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# Social Entrepreneurship

— Kenya National School of CNs —

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## Background of CNs and the challenges they face

[CA](#): In Kenya, there exists [four] community networks pilot projects, namely TunapandaNET in Kibera, Nairobi; Lanet Umoja in Nakuru; Dunia Moja in Kilifi; and lastly, Aheri in Nyanza. These networks, which are championed by not-for-profit organizations, exist in rural Kenya, except TunapandaNET, and were started to address existing access challenges such as affordability, limited digital literacy skills, lack of locally relevant content and platforms.

# Why CNs are a good new approach

Declining rates of growth in connectivity indicate that new approaches are needed to provide affordable access in unserved and underserved areas.

This calls for use of alternative and complementary models for communications service providers to enable affordable and sustainable ways of minimizing the digital divide.

# Challenges facing CNs

Community networks face several challenges that require consideration by policymakers and regulators so that they can thrive and grow.

For instance, CNs are often unable to navigate the complex legal requirements for registration, licensing, and permitting and/or are unable to cover their associated costs.

Other common challenges faced by CNs are related to the technical, economic, and human capacity aspects, particularly towards ensuring the sustainability of community networks.

Several community networks are launched with grant funding but struggle to transition to a revenue-based model to sustain the network when grant funding lapses.

# Takeaways

1. The CA of Kenya recognizes the impact that CNs are making in the unserved or underserved communities.
1. The CA recognizes that there is a declining rate of new connectivities.
1. The CA recognizes that new approaches need to be designed and supported to make connectivity more affordable and accessible to unserved or underserved communities.
1. The CA also recognizes policymakers and regulators need to make considerations for Community Networks so that they [CNs] can grow, thrive, and be able to transition to a revenue-based model beyond seed funding.

# Takeaways

1. Additionally, the CA recognizes some of the most pressing blockers that limit CNs to thrive as follows:
  - a. inability to navigate the complex legal requirements for registration,
  - b. licensing,
  - c. permitting and/or are
  - d. The inability for CNs to cover their associated costs
  - e. challenges faced by CNs are related to the technical, economic, and human capacity aspects, particularly towards ensuring the sustainability of community networks.

# Activity 1: Identify blockers of sustainability

What is limiting your CN to reach a sustainability level today?

Objectives of this activity include:

1. CNs identify limiting factors for sustainability

Let us take 5-10 minutes to identify more Blockers of sustainability for CNs

Objectives:

- 1.

## Activity 2: Identify Enablers of success in your CN

What can your CN do to stand a better chance of survival beyond seed funding:

Objectives of this activity include:

1. CNs maximize their chances of success
1. CNs identify opportunities that exist and use them to mitigate the severity of the blockers

# Filling a need in the community

*The Authority [CA] is committed to discharging its mandate to ensure that the ICT sector contributes to the socio-economic growth of Kenya, in line with its vision of 'a digitally transformed nation'.*

CA demonstrates its commitment to addressing barriers facing communities in underserved areas and radiofrequency spectrum efficiency challenges through innovation and provision of an enabling regulatory environment, which allows optimal use of spectrum for universal access to ICT services.

The two commitments above are an assurance that what the CNs are doing is important. The CNs now can think how best they can be able to push forward their ideas and identify ways these ideas can be used to generate an income.

# From the baseline survey conducted by TunapandNET

In the case of CNs in Kenya, the key value propositions that CNs are providing include:

- The lack of connectivity or no affordable connectivity in many communities across Kenya--a challenge of digital inclusion.
- Digital skills gap amongst unserved or underserved communities
- Gender disparities esp in technical and top leadership positions
- Any other??

Addressing these challenges requires a budget [a good budget]

# Current reality: Majority of the CNs in Kenya

When we look at the nature of most of the CNs in Kenya (based on the baseline survey we did with the CNs), we see a pattern of them [CNs] operating largely as charities in the sense that they are donor-funded.

The majority of the CNs struggle to earn revenue to cover their own internal and core costs when funding lapses. The law does not limit CNs from earning money as we have seen in the CA brief above.

Therefore, CNs need to map their combined strength, identify revenue streams, and clearly map their cost structures. This will help CNs to develop a sustainable business model for CNs to operate as social enterprises [the shift].

# Sustainability through Social Entrepreneurship

Sustainability is a broad topic that covers financial sustainability, environmental, social, and more.

This social entrepreneurship module will explore ways in which CNs can amplify their potential to create more opportunities so that they are able to transition to a revenue-based model.

Shall we dive right into the module?

# Social Entrepreneurship: What is it?

# Break it down: The terms

**Social:** the society or the community and its organization

**Enterprise:** An undertaking that involves a higher level of responsibility and risk

**Entrepreneurship:** The act of setting up an enterprise. It involves taking leadership in the enterprise, managing financials, developing talents, mitigating risks, and providing direction for the enterprise.

Social entrepreneurship can therefore be said to be an approach where a person or group of people comes together to seek solutions to challenges facing them [their communities]. The challenges can be social, cultural, environmental, etc.

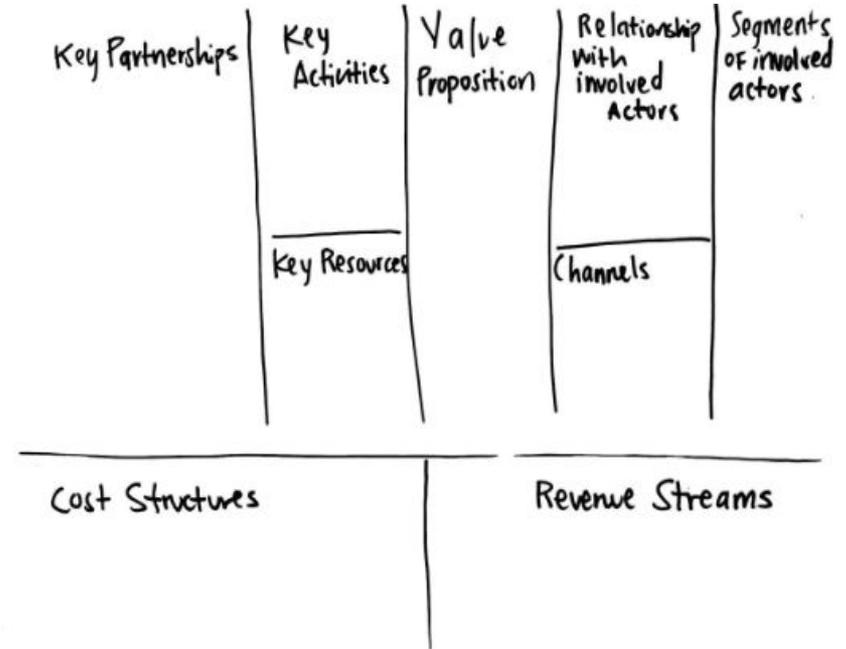
Social enterprises are community or people-centered initiatives and therefore put the community or the needs of the community at the core of their mission.

# Building blocks: Social Business Model Canvas (SBMC)

Let us explore our Social Business Models a little.

We will engage in an activity that will help us understand our CNs and the business models that we use.

An SBMC is a tool for helping us to map and structure our ideas in a way where we can easily tell our social value propositions, distribution channels, financials (cost structure & revenue streams), and core actors & activities of our business.



# Why is filling out an SBMC important?

1. Helps us to create more accurate projected budgets for our business.
2. Helps us identify how different elements of our business correlate.
3. Helps us have a clear view of our business' social value proposition, operations, customers, and finances.
4. Help us to do create more reliable

# Understanding the SBMC

## Social Value Proposition

Value proposition is the value we are creating. A value proposition encompasses more than a relationship with the "client". It is *a reason to be*, and a *reason to create*, based on the needs and context of the community.

## Segments of involved actors

Actors are the target groups that our value proposition serves or hopes to serve.

Important question to think about when developing a value proposition:

1. For whom are we creating value and what kind of value are we creating for them?
2. How can they relate themselves to our value (see themselves reflected in the value)?

# Understanding the SBMC

## Key resources

Key resources are the assets, tangible and intangible, that make the project work.

Questions to ask yourself as you develop the SBMC:

1. What physical, intellectual, human and economic resources are needed for the project?
2. Can we get all of the resources from the community or do we have to locate them through partnerships?

## Key activities

A list of things that have to be done in order to accomplish our value proposition. These are very easy to get, as normally we already have them in mind.

Taking into account the first examples of the value proposition, these would be the activities: create a community radio, have cinema workshops, etc.

# Understanding SBMC

## Channels of Distribution:

Channels of distribution are the ways of reaching the actors. Channels of distribution map ways of getting the value proposition to the involved actors.

## Key partnerships

This is a network of allies, supporters and co-creators that support the value proposition.

# Understanding SBMC

## Cost structure

This refers to the costs of operation and structure (capital expenses and operational expenses: cost of equipment, cost of inventory, cost of staff).

## Revenue streams for financial sustainability

Revenue streams are the ways how the business generates an income (economic sustainability).

However, we have evidence that sometimes, there is no economic revenue and the community network functions thanks to donations or volunteer work.

# Sustainability matrix

Map different actors and how they support us to meet sustainability.

<b>Actors</b>	<b>Giving (what we give)</b>	<b>Receiving (what we receive)</b>
<b>The community</b>	Content, information, education, culture, participation, transmission of heritage	Food, volunteer work, donations; often the community pays for power, rent, etc.
<b>Other communities in the surroundings</b>	Content, information education, culture, participation, transmission of heritage	More content, space, exchange of experiences
<b>Key partnerships</b>	Knowledge, experience, other	Advisory accompaniment, solutions, advocacy, money
<b>Government</b>	If applicable	
<b>Enterprises</b>	If applicable	

# FAQs

1. How do I know if my business is a social enterprise?
1. How are SEs different from a Corporate Business?
1. Legal Framework of registering an SE in Kenya?
1. Can SEs make profit from their services?
1. Community Networks As Social Enterprises?
1. Do Our CNs Meet the Above Criteria? Give me a yes/no in the chat?
1. Do CNs have a Corporate Social Responsibility (CSR)?

# How do I know if a CN is a SE?

To be considered as a social enterprise your business should:

- Have a clear social or environmental agenda included in your governing documents.
- Re-invest a large chunk of your profits back into the business for sustainability purposes.
- Generate most of your income through trading activities.
- Not be a government institution.
- Be transparent and accountable.

# FAQs

## How are SEs different from a Corporate Business?

Social enterprises reinvest the majority of profits into achieving their social/environmental objectives. SEs do not place profits before purpose/mission. SEs are 'people-first' initiatives. Whereas corporate businesses are accountable to shareholders (owners) and work to make profits to scale their businesses and as such, they are primarily driven by these interests.

## Is There a Legal Framework for registering an SE in Kenya

There is no government policy or legislation specifically aimed at a 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 organizations.

In the case of CNs, the government of Kenya through the CA has recognized the importance of CNs in Kenya and has come up with a regulatory framework for licensing CNs. [Here is a link to the legal framework for a shared spectrum for CNs](#)

# FAQs

## Can SEs make a profit from their services?

Points to note:

- SEs can sell services and products with an aim of making money to cover overhead costs and reasonable staff costs.
- SEs can make profit to expand the cause. If the profits are higher than recurring costs, a SE has the obligation to support an initiative such as health, education, etc in the community that the SE is serving.

## Community Networks As Social Enterprises

CNs are social enterprises if they observe the primary principle of a CN: **For the people, by the people, with the people.** They can be anchored by government registered/regulated institutions such as schools, etc or non-government registered organizations but the principle should remain for them to qualify to be Community Networks. If this principle is not observed, there can be grounds for branding the CNs as private networks or a corporation.

CNs are impactful initiatives for reaching unserved and/or underserved communities. They are a vehicle for creating a paradigm shift.

Many of our CNs are in geographical areas that have largely been ignored by corporate businesses, maybe because investing in them would be costly, risky, or may have low Return on Investment (RoI). Others are amplifying untapped development opportunities that seem costly to invest in due to their nature or seem to have limited or no significant returns to businesses whose primary interest is to make profits.

Our CNs have come in to fill these digital, technological, and gender gaps with the aim to:

- connect the unconnected
- amplify talents
- improve livelihoods in cost-effective ways
- create a paradigm shift in how underserved communities access and leverage the technology

# FAQs

## Do CNs have a Corporate Social Responsibility (CSR)?

CSR is also known as Corporate Citizenship. Every entity (not-for-profit, or for-profit) has this obligation.

Corporate social responsibility (CSR) is **the responsibility and commitment of a business (in this case a CN) to manage the social, environmental and economic effects of its operations in line with public expectations**. The effort to make a positive impact and meet the expectations of itself, its stakeholders, and the public.

### Next Actions for Our CNs

- Identify and leverage innovative, cost-effective and scalable ways of serving the community and doing business. This will help our CNs to stand the test of time
- Seek registration with the government
- Compile all your legal documents and processes of work and policies
- Leverage the existing CN knowledge through participating in peer learning exchanges and mentorship programs

# Reference Resources

- "Social Enterprise Society of Kenya." <https://www.socialenterprise.or.ke/>. Accessed 18 Nov. 2021.
- "The state of social enterprise in Kenya - British Council." [https://www.britishcouncil.org/sites/default/files/state\\_of\\_social\\_enterprise\\_in\\_kenya\\_british\\_council\\_final.pdf](https://www.britishcouncil.org/sites/default/files/state_of_social_enterprise_in_kenya_british_council_final.pdf). Accessed 18 Nov. 2021.
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