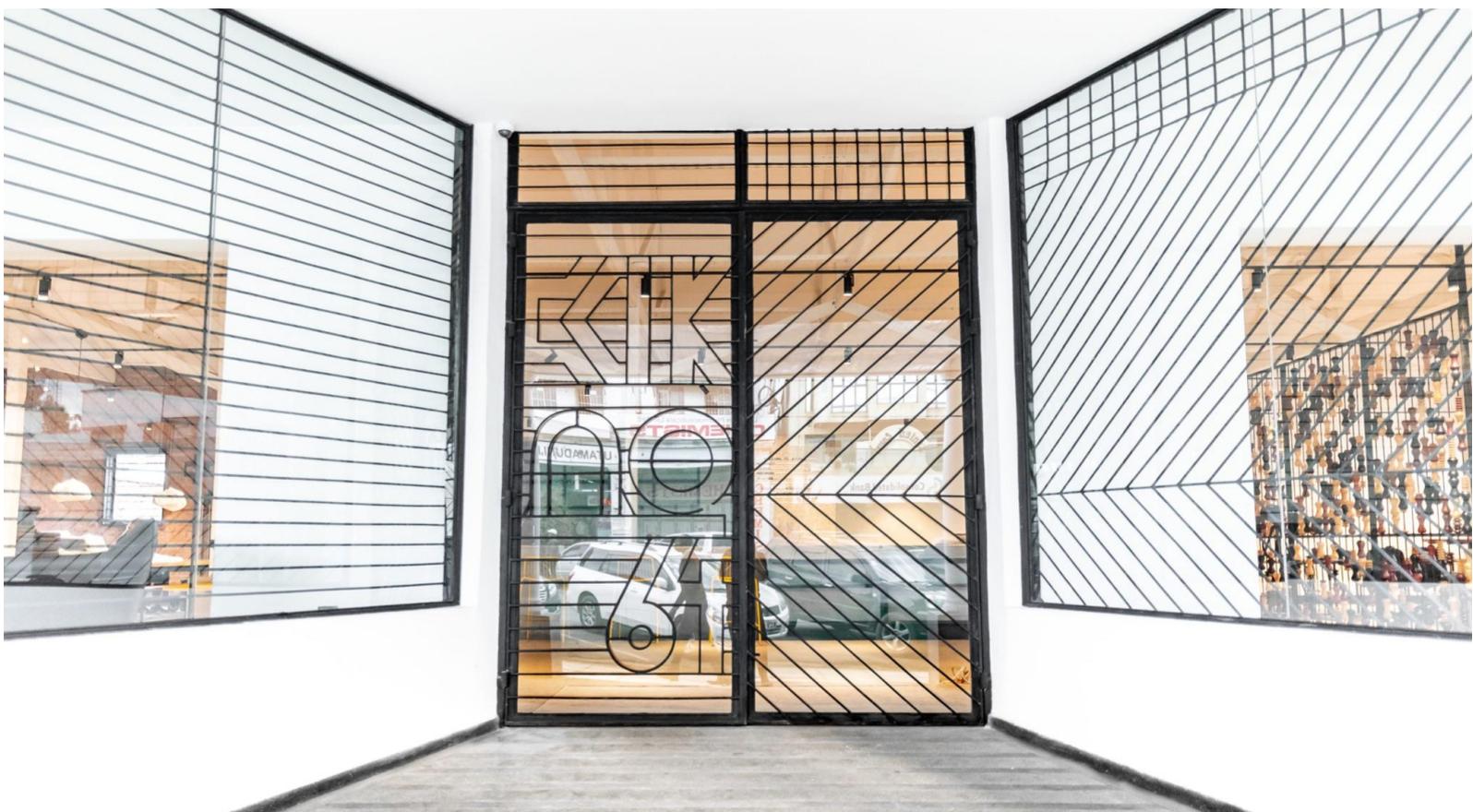


Kikao64

Social Return on Investment Report 2021-22



Executive Summary

Kikao64 is a workplace in Eldoret, Kenya where people and start-ups are encouraged to connect, share ideas, grow, and achieve. We provide more than just a space or desk. We've created a community of like-minded people, a programme of events, and a cafe serving healthy, nourishing food.

We see the impact we make for entrepreneurs and the wider start-up ecosystem in Eldoret every day. But seeing isn't enough. We want to understand what value we create for our entrepreneurs and our wider community. This report - our first social return on investment (SROI) report - is our way to do that.

SROI is an estimation of the monetary (economic) and non-monetary (social and environmental) benefits of a programme or organisation together. It's powerful because it values intangible things like wellbeing in financial terms. This allows interventions to be compared by a ratio of cost-input to benefit-output.

Findings Summary

SROI Ratio

\$1.00 : \$5.66

- The social value generated by Kikao64 last financial year was estimated to be at least **\$553,621.45**.
- That means every \$1 created a **social return of \$5.66**. As this is our first SROI report this number is likely to be an under-estimation of our value.
- The centre was used regularly by over **50** members and our events programme reached around **250** people.
- **88%** of surveyed members reported that Kikao64 **boosted their productivity**.
- **78% of members reported growth** to their business as a result of Kikao64, of which an **average growth of 38%** was reported. This translates to over **\$190,000 of economic value created** for members.
- Our solar electricity generation saved **0.6 tonnes of carbon emissions**.

Kikao64 and its Impact

Kikao64's mission is to bring the best work hub experience to Eldoret's entrepreneurial ecosystem.

'Kikao' is a Swahili word for a 'meeting place'. The town of Eldoret was established on the site of 'Farm 64' so named for its location 64 miles from the newly built Uganda Railway railhead. This is the inspiration for our name—Kikao64.

Kikao64 is a workplace where professionals, entrepreneurs, non-profits, athletes and start-ups are encouraged to connect, share ideas, grow, and achieve. It is a community of like-minded people.

With that purpose, Kikao64 also offers subsidised spaces for students, nonprofits, athletes, and start-ups in need.

Kikao64 has made a positive contribution to both the local and national economy of Kenya; a total of 7 jobs directly created for Kikao64 staff and scaling/ supporting approximately 15 others with various partners/ suppliers for support services both locally and internationally.

In Kenya, SMEs create 80 percent of employment, are establishing a new middle class, and stimulate the demand for new goods and services.

Supporting Businesses to Grow & Founders with Their Wellbeing

Kikao64 has created a linkage between its members and expert providers of legal, tax, digital marketing and accounting services for professionals, entrepreneurs and startups.

We provide different platforms like fireside chats and one on one interactions with the goal of building a community where founders learn, engage and network to share experiences and collaborate. With various organisations, we have held different mental health forums and hosted yoga to help enhance the mental & physical wellbeing of our members.

Projects With Partners

- In partnership with African Management Institute (AMI) and the Kenya National Chamber of Commerce and Industry (KNCCI) Kikao64 has held business workshops and forums.
- Google Developers Group (GDG) have established a partnership where they host regular training sessions, the most recent being the Google I/O 2022 held in July which hosted 53 local techies making Kikao64 a home for developers.

- Innovate UK KTN has the goal of supporting place based innovation in Eldoret and North Rift Kenya. In collaboration, we have hosted a marketers and farmers forum with the goal of exploring opportunities and challenges in Agritech.
- In partnership with the Association of Countrywide Innovation Hubs, we have received training from the Thunderbird School of Global Management on Global Entrepreneurship and Innovation Bootcamp. In November 2022, we are looking to host the annual North rift innovation week, bringing together innovators and entrepreneurs with support from other partners like UNDP, Konza technopolis and the Kenya National Innovation Agency.
- In collaboration with members like Big Brainz, we hosted robotics and coding training for kids age 7-15 yrs.
- In partnership with Believe Mental Healthcare & Perpetrator Anonymous, we have held 8 roundtable discussions on mental health and wellbeing.
- A collaboration with the Eldoret Film Festival has seen the evolution of the creative community. Kikao64 has facilitated training in personal branding, how to monetize their art and also provided a platform for the creatives to showcase their art through film screenings and acoustic music sessions.
- In partnership with Canon Africa and Sema Ochieng, we hosted Sema NUFF in June 2022, a youth film festival that produced 2 films which were showcased at the annual film workshop for filmmakers in Tromsø, Norway.

The Library

Despite the existence of other academic libraries, Kikao64 Library has provided a vast array of genres with key interest in non-academic options suitable for professionals, entrepreneurs and students alike.

This Library service bore the concept of the Kikao64 Book Club, a quaint but vibrant community of like minded book lovers around Eldoret who meet monthly. The Book Club held its first meeting in April 2021 and has held monthly sessions since with 61 committed members.

This has helped develop a reading culture among young professionals & created a platform where people can freely engage and share perspectives on evolving matters in society such as education, race & sexuality, political injustices, tribalism, femininity/ masculinity in African culture, among others.

Sustainability

We manage our operations responsibly and ethically, embracing clean energy, ensuring safety and health is enhanced by promoting well-being, in alignment with the UN sustainable development goals.

Kikao64 is housed in a historic building that was carefully renovated and designed with minimalistic finishes and locally sourced materials such as steel.

The office partitioning was done using lamin boards, made from compressed recycled milk cartons and the felt used in the call booths, from recycled wool. Our meeting room tables are made from recycled mango wood offcuts.

Proper waste management is ensured through waste segregation. Organic waste is composted and used in the Kikao64 garden.

The space has large windows that encourage the use of natural light at all times during the day. We also use clean energy, approximately 70% of our energy needs are powered by solar.

Raising Aspirations

Kikao64 hub has modern finishes, beautifully designed with state of art facilities which has in turn positively influenced the commercial real estate market and inspired property owners in setting up similar spaces & designs.

Coworking is a novel concept in Eldoret town therefore, the inception of Kikao64 in 2021 introduced a new way of working, hosting business meetings and enhanced professionalism in freelancing.

Kikao64 has also come out conspicuously as a social/community centre supporting youth art and talent through the various programs we run. The inception of Fireside Chats, After 5 acoustic music sessions and Sip & Paint activities which have allowed professionals to interact and network beyond the conventional club setup.

This report provides a first order estimate of the SROI of Kikao64 in one year from September 2021 through to August 2022.

Case Study 1: Mashariki Exposure International



Mashariki Exposure International is an education consultancy that facilitates student's international education recruitment, admissions and visa processing.

They have progressively grown since February 2022 when the Founder - Dennis Obwonji started with booking a Hot Desk then later 2 desks for him and his assistant. They moved to a private office in April 2022 and officially launched the company on 22nd April at Kikao64. As of October 2022, they have facilitated 165 international student applications and have grown to 3 permanent staff members.

"We as Mashariki Exposure International, have had an amazing experience working from Kikao64, the offices are functional and well equipped to help us focus on our core business of assisting our clients.

The staff are ever supportive and available for all our needs and the extension of working hours on Thursdays has given us even more time to finish up our work and that has helped us serve our clients even better.

Finally the establishment is centrally situated in Eldoret CBD so it's accessible for our clients and thus we've in turn seen our business growing due to these aspects thanks to Kikao64."

Social Value

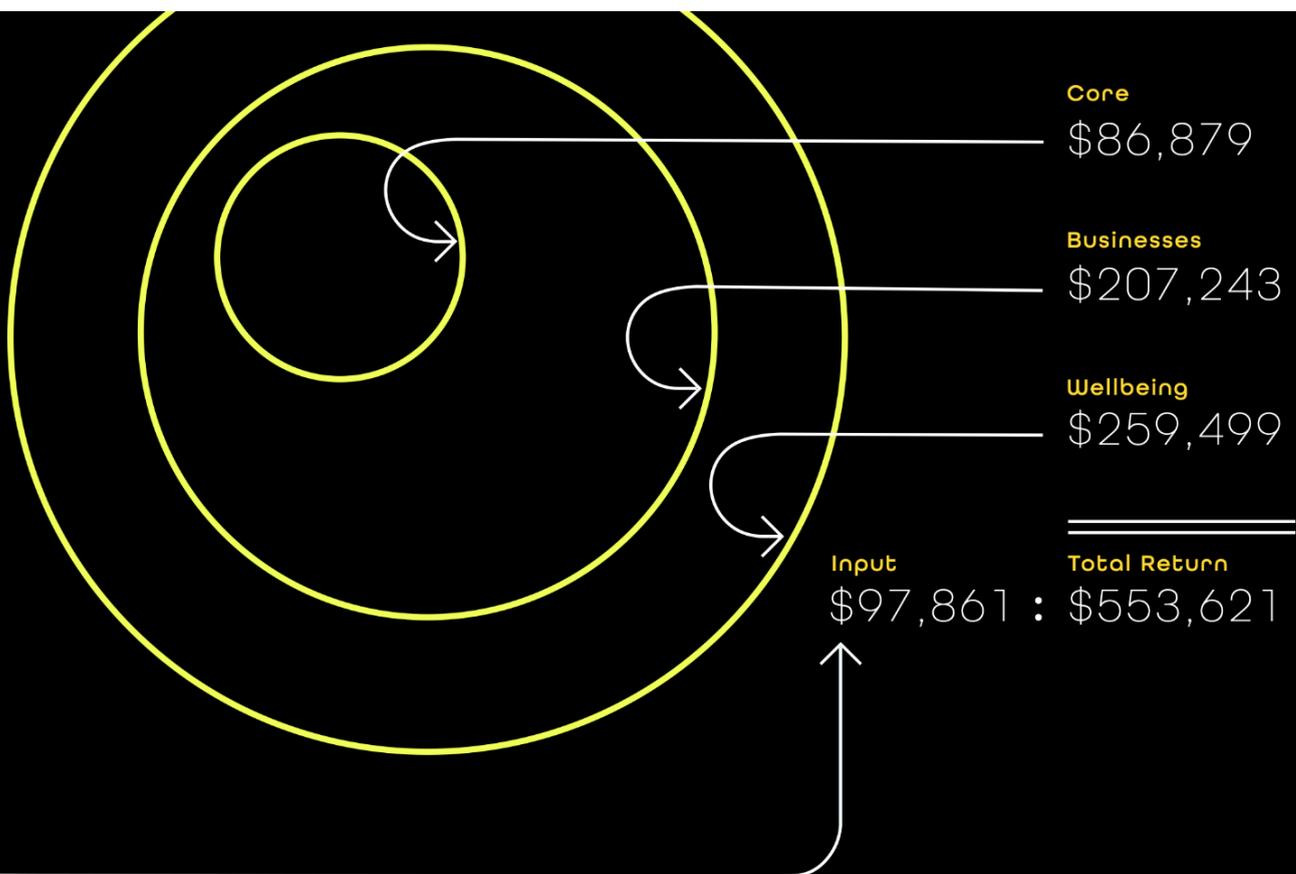
Social value is a fuller picture of the value created by an organisation or individual. It includes not just things typically valued in financial terms by the market economy, but also intangible outcome creation such as improving the wellbeing or health of an individual, or improving the environment.

These intangible outcomes can be valued in financial terms using a variety of techniques to estimate the market equivalence of them, the savings they create to society, or any earnings (future or current) they produce.

An SROI (social return on investment) ratio can be generated by totalling all of the known and/or estimated value created by an organisation and comparing it to the amount of investment that was required to create this.

Our partner, Impact Reporting, looked at the value created by the operation and spend of the centre (the core), the value created through our support of the businesses we host and support (businesses), and the wider benefits to wellbeing created by things like our events, added job satisfaction, and our garden space.

They found that **every \$1 invested into Kikao64 generated at least a \$5.66 social return value..**



Approach

To calculate this SROI ratio Impact Reporting compared the level of grant and trading investment into the centre from the Van Woustraat Trust with the economic, social and environmental value created.

It's important to note that, as with most SROI reports, the valuation of social and environmental outcomes is an educated estimate based on prior research. The limitations of this are discussed below.

The input data was drawn from three key sources...

Operational Data: Data and information kept in the course of day-to-day operation of the centre. This includes financial data.

Survey: Various surveys sent to stakeholders, capturing 63 responses, which captured, amongst other things, self reported usage and impact information.

Estimation: Estimates provided by stakeholders on the ground at Kikao64 to fill in the blanks where data could not be obtained by the above two methods. The most influential of which is the estimated average turnover for members and average event attendance.

Where the input data was economic or market value, this was included directly in the calculation. Where it was non-market (such as a number of attendees of a wellbeing event) a "proxy value" was applied to convert the input to an estimated financial output or outcome figure. This was performed in three ways...

Economic valuation: Applying a proxy to adjust an economic or market value to claim only part of it, or claim an uplift on it, based on the nature of the value. For example local vs international spend.

Wellbeing valuation: Assigning an expected, or self reported via the survey, outcome of an intervention and applying a financial proxy value to it, multiplied by the number of people that were known or expected to have materially experienced the outcome. As a large dataset of interventions and socio-economic factors correlated to wellbeing is not available in Kenya UK figures generated from data provided by HM Treasury and the Office of National Statistics were used and then adjusted for this based on equivalent spending power (more on this below).

Environmental valuation: Smart metres provided solar power generation data and this was monetised based on the latest research. The wellbeing impact of the garden on members was also included. We are working to include more sustainability inputs in next year's valuation.

Deadweighting: Where it's clear or likely that Kikao64 are not responsible for the whole outcome being valued a deadweight reduction has been applied. In some cases, such as business growth, this is based on input data like our member survey.

In other cases it is an educated or common-sense estimate based on observations from on-the-ground staff or experience with other organisations and interventions.

More on our Valuation Approach

SROI factors in tangible economic and intangible (e.g. health and wellbeing) outcomes expressed as a financial equivalent. Given the clear wellbeing benefit generated by Kikao64 evident in qualitative findings from the survey Impact Reporting needed to find a way to attach a financial value to these intangible benefits. To do this we looked to UK Government approaches to outcome valuation. These have been built on over many years and are considered to be the leading example in the world.

The main objective of any government or other socially oriented organisation is arguably the wellbeing of the individuals under its remit. However, traditional policy analysis and evaluation has focused on more objectively quantifiable outcomes, usually expressed in financial/monetary terms (outputs, budgets, tax revenues, employment etc). More recent editions of UK government guidance on policy appraisal and evaluation (The Green Book) acknowledge that wellbeing considerations should be included throughout the policy cycle, and provide a methodology to include wellbeing effects of an intervention into social cost-benefit analysis.

There is now a standardised approach in the UK to measure wellbeing effects. Behind this approach is a newly-defined, standardised unit of measurement known as the WELLBY (Wellbeing-Adjusted Life Year). It is tied to the personal wellbeing measure of Life Satisfaction, standardised by the Office of National Statistics and collected through large population surveys with the help of the following question: "Overall, how satisfied are you with your life nowadays?", with possible answers on a scale of 0 (worst) to 10 (best). One WELLBY is defined as a change of 1 point on this scale, caused by the intervention subject to assessment, affecting one person over a period of one year.

The latest UK government guidance accepts that individual wellbeing effects should be included as non-market value in social cost-benefit analysis at a recommended valuation rate of £13,000 / WELLBY (lower bound £10,000; upper bound £16,000). These values are the result of a series of theoretical considerations and a research base that has been developed over the years. Most of the values depend on household income. Therefore, when transferring the values to a Kenyan context, these were scaled proportionally to average annual household income in the two countries.

A consultant partner (State of Life) has conducted extensive research using robust econometric methodology to determine the wellbeing increases associated with a range of outcomes (such as employment, physical health, mental health, physical

activity, loneliness) that are often the targets of social policies and interventions, using data from large nationally representative surveys in the UK. These findings allowed evaluation of the wellbeing effect and value of interventions that target these outcomes without needing bespoke surveys to measure their participants' wellbeing.

Note that the assumption is made that these outcomes have the same relationship with wellbeing in the UK as in Kenya. Without conducting bespoke research specific to Kenya (where large nationally representative data on wellbeing is not available), this benefit transfer approach with values scaled proportionally to household income is probably the most accurate estimate one can come up with.

Thus the adjustment is...

$$\text{Value in Kenya} = \frac{\text{Value in the UK} \times \text{average income in Kenya}}{\text{average income in the UK}}$$

Applying this adjustment to the UK measures generated by State of Life provides a wellbeing value for event and employment outcomes which is then added to the tangible economic value created by Kikao64's work.

Savings to the government or society are not factored into this report. For example, savings in government paid benefits or social security payments as a result of supporting employment. These could be included in a future report.

Case Study: Joy Chelangat - Senior Education Counsellor, Craydel Group



Joy Chelangat is an international education consultant and one of Kikao64's loyal members.

"I am very passionate about education and helping students through their study abroad journey hassle-free. Since I work remotely, I was looking for a place where I could work from, and I discovered Kikao. First, what a beauty! The place is tastefully furnished with minimalist and elegant finishes that are aesthetic and pleasing to the eye. This environment really allows one to focus while increasing productivity.

Also, since I need to interact with my students and have face-to-face conversations with them, Kikao is a cool and serene meeting place just right in the middle of the CBD which is very convenient for most of my clients.

Feeling a bit cold or need that coffee kick to boost your mood? No worries about that. Kikao's in-house cafe offers you that much-needed refreshment.

The staff too are friendly and are always ready to help. They also organise educational, networking, and fun events that anyone can participate in, making Kikao one big family.

I am glad that I discovered this place and I would definitely recommend it to any working professionals, freelancers, students, and creatives that are looking for a place to work from, network, and connect."

Conclusion

\$1:\$5.66 is an objectively impressive return ratio, doubly so when we consider that this is a first order estimate that didn't take in the full field of impact of Kikao64.

To provide some context from other reports we can consider that [a business workspace facility in East London in the UK provided a 1:4 return](#), [an intensive family support programme for street connected children in Nairobi provided a 1:5.13 return](#), [a secondary school educational programme in the Coast Region provided a 1:18.89 return](#).

This report has revealed that the net effect of Kikao64's core investment has had a substantial positive contribution to business & social growth and improved wellbeing of the community in Eldoret Town. We have come to appreciate the specific outcomes that generate the social value to our members & external stakeholders as:

- improved wellbeing & psychosocial benefits through social & community events
- increased incomes for member businesses through our accessible business facilities
- the creation and support of jobs
- climate change mitigation through reduced carbon emissions

Not only did the report not take in all of our impacts but since this report was produced we have already seen a growth in occupancy and use of the space. We opened the centre during the Covid pandemic, and then we went into an election period which creates uncertainty. Now that we're on the other side of these events, we are seeing significant growth. Our costs are not rising in line with this growth so we know that it will mean a larger sROI next year.

For Kikao64's internal stakeholders, this analysis gives an idea of the impact we can make in the long-term as well as a renewed commitment and belief in the theory of change that will see us generate further return by...

- reducing deadweight on our business products
- creating more social impactful partnerships
- increasing our social and community building activity
- more consistent adoption of sustainable & clean energy sources
- providing a flagship facility in our community, raising aspirations and inspiring others to invest in the area

Finally, we must acknowledge the stakeholders who experienced the most significant change and benefits; our members who have worked with us on this report and to whom Kikao64 owes not just its social impact today, but its long term success.

Credits and References

- The [Van Woustraat Trust](#)
- Elisabeth Klem, Rose Ruhiu, Wanjiku Eunice, Joan Kaburia
- The team of staff and interns at [Kikao64](#)
- The members/customers and beneficiaries of [Kikao64](#)
- Our case study participants Joy Chelangat and Mashariki Exposure International, and the stakeholders that gave their time to complete the surveys.
- Lead author: Matt Haworth of [Impact Reporting](#)
- Social Value and Economist Consultants: Lizzie Trotter and Iulian Gramatki of [State of Life](#)
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Appendix A: SROI Calculation							
Centre							
Metric	Value Type	Input/Output	Proxy	Output/Outcome	Deadweight	\$ Value	Author's Technical Notes
Economic value of local jobs in centre	Market	\$33,015.00	1.3	\$42,919.50	5%	\$40,773.53	Uplifted to reflect that local spend is more beneficial: a minimum of 1/3rd is likely to be recirculated in local economy. Deadweight to reduce uplift that's subject to basic tax
Economic value of local supply chain spend	Market	\$11,729.00	1.3	\$15,247.70	0%	\$15,247.70	Uplifted to reflect that local spend is more beneficial: a minimum of 1/3rd is likely to be recirculated in local economy
Economic value of national supply chain spend	Market	\$18,677.00	1	\$18,677.00	0%	\$18,677.00	
Economic value of international supply chain spend	Market	\$24,142.00	0.5	\$12,071.00	0%	\$12,071.00	Downrated, as the social mission focuses on local prosperity, not international.
Funding from external sponsors (Van Woustraat Trust)	Market	\$75,000.00	0	\$0.00	100%	\$0.00	
Income (mostly from beneficiaries)	Market	\$22,861.00	0	\$0.00	100%	\$0.00	
Carbon savings from solar panel (kW/hr -> Kg Co2)	Non-market	5,237.73	0.113	591.86			Comparatively low as 81% of Kenya's energy supply is green already.
Monetised total carbon savings (Kg Co2 -> \$)	Non-market	591.86	0.185	\$109.49	0%	\$109.49	Using latest study's mid-point value on true cost of carbon emissions globally
						Total	\$86,878.72
Business							
No of people regularly using centre		50					
No of businesses regularly supported by the centre		46					
Knowledge transfer to farmers through KCCI partner project, value to partner	Market	Ksh600,000.00	0.0085	\$5,100.00	0%	\$5,100.00	Info provided directly by partner in survey,
Subsidy and discounts provided on commercial desk space rates	Market	Ksh1,376,862.00	0.0085	\$11,703.33	0%	\$11,703.33	
Turnover of businesses supported by centre	Market	46	\$18,000.00	\$828,000.00	77%	\$190,440.00	Average turnover provided as estimate from K64. Deadweight to account for the fact surveyed members stated we were responsible for a circa 30% growth in their turnover, we can assume the rest would have happened without us
						Total	\$207,243.33
Wellbeing Halo							
No of employees of centre (for wellbeing)	Non-market	5	\$1,014.85	\$5,074.25	0%	\$5,074.25	Wellbeing effect of paid employment and support staff
No of interns of centre (for wellbeing)	Non-market	2	\$1,014.85	\$2,029.70	50%	\$1,014.85	
No of business support events run		9					
--Av business support event attendee count		8					
--Total attendees of business support events	Non-market	72	\$265.07	\$19,085.22	30%	\$13,359.65	Wellbeing effect of a 10% increase in job satisfaction as proxy
No of wellbeing events run		2					
--Av wellbeing event attendee count		5					
--Total attendees of wellbeing events	Non-market	10	\$1,743.33	\$17,433.31	30%	\$12,203.31	Wellbeing effect of regular physical activity as a proxy (similar to a variety of non-physical wellbeing interventions in value)

No of community events run		15					
--Av community event attendee count		13					
--Total attendees of community events	Non-market	195	\$1,321.15	\$257,624.49	30%	\$180,337.15	Wellbeing effect of a reduction in loneliness as proxy
Wellbeing benefit of running own business of businesses supported		47	\$1,017.14	\$47,805.74	70%	\$14,341.72	How many businesses are we responsible for being started, being there, or being the primary occupation of someone by virtue of our support and subsidy? I've assumed 30% based on narrative information in the surveys.
Wellbeing benefit for users of centre having improved job satisfaction		50	\$265.07	\$13,253.63	0%	\$13,253.63	Assumed everyone has some increase in job satisfaction by using the centre, which is backed up by the surveys, however I've taken a low value (a 10% increase in satisfaction) to be conservative.
Wellbeing benefit of additional jobs supported by members		37	\$1,014.85	\$37,346.44	77%	\$8,589.68	How many of the jobs provided by members are we responsible for, I've assumed 30% based on the growth factor of turnover generally.
Wellbeing of providing the garden	Non-market	50	\$453.01	\$22,650.33	50%	\$11,325.17	Assume half of centre users use the garden and feel this benefit
					Total	\$259,499.40	