

# Presidency 2016 | 5 Digest

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## NEW METHODS IN STUDENT TRAINING BUILD SUSTAINABLE ENTREPRENEURSHIP IN KENYA



*Girls from training firm Marvelous Arts showcasing their products at the annual Sote Hub Trade Fair.*

According to Kenya's development programme Vision 2030, one out of every three household businesses is led by a young adult. With only 7 percent of all high school graduates finding formal employment, small household businesses are a natural choice for young people entering the job market. Still, up to 70 percent of these businesses go bankrupt annually due to their lack of entrepreneurial skills – such as financial management, marketing and planning. The same deficiency prevents young entrepreneurs from accessing capital from demanding lenders.

The problem is deeply rooted in the educational system, which focuses primarily on rote learning instead of practical skills. This problem, however, is not limited to Kenya – many OECD countries are facing the same challenge. Kenya's unemployment rate stands at around 40 percent and since formal employment in Kenya is diminishing, the impact of small

businesses on the country's economy takes on greater significance. Therefore, ensuring that entrepreneurs stay in business is key to securing economic growth. So how can students gain the experience and skills necessary to lead their businesses effectively and sustainably?

Integrating virtual (or "training") companies into education could be one answer. Sote ICT, a joint project of the Pontis Foundation in Slovakia and Kasigau Wildlife Trust in Kenya, focuses on the development of entrepreneurial skills in students at 12 high schools in southeast Kenya through this method. Since its inception three years ago, this project has educated more than 500 young people. Training companies, also called "practice firms," are weekly extracurricular activities – essentially an alternative to sports or music clubs.

Training companies give students hands-on experience by simulating a real business environment.

Participants choose their own businesses, supported by trained teachers. The virtual companies replicate all functions of a real firm – from production to marketing, sales, customer relations, accounting and human resources. The students create business plans and are provided a small budget to fund their products. Even though the firms are not real, the simulation requires the students to approach the *game* seriously. Participants in the training companies hold specific jobs within the departments, which, just like real jobs, come with tasks and responsibilities. The simulation allows students to solve dynamic tasks, such as various business cases when the goods and services are sold to fictitious customers, or the firms work as a cluster and trade amongst each other.

Training companies give students an opportunity to learn from their mistakes, to be creative, and test their ideas without the risk of real financial



*Training firm trade fairs allow students to put their newly-learned marketing skills into practice and attract customers.*

loss. Teachers, classmates and the training company network all serve as the testing ground for their ideas. By the time the graduates leave school, they know how to set up a business, how to manage a company and how to attract customers. Through the process, they develop both the hard and soft skills necessary to succeed in business today.

The Sote community consists of 28 training companies representing different sectors, such as tourism, beauty, agriculture, tailoring, information technology and many more. Students from Marungu High School have established a practice bank, Mshindi KCB, through which they learn how to set up accounts and how to access loans. The students didn't just keep the knowledge to themselves – they put together financial literacy training, and now they travel around neighbouring schools educating their counterparts. "The children also teach these things to their parents at home. The parents then apply the knowledge when saving money for school fees, or applying for microloans to invest in their businesses," explains the deputy principal of the school.

Girls from Murray High School in Mwatate established a fashion design company, fighting beauty stereotypes through their marketing. As a part of their corporate social responsibility strategy, they started a practice charity to help strengthen the position of albinos in the society. Some training has traversed the virtual world and has started attracting real customers. Most of them sell products to their own schools – they create brochures, calendars, take care of school gardens or shoot videos of school events. Girls from Kajire sell their accessories and handbags to both fellow students and people in their communities.

Besides the successes of training companies, there are many inspirational stories of program graduates. We have tracked a number of students who have started small businesses and cite the training company experience as the main driver of their success. Harry, a graduate from Mwangola, started his own bakery and says that skills acquired during studies have enabled him to attract twice as many customers as his competition. "Customer prefer-



*Sote Hub organises regular workshops and trainings on entrepreneurship and ICT for young people.*

ence research and active marketing are the secrets," he says. Geoffrey from Moi has joined an ICT company, which developed content management systems for all the schools in the project. He is now working on an eHealth mobile application to ease access to health services.

As our graduates have recently completed the program, evaluation of the project is under way. Together with our students, we have been learning by doing. As with all school activities, sometimes we encounter student apathy, which results in lower quality and intensity of work. We found that a key factor affecting students' ability to learn, and hence the effectiveness of our project, is motivation. At one of our schools, for example, the program started losing members to sports clubs within a few months and the rest of the students approached the activities passively. Our team visited the school more often, while always highlighting the practical benefits of participation, and how they could help advance students' businesses in the future. We explained the purpose of each school project and every activity in detail and what they were supposed to learn from it. As a result, activity in the club rose by 40 percent in the subsequent two months, and student attrition virtually ceased. This experience taught us how important it is to make students understand the aim of anything they do. Seeing real meaning in the tasks,

they gave their best. Since then, we have worked to ensure that all the students are taught the benefits of entrepreneurial education by their teachers and our team members. Even the students who do not intend to start their own businesses benefit from their involvement in a virtual company. They acquire important working habits, skills and experience which may enhance their CVs when applying for jobs.

Besides training companies, Sote ICT also focuses on making ICT accessible to more than 5,000 students, improving their ICT skills to use in entrepreneurship or as a comparative advantage for the job market. We develop these skills in educators and learners alike through equipment and software donations, continual training, cooperation with school management and the establishment of student IT clubs. The newest challenge is a start-up hub, which provides mentorship, co-working space, training and also limited funding to support the most innovative businesses.

We expect many more training companies will come to life. The young entrepreneurs have already tested their ideas in a simulated environment, and now they are going to work hard to make it in the real world.

**Ivana Ulicna**  
Pontis Foundation

The article was originally published at [www.nextbillion.net](http://www.nextbillion.net).

# OUR APPROACH AT SOTE HUB IS TO SLOWLY NURTURE STARTUPS ALREADY AT RURAL SECONDARY SCHOOLS



*ICT training is an integral part of the project, allowing students to improve their skills in addition to opening doors to employment and the start-up world.*

## **Our approach**

Most startup hubs and investors try to headhunt for great teams of highly skilled individuals with a proven track record and some special skills. Our approach is quite different – we strive for a more inclusive and patient philosophy that can be defined as “anti-moonshots and anti-quick wins”. We want to build successful startups from the seeds of knowledge and motivation planted at rural and small town schools. In Sote ICT clubs, at twelve secondary schools, we nurture business and IT skills of 460 students in their training companies with the ambition to start real businesses at Sote Hub once they graduate. A

strong focus is put on digital fabrication and synergies between the student companies and the startups of the graduates. The investment into technical capabilities and trust, which builds social capital through cooperation, are equally important.

The combination of Sote ICT Clubs, training companies and Sote Hub can serve as a blueprint for other counties in Kenya and beyond. Training companies trade and communicate with their peers in Kenya and abroad on a regular basis, and also compete with each other during annual trade fairs. Since this year, students have also been visiting Sote Hub. They get mentored by Sote Hub members, who are our graduates and regularly visit the

schools and check on their progress. In this continuous, positive loop, former students launch their startups at Sote Hub and also help train and motivate their younger peers who are still studying.

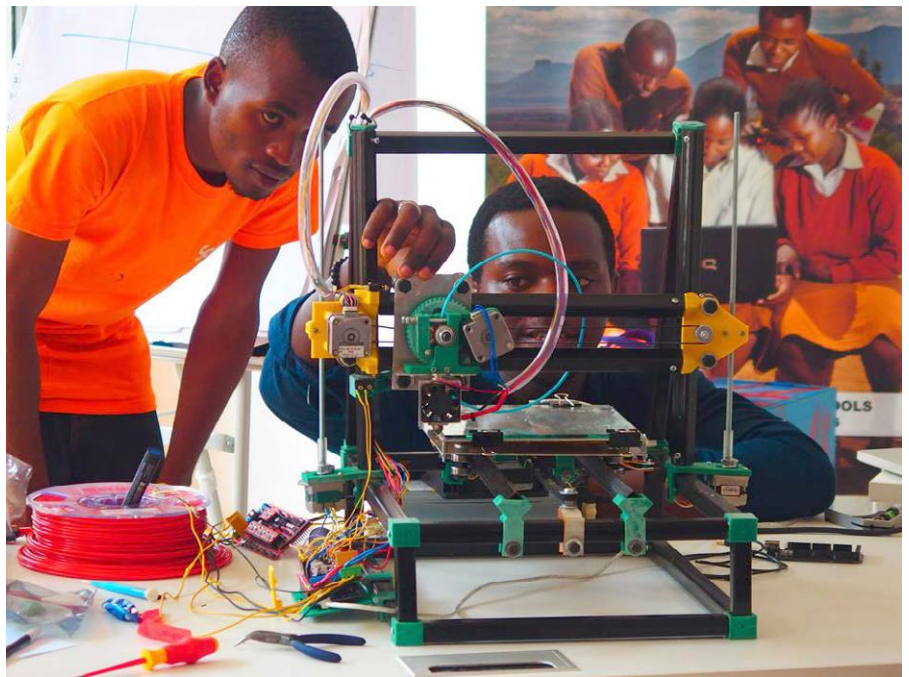
## **We support Slovak-Kenyan experience exchange**

In December 2015, we opened Sote Hub in Voi town, and thus reached the next level in our effort to build an innovation ecosystem from high schools to startups in Taita Taveta County. We started to build our coding and digital marketing skills, and with a purchase of two 3D printers we launched our journey to digital fab-

rication. Sote Hub members started two coding groups – Coding Club and Sote Tech Queens. So far, Sote Hub members have come up with dozen of startup ideas that they plan to test using the lean startup approach. After various local meetups and workshops in Kenya, four Sote Hub members visited Slovakia in May 2016 to gain international experience and present their startup ideas. The creative agency Rogim Designs, established by two graduates Gift Mtambo and Robert Mburu, spent five days with Slovak startup Azylo. Together they devised a brand communication strategy and agreed on a great ambition – to help Kenyan startups succeed in digital marketing. Two female members, Lucy Muthoni and Elizabeth Njoki, discussed their clean tech and digital fabrication ideas – Recycle Africa and Redecor.

### The next phase challenge

In July, two important events took place – the second trade fair of training companies in Voi and the launch of our incubation program where we evaluated 18 startups and supported four best business ideas. This result of a long-term effort represents a new and very exciting phase for us. All this was made possible by the strong leadership of Sote Hub team and the profound cooperation between Kasigau Wildlife Trust and the Pontis Foundation hand in hand with the



*Sote Hub offers young people an opportunity to learn how to use 3D printers and create unique products.*

continuous support of SlovakAid and individual donors.

The next big challenge is to make Sote ICT and Sote Hub more sustainable and search for a social business model that could generate income and scale at a quicker pace to other Kenyan counties and eventually abroad. The key to achieving this vision is a continuous improvement in the quality of Sote ICT Clubs and their products, strong motivation of students and graduates, regular coding boot camps and meetups at Sote

Hub, and investment in digital fabrication capabilities. We are also open to the wider public and students from local universities – an organization of a workshop on sound financial management with over 100 participants. We also have regular members who study at the local campus. Our next goal is to introduce digital fabrication tools to manufacturers and local artisans in cultural production.

**Jakub Simek**  
Pontis Foundation

## HUDDERSFIELD TEAM SAYS “WE HAVE AN IMPACT WHILE WE ARE LEARNING”

This article introduces a mutual project initiative between a team from the University of Huddersfield and Pontis Foundation. The team comprised of selected 2015/16 first-year students studying ethical and social impact issues on the Business and Environment module, and headed by the author of this article and module leader, Radi Haloub. The intent of this collaboration was to interact with an existing fair trade company, Ten Senses, in Kenya, one of Africa’s developing countries, in order to contribute towards improving teaching

and learning experiences in Kenya and the UK.

This initiative was introduced to Huddersfield students in the form of an assessment. Contrary to traditional forms of assessments, however, this form is exceptional as it involves communicating with people in a different part of the world. As well as allowing students to explore different learning contexts within different cultures, the assessment emphasises ‘Learning By Doing’ through a pro-active approach. Seven students took part in this project; five British



*Dr Radi Haloub, Senior Lecturer at the Department of Management, University of Huddersfield*



*This group of the University of Huddersfield students helped train Kenyan high school pupils in marketing, financial management and business sustainability.*

nationals, one European, and one international student. The Pontis Foundation serves as an organiser of the project, connecting the team with Ten Senses Fair Trade and multiple Kenyan schools.

## Aim and results

The aim of the initiative is divided into two parts. Our first priority is to enable Huddersfield students to contribute to real-life situations, rather than focusing only on learning theories inside the classroom. To achieve this aim, the students discussed concepts and issues around Business Ethical behaviour and Corporate Social Responsibility (CSR) for Ten Senses fair trade company in Kenya, with the objective of supporting the organisation in promoting its social responsibility.

The interaction between Huddersfield students and an existing company is a great opportunity for students to offer input into practical situations. It is believed that the indicators given to Ten Senses employees from the Huddersfield team can be utilised positively to support future development of the business. Discussions with students indicated that interaction with a fair trade company affects their perceptions of fair trade products, and how one single purchase, whether in the UK or elsewhere, *can* make a real difference to people's

lives, as well as the performance of businesses in different parts of the world. Ten Senses benefited from the Huddersfield team's insights in relation to training employees and supporting the local community. Crucially, these interactions have also opened the minds of students to globalisation and international relations as well.

The second element of this initiative involves team members interacting with Kenyan pupils to support their teaching and learning in schools, following the old saying "*the best way to learn is to teach*". Huddersfield students have taught Kenyan pupils basics in marketing, customer relations and business sustainability toward their country. Through the use of email, Slideshare and Skype, Huddersfield students could communicate directly with Kenyan pupils. Kenyan pupils believed that the quality of academic resources and material in relation to these general business topics are great, and encouraged by the use of innovative resources, proving that they can be used in different academic institutions, schools and colleges in Kenya. The contribution towards Kenyan pupils was not limited to academia, but also towards improving their intercultural communication skills, and use of technology in learning. Moreover, the impact exceeded the team's expectations, as Kenyan pupils were very excited

about the idea of communicating directly with UK students. The project also met the inspirational KPIs for Huddersfield students, offering them a sense of pride and confidence. This was reflected in the students' presentation of their project in front of first year students and members of staff. They feel that they successfully made a difference though their contribution to one of the world's developing countries.

## Challenges

One of the greatest challenges in this project has been the internet connection in Kenya, especially when it is the sole method of communication with Kenyan pupils. We overcame these struggles by emailing video and audio recordings of select materials that we could later discuss with pupils. A second challenge, and more worrying issue was the language barrier between the team and Kenyan pupils, which could affect the quality of understanding, advice and answers given. Yet Huddersfield students were careful to talk with clarity and consideration when explaining issues or answering questions, in order to enhance the level of Kenyan pupils' understanding. In addition, they used short questions in order to assess their level of understanding of issues discussed.

## Conclusion

Learning is not only about what students absorb from the university and classroom, but also about the level of influence and involvement in reality. This learning initiative will last in the memories of the University of Huddersfield team, Ten Senses and Kenyan pupils for a long period of time, and will always serve as a reminder to students that "*We have an impact while we are learning*".

**Dr Radi Haloub**  
University of Huddersfield

# CAN BUSINESS INSTEAD OF PHILANTHROPY IMPROVE LIVES OF THE POOR?

We have long heard the narrative of innovative entrepreneurs starting their companies in garages, and turning them into giants that produce shiny gadgets or apps that we use every day. If only the corrupt state didn't impose all these regulations we would hear many more success stories. Conversely, many people share the opposing view and blame corporations for most what is wrong with the world today. From the looting of Congo's minerals and sweatshops in Asia to polluting rivers and obstructing the fight against climate change. It is the middle ground, however, we need to champion; states and entrepreneurs need each other to succeed in a time of global challenge.

## States and entrepreneurs are not enemies

Two people effectively illustrate this different and uniting story. Mariana Mazzucato in her book *The Entrepreneurial State* illustrated that all the inventions that make Apple's iPhone "smart" came from research funded by public sector. A similar success is found in South Africa's entrepreneurial superhero Elon Musk, whose revolutionary transport and energy inventions have been partially defined and funded through state

subsidies. As a result the company has revolutionized the transport and energy sectors with an environmental vision embodied by Tesla electric cars and Solar City solutions for off-grid solar power. Both companies may not have succeeded without state subsidies, as they attempt to forge brand new ways how we travel and produce energy in the face of enormous risks and headwinds. Development cooperation has a similar mission to be a catalyst in alleviating poverty and increasing wellbeing worldwide.

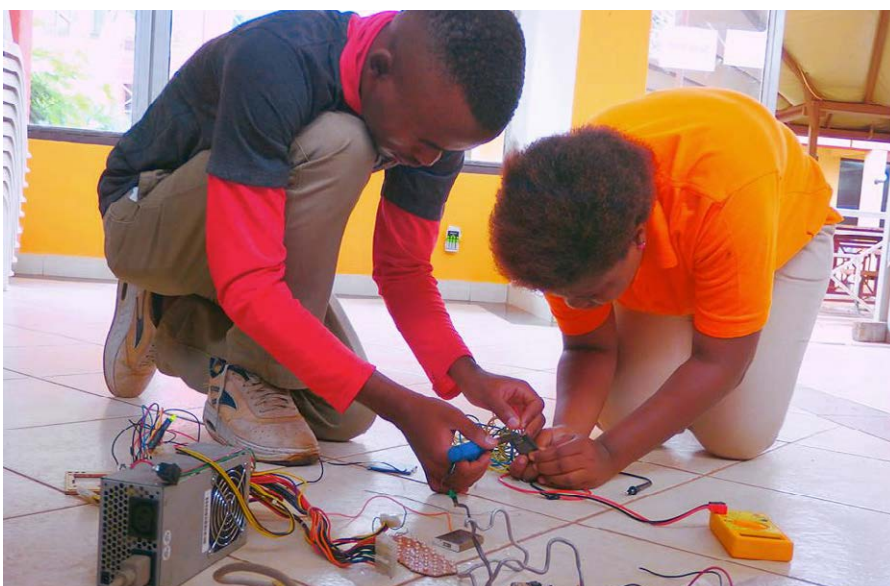
One of the greatest untold stories is the mobile money M-Pesa revolution that came from Kenya. It made millions of people leapfrog banks and credit cards in the same way that mobiles in Africa became ubiquitous without landline telephones becoming a mass phenomenon. Now similar innovation of cheap solar panels helps rural households in Africa replace kerosene and electrify communities on a massive scale. The M-Kopa company let their customers pay for off-grid electricity in monthly instalments via mobile banking. One can say that some African countries are much further ahead than developed countries in fulfilling the vision of Elon Musk for alternative energy. M-Pesa, which made retail banking in

Africa obsolete, developed originally from a microfinance project and was supported by the CSR department of Vodafone and British development agency, DFID. Similar to the stories of technological inventions like internet or GPS that were supported by government agencies such as DARPA, we see also that development cooperation and corporate philanthropy plays an important role of a catalyst.

## Tax havens and stock buybacks as a symptom of companies' low appetite for risk and inability to find opportunities

Developed countries spend around 140 billion dollars annually on development aid and cooperation globally, yet Oxfam estimates that 60 billion dollars in illicit financial flows leaves Africa alone. With shrinking budgets after the recession, governments desire that multi-national companies carry greater responsibility for producing a more prosperous world. Along with philanthropy and corporate social responsibility, the international community wants big companies to get more serious about changing the way they conduct their core business operations and embrace the so called Global Goals that were launched by the UN in 2015. Rather than playing tug of war and creating a blame game between states and business, it is important to acknowledge that the main problem is the lack of a vision for mutual success. A vision that would allow companies to find stable streams of revenue from people newly alleviated from poverty and for governments to collect more taxes and effectively redistribute the value to people most in need, as well as providing prosperity of future generations.

Reports that automation and artificial intelligence will make large portions of the labor force redundant continues to become mainstream and has led entrepreneurs like Elon Musk to advance the policy of basic



*Founders of startup Re-cycle Africa, one of the companies supported by Sote Hub, are currently building a tracking device for motorbikes which will help prevent thefts.*



*Student training firms also focus on agriculture, from learning how to grow fruits and vegetables, as well as turning them into delicious salads and juices.*

income. At the same time businesses cannot find enough software engineers and realise that universities will probably not be able to fill the gap. Innovative companies like Andela in Kenya and Nigeria try to seek coding talent and distribute the global tech jobs more evenly, and the non-profit Samasource extends the IT service

jobs to young people without university degrees from Uganda to India and USA. The growth of coding boot camps accelerates each year and successful entrepreneurs like Xavier Niel and James Dyson have initiated free universities for programmers and engineers. The network of Fab Labs that want to revolutionize industry

through localized digital fabrication grows every year. The news that automation will affect mainly the developing countries and their manual jobs makes all these efforts even more urgent.

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## EU Presidency Project for the Slovak EU Presidency 2016

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