumbeti Disabled
<b>Jolly Akyinyi</b>	Slow Women Group
<b>Joyce Ahola Shisia</b>	Atipa Farmer Group (Atipa Women Group)
<b>Kenphas Omondi</b>	Monlem Transport SHG
<b>Margaret.A. Kiswaya</b>	Urusi 14 Sisters
<b>Mark Antiko</b>	Masawa Liet
<b>Mark Omondi Ojunga</b>	Kakumbeti Disable
<b>Martha Odera</b>	Bawo Women Group
<b>Mary M.A. Ochieng</b>	St Luke Women Group
<b>Morris Lisamadi</b>	Throne In Heaven S.H.G
<b>Moses Odindo</b>	Chosen Ten Women Group
<b>Moses O Adino</b>	Masawa Liet Youth

<b>Nelly Anyango</b>	Rehoboth Women Group
<b>Peter Omer</b>	Kakumbeti Disabled
<b>Peter Otieno</b>	Slow Women Group
<b>Roniance Adhiambo</b>	Ecofinder Kenya
<b>Rose Akinyi</b>	Rehoboth Women Group
<b>Rose Odongo</b>	Slow Women Group
<b>Steven Otieno Omollo</b>	Love Nature Love Life
<b>Tobias Oduor</b>	Posta Village Youth Group
<b>Victor Ougo</b>	Orion S.H.Group
<b>Vincent Odhiambo</b>	Migosi Duol Development S.G
<b>Willis N.O. Otieno</b>	Treasure Arts Kenya
<b>Joanes Opera</b>	Bookseller
<b>Joshua Onyango</b>	Bookseller
<b>Gideon Maucha</b>	Masawa Liet Youth
<b>Florence Okoth</b>	Onano Youth Group
<b>Denis Nyakadi</b>	Amazing Kisumu
<b>Josephine Sakwa</b>	Jitegeme
<b>Caroline Akinyi</b>	Full Gospel
<b>Evans Otieno</b>	Yorep-K
<b>Okengo Ben Callos</b>	Lake Victoria
<b>Charles Omondi</b>	Royal System
<b>Steve Rambo</b>	Rabsam Investment Ltd
<b>Samson Okench</b>	Sambo Holdings
<b>Tom Osumba</b>	Bocha Enterprises
<b>Philip Odino</b>	Inbox Africa
<b>John Otieno</b>	Jitegme Help Self Group
<b>Esborne .A.Oyaro</b>	Apiyo Nyobama
<b>Rosemary Mbeka</b>	Migosi Boda S.H.G
<b>Bonface Osma</b>	Migosi Junction Road
<b>Peter Omondi</b>	Amabac Solutions
<b>Alfonse Okoth</b>	Kasawino Family Friends
<b>Gabriel Owolo</b>	Kasawino Family Friends

The second outreach meeting for the social enterprise survey in Kenya was held on 7 November 2016 at the Economic Projects Transformation Facility (EPTF) in Mombasa. This gathering brought together 23 attendants including social enterprises.

<b>Name</b>	<b>Organisation Name</b>
<b>Hamisi Alfani Mwafrika</b>	Africa Lights and Deco
<b>Boniface Chege</b>	Angel Shine Ent
<b>Mwinyi Athan</b>	Athan Art & Gen
<b>Erick Omondi</b>	Conaught
<b>Esther Amina</b>	Digizaz
<b>Aggrey Khasian</b>	Eco-Check
<b>Stephannie Chebet</b>	EPTF
<b>Juma Mohammed</b>	Green Groccer
<b>Juma Karani</b>	Jimco Computer Centre
<b>James Nganga</b>	Jimco Computer Centre
<b>Jeremia Kazungu</b>	Kilifi County Cleaners
<b>Klevin Amo</b>	Klevin
<b>Salima Adam</b>	Kitenge Fusion
<b>Jacob Adam</b>	MES
<b>Mackaze Mika</b>	Mtopi Electrical & General Suppliers
<b>Joan Otengo</b>	Ojamaa Center
<b>Paul Wamba</b>	Pawacon
<b>Timothy Mungai</b>	Samnux Enterprises
<b>Susan Ndekei</b>	Stylepoint Agencies
<b>Jonas Timbiti</b>	Timco ventures
<b>Moses Mwangombe</b>	Uzzy Scrap Metal Dealers
<b>Rukia Akwera</b>	Athan Art & Gen
<b>David Njagi</b>	Kwale Ent.

The third and final outreach meeting for the social enterprise survey in Kenya was held on 9 November 2016 at the British Council in Nairobi. A total of 35 people from different sectors including social enterprises attended this event.

Name	Organisation Name
Charles Okoth	Chandrian World Ent/ Mochalz Investment Director
Abraham Mayieka	Plant A Fruit
Nkatha Planck	Healthwise Solutions Ltd
Jane Nwantumba	Eastern African Chamber Of Commerce Director
Vivian Obobo	Development Frontiers
Dr. Temi Mutia	Rise Kenya
Winnie Mailu	Christian Aid
Mike Conway	Bridge International
Vincent Ogutu	Advance Business Consultants
Anthony Riri	Kartech Engineering Ltd
Vicky Zhu	Sace
Samuel Munguti	Farmers Pride
Ida Nganga	Rcd Africa
Kennedy Kanabi	Pong Agencies-Ict
Jackline Syombua	Jasys General Suppliers
Peter Kabia	Jesys General Suppliers
Yating Luo	Sace
Peter Mukipi	Njamwi
Mart Mwangi	Jeddiah Naturals
Peter Ongera	African Homestay & Safaris
Salome Njau	African Women Development Network
Kibie Gacuca	Computaz Systems
Paul Karenju	Computaz Systems
Irene Mumo	Trueways Enterprise Ltd
Muinami John	Aahi
Mwai Wa Kihu	Kenya Productivity Institute
Michael Njoroge	Multi Link Group
Jonathan.O. Nyonje	Leekung Construction
Anthony Okonji	Bridge Projects
Johannes Oula	M-Lesson
Richard Gitulu	Alive & Kicking
David Ogiga	Sote Hub
Irene Mugambi	Alive & Kicking Ke

Felicia Muriuki	Sherecare Ltd
Revin Mwendwa	Afribusiness Llp
Abraham Mayieka	Plant A Fruit
Nkatha Planck	Healthwise Solutions Ltd
Jane Mwanyumba	Eastern African Chamber Of Commerce Director
Vivian Obobo	Development Frontiers
Dr. Temi Mutia	Rise Kenya
Winnie Mailu	Christian Aid
Mike Conway	Bridge International
Vincent Ogutu	Adranie Business Consultants
Anthony Riri	Kartech Engineering Ltd
Vicky Zhu	Sace
Samuel Munguti	Farmers Pride
Ida Nganga	Rcd Africa
Kennedy Kannbi	Pog Agencies-Ict
Jackline Syombra	Jesys General Suppliers
Peter Kabia	Jesys General Suppliers
Yating Luo	Sace
Peter Mukipi	Njamwi
Mart Mwangi	Jeddiah Naturals
Peter Ongera	African Homestay & Safaris
Salome Njau	African Women Development Network
Kibie Gacuca	Computaz Systems
Paul Karenju	Computaz Systems
Irene Mumo	Trueways Enterprise Ltd
Muinami John	Aahi
Mwai Wa Kihu	Kenya Productivity Institute
Michael Ngonge	
Jonathan.O. Njonje	Leekung Construction
Anthony Okonji	Bridge Projects
Johannes Oula	M-Lesson

## Annex 2 Survey questions

### Social Enterprise Survey

Thank you for taking the time to participate in this survey. It takes 10-15 mins to complete and requires knowledge of your organisation's financial turnover and staff numbers.

Your data will form part of an exciting project to better understand social enterprise activity in Kenya.

All data you provide will be treated in the strictest confidence and aggregated with other responses before any findings are publicly presented, with the exception of any data that you have agreed can be made public. Only the research team appointed by the British Council will have access to the full data set and will treat it in the strictest confidence.

Many thanks in advance for your time.

1. What is the name of your organisation? \*  
-----
2. In what year did your organisation formally begin operating?  
**\*Require a numerical answer between 1900 and 2016**  
-----
3. Where in Kenya does your organisation have its headquarters? \*
  - Nairobi
  - Nyanza
  - Eastern
  - North Eastern
  - Rift Valley
  - Western
  - Coast
  - Central
4. Is your organisation operating at a regional, national or international scale? \*
  - Regional
  - International
5. Is your organisation a subsidiary of another organisation? \*
  - Yes
  - No
6. What is the gender of the person currently in charge of your organisation? \*
  - Male
  - Female
7. In what age range is the person in charge of the organisation? \*
  - Under 18
  - 18-24
  - 25-34
  - 35-44
  - 45-54
  - 55-60
  - 61 or above

8. In what legal form(s) is your organisation registered (only one answer is allowed)? **\*This question is required.**
- Sole Proprietorship
  - Partnership
  - Corporations
  - Limited Liability Companies
  - Not for Profit Organizations
  - Trustees
  - Societies
  - Low Profit Limited Liability Companies
  - Benefit Corporations
  - Flexible/Social Purpose Corporations
  - In the process of registration/not yet registered
  - Other (please specify)
9. What are your organisation's overall objectives (select all that are applicable)? **\*This question is required.**
- Sell a good/product
  - Improve a particular community
  - Create employment opportunities
  - Support vulnerable people
  - Improve health and well-being
  - Promote education and literacy
  - Address social exclusion
  - Protect the environment
  - Address financial exclusion
  - Support vulnerable children and young people
  - Support other social enterprises/organisations
  - Other (please specify)
10. Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly (only one answer is allowed)? **\*This question is required and is a criteria for social enterprise inclusion in the survey.**
- Profit first
  - Social/environmental mission first
  - Both jointly
11. What proportion of your total income came from grants last financial year? **\*This question is required and is a criteria for social enterprise inclusion in the survey.**
- 0-24%
  - 25-49%
  - 50-74%
  - 75-100%
12. In what currency, if at all, will you provide information on your organisation's annual turnover in the previous financial year?
- Kenyan Shilling
  - Dollars
  - Sterling (Pounds)
  - I don't have information on turnover
  - I would prefer not to give information on turnover

13. **What was your organisation's annual turnover in the previous financial year?**

-----

14. What do you expect to happen to your organisation's turnover next financial year (only one answer is allowed)? **\*This question is required.**
- Increase substantially
  - Increase a little
  - Stay the same
  - Decrease a little
  - Decrease substantially
15. Do you currently make a profit or surplus? **\*This question is required.**
- Yes
  - No
16. How is your profit/surplus used (select as many answers as relevant)? **\*This question is required.**
- Growth and development activities
  - Rewards to staff and beneficiaries
  - Profit sharing with owners and shareholders
  - Cross subsidising
  - Reserves
  - Funding third party social/environmental activities
  - Other - Write In (Required)
17. How many paid staff do you currently employ (add numerical number)?
- Full-time employees (35+ hours per week)
- Number of current full time employees: \_\_\_\_\_
  - Number of current full-time female employees: \_\_\_\_\_
  - Number of full-time employees a year ago: \_\_\_\_\_
  - Number of full-time female employees a year ago: \_\_\_\_\_
- Part-time employees (34 or fewer hours per week)
- Number of current part-time employees: \_\_\_\_\_
  - Number of current female part-time employees: \_\_\_\_\_
  - Number of part-time employees a year ago: \_\_\_\_\_
  - Number of part-time female employees a year ago: \_\_\_\_\_
18. How do you expect the number of people you employ to have changed by this time next year (only one answer is allowed)? Please provide your best estimate. **\*This question is required.**
- Increase substantially
  - Increase a little
  - Stay the same
  - Decrease

19. Do you consider any of the following groups to benefit directly from your organisation's core business activities (select as many answers as relevant)?  
**\*This question is required.**
- Local community
  - Organisations (NGOs, micro and small businesses, social enterprises, self-help groups, community, and religious groups)
  - Employees of your organisation
  - Women
  - Children under 16 years old
  - Young people (16-35 years old)
  - Disabled/differently abled people
  - People from underserved regions or communities
  - Other (please specify)
20. If your answer to the above was yes, How many people do you estimate that you have supported in total in the last 12 months?
- 
21. What is the main sector you operate in (only one answer is allowed)?  
**\*This question is required.**
- Agriculture and fisheries
  - Business development services and entrepreneurship support (including to charities and NGOs)
  - Education
  - Energy and Clean Technology
  - Financial services
  - Food and Nutrition
  - Forestry
  - Health and social care
  - Housing
  - Infrastructure development and maintenance
  - Justice and rehabilitation
  - Livelihoods and employment creation
  - Manufacturing
  - Mobility and transport
  - Retail
  - Services (eg ICT, tourism)
  - Other (please specify)
22. Do you have expectations for growth over the next year?
- Yes
  - No



23. How does your organisation plan on achieving growth over the next year? (Choose as many options as applicable) **\*This question is required.**
- Increase sales with existing customers
  - Expand into new geographic areas
  - Develop and launch new products & services
  - Attract new customers or clients
  - Replicate or franchising
  - Attract investment to expand
  - Merge with another organisation
  - Acquire another organisation
  - Win business as part of a consortium
  - Other (please specify)
24. What are the major barriers which your organisation faces? (Choose as many options as applicable) \*
- Capital (debt/equity)
  - Obtaining grant funding
  - Cash flow
  - Recruiting other staff
  - Shortage of managerial skills
  - Shortage of technical skills
  - Lack of access to support and advisory services
  - Understanding/awareness of social enterprise among banks & support organisations
  - Understanding/awareness of social enterprise among general public/customers
  - Lack of demand for product or service
  - Economic climate (fiscal regulations, prohibitive commissioning, exchange rate losses)
  - Access to public services (transport, energy, water and sanitation)
  - Taxation, VAT, business rates
  - Availability/cost of suitable premises
  - Late payment
  - Regulations/red tape
25. What are your organisation's top three constraints to financing? (Require exactly three answers)\*
- Generating revenue for equity investors
  - Business model is not refined
  - Access to investors is low due to limited network of personal/organisational contacts
  - Limited track/performance record
  - Revenue and profitability requirement for bank loans
  - Limited supply of capital
  - Regulatory constraints when securing capital from international sources
  - Securing capital and financing is not one of our major constraints

26. What forms of finance and funding have you received (in the last year or since you started operating)?  
(Choose as many options as applicable)
- Grants from governments
  - Grants from foundations
  - Donations- cash, in kind (e.g. equipment, volunteer time, friends and family support)
  - Concessional loans (loans with below-market interest rates, including from friends and family)
  - Commercial loans (market interest rate loans)
  - Equity or equity-like investments
  - None
27. Would you describe your organisation as a social enterprise?
- Yes
  - No
28. Which, if any, of the following information are you willing to be shared publicly? The following information will be shared in a public database available to investors and support organisations. Only this information will be shared, the rest of your responses will be kept confidential. However, if you do not wish for any of the following information to be public, please indicate below.  
**\*This question is required.**
- Your organisation's name
  - Your country
  - Your location in the country
  - Your sector(s) of operation
  - Your sector(s) of specialisation
  - Your contact details
  - None
29. Contact Details **\*This question is required.**
- Name
  - Email
  - Phone number

Many thanks for taking the time to complete this survey. Your data will form part of an exciting project to better understand social enterprise activity in Kenya. All data you have provided will be treated in the strictest confidence and aggregated with other responses before any findings are publicly presented, with the exception of any data that you have agreed can be made public. Only the research team appointed by the British Council will have access to the full data set and will treat it in the strictest confidence.

## Annex 3 Reporting and caveats

Data from the survey was subjected to second-level analysis, by region, age of organisation, gender of leader, size (by turnover and jobs) and sector. Findings have only been presented where there are significant or interesting distinctions to be drawn through disaggregation.

For the purposes of the study, the term 'funding' is used to mean grants, revenue, income and the term 'finance' is used to mean debt, equity, investment, capital).

Survey results have been rounded off to zero decimal places due to which some figures might not add up to 100 per cent. Some survey questions have multiple answers (such as organisations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100 per cent.

The survey responses are self-declared by social enterprises. Data was not systematically verified with respondents, however outlying results and gaps were verified with respondents over the phone.

Data on beneficiaries is self-reported and has not been verified; the questions asked how many of different categories of beneficiary the social enterprise has supported – no further definition of beneficiary was provided.

It is likely that the survey results contain biases due to the nature of outreach and sampling. It is expected that there are a higher proportion of social enterprises that are located in metropolitan cities with access to networks and a stable internet connection than is nationally representative. It is also expected that responses are far higher from areas where events and outreach activities were conducted, so again regional spread is not representative.

The estimates of total social enterprise numbers were challenging to compile. Accessing SME and NGO databases did not yield comprehensive results. Moreover the absence of harmonised terminology to define SMEs was problematic, the samples were very small and neither random nor representative, and also relied on self-reporting.



This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of the British Council and can in no way be taken to reflect the views of the European Union.



<https://www.britishcouncil.co.ke/>  
[https://twitter.com/ke\\_British](https://twitter.com/ke_British)