

Entrepreneurship in Kenya – local organizations play a key role for supporting start-ups

We came to Nairobi, East Africa's economic, business and technology hub, to learn more about entrepreneurship and the challenges that entrepreneurs may face when starting up a new business. To get a broader understanding of the topic, we wanted to meet both innovation organizations and entrepreneurs from different sectors. This became the starting point of an interesting journey, which gave us new perspectives and inspiration for future work.

By Kajsa Brange and Elin Lindqvist - First place Winner of Nytt&Nyttigt 2013

Early in the morning, we arrive to FEWA's office in Nairobi. Unfortunately we are a bit late due to the traffic, which is common in Nairobi. Luckily, Helen Wanjiru and Jennifer Mulli are flexible and greet us with a welcoming smile.

Helen, Executive Officer at FEWA (The Federation of Women Entrepreneur Associations), begins with giving us an introduction to the organization, which has a membership with over 250,000 individual women entrepreneurs active in all aspects of enterprise.



Helen tells us about the way FEWA works to ensure an enabling business environment for women entrepreneurs.

- “FEWA is the umbrella body of all women entrepreneur associations in Kenya. We work with these associations to bridge the gap in access to affordable finance, access to information and access to new markets for women entrepreneurs”, says Helen.

- “Women entrepreneurs in Kenya need to become more innovative and break from the traditional choices of business in hospitality or retail”, Helen continues.



Helen Wanjiru and Jennifer Mulli tell us about female entrepreneurship at FEWA's office in Nairobi

One of the entrepreneurs who have been supported by FEWA's network is Jennifer Mulli, who runs a fashion business called Katchy Collections. Jennifer tells us the background behind Katchy Collections, which all started off with her sixteen-year-old son making jewellerys out of boredom. Jennifer saw the business potential in her son's work, but also an opportunity to create employment for other women. By offering women employment, and empowering them in their work life, she helps other women in a similar position as her own. Today she has 20 fulltime employees and about 100 women working at a grass root level. The women at Katchy Collections are trained and given a monthly salary for their craft instead of a start up fund, which usually only lasts for about a month due to greater economical needs than starting a business.

Jennifer also tells us about the challenges that she faces in her business.

- “The greatest challenge is actually to make the women take responsibility. To teach the women about work ethics, to get them to know that one must work, but also to learn them to appreciate to have an employment”, says Jennifer.

- “Another challenge is the funding, which needs collateral. Since we want to have a sustainable business, we can only take in a number of women and work with what we have”, Jennifer continues.

Jennifer points out that support, such as training through other institutions, also helps the women entrepreneurs to overcome some of their challenges. Through FEWA, Jennifer’s business has been given training and new valuable business links. Recently Katchy Collections participated in a Birmingham fair, which has given them ties to new markets outside of Africa. When we ask about the future Jennifer smiles and tells us that the future looks bright.

- “In the fashion business, you must evolve otherwise you will not survive. Katchy Collections is growing and we are now looking into widening the portfolio in fashion with textiles, as well as increasing export to new markets through an online shop”, says Jennifer.

She finishes by telling us that her son, who first came up with the idea behind Katchy Collections, today is a successful designer in the company.

In a sunny garden belonging to the incubator, the Hub East Africa, we meet Jesper Hörnberg the founder of GIVEWATTS.

GIVEWATTS

Jesper starts by telling us the background of GIVEWATTS and how he and his co-founder Petter Claesson, once came up with the idea to distribute solar lamps to children and their families in areas that currently lack access to electricity.

- “It all started when I was in Kenya with my MBA class and went from Nairobi to Naivasha along the Great Rift Valley. I saw young children

gathered around a few fire sticks just to be able to read their books”, says Jesper.

- “In the class we discussed the great challenges of doing business in Africa back and forth – it was corruption, lack of resources and infrastructure. But one thing that seemed to be relatively easy was to provide people living in the countryside with electricity. The big question was how to do it in a sustainable way”, Jesper tells us.



In the garden of the Hub East Africa Jesper Hörnberg tells us about the business model behind GIVEWATTS

Based on the idea of a solar power solution, Jesper and his co-founder Petter started to experiment with different product types and business models.

- “We learned by constantly trying out different solutions. We handed out solar lamps to a few schools and asked them what they intended to do with the lamps. It might sound crazy, but we wanted to see where they went with the lamps”, Jesper explains.
- “One school actually helped us to find the right model. They began to lend out the lamps to those students who showed that they wanted to borrow a lamp. The schools continued to experiment and soon we realized that it was also possible to sell the lamps”, Jesper says.

The innovation of GIVEWATTS is not the solar lamp or the technology itself, but the business model.

GIVEWATTS' model is simple but genius. By collecting donations from companies and private sponsors in Sweden and other Western countries, GIVEWATTS buys and distributes solar lamps to schools in Kenya and Tanzania. The lamps are charged by solar power during the sunny days at the school. In the evenings, the children bring the lamps home to do homework and charge mobile phones. The families are then offered to buy the lamps at a local market price. For each sold lamp, GIVEWATTS buys a new lamp to a new school, which creates a sort of pay-it-forward effect.



Jesper and his colleague show us the functionality of the solar lamp distributed to children in Kenya and Tanzania

The solar lamp not only contributes to increased academic performance, and increased opportunities for children to realize their dreams, but also to better health and improved economy for the whole family, as the lamp replaces harmful and expensive kerosene.

So far, GIVEWATTS has installed more than 12,000 solar lamps at 650 schools, which have had a positive effect on more than 60,000 people. Jesper talks positively about the future.

- "We have a model that works. Now it's all about scaling it up, while letting the model be constantly shaped by the needs and problems that we encounter", says Jesper.
- "Thanks to good cooperation with donors, we can now do the same for children in Tanzania as we have done for children in Kenya. This year the target is to reach 1500 schools in Kenya and at least 100 in Tanzania, but we will see how fast it goes", Jesper ends.

When entering the reception at iHub, Nairobi's Innovation Hub for the technology community, we are immediately asked if we are programmers. With a grin, we answer that we are just visiting from Sweden for an interview.

Stepping inside the office, we enter into an open space for technologists, investors and entrepreneurs - all grouped in the same area. The creativity in the room is high. Young entrepreneurs, web designers and mobile phone programmers are busy working on their laptops and discussing new ideas.

We meet Mugethi Gitau, Community Manager at iHub, over a coffee and she tells us the story behind iHub.

- "iHub started five years ago and the idea behind the initiative was to catalyse technological innovation in Kenya", says Mugethi.

iHub is not only an open community workspace, as we experience in the room around us, but also a link for investors and an incubator for new start-ups. Overall, they have about 15,000 members in the community at the basic level. iHub supports young entrepreneurs with activities such as workshops, mentorships and newsletters as

well as business events. They also have a consultancy pool (iHub Consulting), which was started to help entrepreneurs get a fair rate for their work while also helping them to build a stronger portfolio over time. At the other end, iHub also ensures good quality for the clients.



To further trigger innovation within the technical community in Kenya, iHub caters a research centre (iHub Research), a Supercomputing Cluster as well as the iHub User Experience Lab, which is the first one in Sub-Saharan Africa. Another research facility focused on mobile solutions is Mobile Labs, which is jointly run by University of Nairobi, iHub, World Wide Web and e-mobile commerce and funded by the World Bank. Mobile Labs hosts six incubators, spots that are given to the winners of a yearly innovation competition across East Africa. Before iHub began with its research labs, there was a general lack of technical information about the Kenyan market, Mugethi explains.

- “Our economy is of course very different from Silicon Valley, which makes it necessary for us to innovate our own products and our own software. We have very different problems and that is why we cannot import everything that is invented there and just use it here”, says Mugethi.

Change in demand has also been noticed by the multinationals. Nairobi is today home to IBM’s first research lab in Africa. According to Mugethi, attractive factors for the ICT companies in Kenya are the infrastructure, English as a business language and a pool of technology resources.

Mugethi tells us about some of the innovations that were created at iHub. One successful idea is for instance *Kopo Kopo*,

which is an extension of the mobile money M-pesa. *Kopo Kopo* is a merchant solution for mobile payments that removes extra charges for the customer, but also allows the merchant to track all the payments.

Another innovation from iHub is *M-farm*, which is a mobile platform for farmers allowing them to find out about the market value of crops via texts. This is then connected to *M-farm* consumer, which enables direct trading between the farmer and consumer via a mobile payment solution, which cuts out the middleman.

Finally, Mugethi tells us about *Toto Health*, which was also created by a group of entrepreneurs at iHub. *Toto Health* is a mobile platform to assure that a newborn and its mother stays healthy via targeted texts. Every two weeks, the mother receives texts about the child’s expected development and which danger signs the mother should pay attention to and then seek medical attention for if needed.

We ask Mugethi about the challenges entrepreneurs may face in Kenya.

- “The government could be better at funding tech start-ups. But on the other hand, we are free to start up our own business, which is not the case in all countries. For entrepreneurs, there are also challenges relating to the business environment such as high taxes and complicated processes to register as an entrepreneur. Local media could acknowledge entrepreneurs more, as they today mainly focus on politics”, says Mugethi.
- “Other challenges that we see is often lack of entrepreneurial skills. We are pretty solid on tech skills and talents, but people need to learn more about how to grow the ideas and find market potential that goes beyond Kenya’s market to really succeed. Today, we are sitting on many ideas that could be much bigger than what they are”, Mugethi continues.



We meet Mugethi Gitau in the creative open space community of iHub

When we ask Mugethi about the future challenges of iHub, she smiles and says:

- “As the community is growing, we are now facing different challenges. Five years ago, getting Internet access was a problem, but now it is more about finding space for the increased demand of young entrepreneurs”

Mugethi finishes by also telling us about her vision for the ICT community in Kenya.

- “The vision is to see start-ups become medium sized enterprises and go all the way up to the corporate level. In the future, I hope that pursuing entrepreneurship in technology becomes a more mainstream career choice, since today you have difficulties in getting your parents approval. Technology can also change the stereotype about Africa needing aid and in the future it may one day take us out of the dependency cycle”, says Mugethi.

Today iHub have about 100 spin-off models in East Africa and the technology community is slowly spilling over to other countries.

We leave Nairobi with new insights about some of the challenges that entrepreneurs face in Kenya, but also inspired by their positive attitude towards the future. We are truly impressed by the passion for entrepreneurship that the people we

have met all share in common. No matter if the idea lies within fashion, energy or ICT, the future looks bright. But Kenya overall has a long way to go in facilitating entrepreneurship and providing financial support to those who want to pursue an entrepreneurial career.

To read more about the organizations and entrepreneurs we met in Nairobi please visit their websites:

FEWA - <http://fewa.or.ke>

Katchy Kollektions -

<http://www.katchykollektions.com>

GIVEWATTS - <http://www.givewatts.org>

iHub - <http://www.ihub.co.ke>