The Living Lab Model, from Plan to Launch: A case study of youth ventures in the fish and poultry sectors in Kenya

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Expanding Business Opportunities among Youth in Fish and Poultry Sectors in Kenya

The Challenge

• Despite Africa’s growing youth population, with 62% of the population being under 25, Africa’s youth are three times more likely than adults to be unemployed.

• Most youth see agriculture as a livelihood, with inefficient production and suitable for low educated workers.

• With a population expected to grow to 2.4 billion by 2050, there is a growing demand for more food - more nutritious, more varied, more processed food.

• There is competition for space and resources & growing distance between producers and consumers.
What is required to grow successfully youth driven Agribusinesses?
–The Metro AgriFood Living Lab
FRAMEWORK FOR NEW VENTURE CREATION

Entrepreneur → Innovative Idea → Venture Concept → Test of Potential → New Venture

- **Test of Potential**
  - Prove potential
  - First business plan
  - Create initial "prospectus"

- **Test of Feasibility**
  - Prove feasibility
  - Implementable business plan
  - Prep to implement
  - Gather resources

- **Resources I**
  - "Potential" Info (general market, process, org., etc.)
  - "Sweat" Equity

- **Resources II**
  - "Feasibility" Info (specific market, process, org., etc.)
  - Initial Equity

- **Resources III**
  - Prop., Plant & Eqmt.
  - Personnel
  - Management
  - Buyers
  - Suppliers
  - Advisors/Partners
  - Full Debt & Equity

**Policy Environment**

**Industry and Market Environment**

300 60→39 20→15
What is venture launch?

• The research identified 3 levels of launches based on the Kenyan youth ventures;
  • Level 1 Launch (new venture of existing businesses): Acquisition of resources (from banks, family, investors, friends etc) to fund a new venture for entrepreneurs who have existing businesses
  • Level 2 launch (start-up businesses & operations): Acquisition of resources/networks (from banks, family, investors, friends etc) to fund start-up businesses & operations
  • Level 3 launch (start making or increase sales): Acquisition of legal documents & networks to start making sales or increase sales
To what extent did the model result in viable ventures?

• Out of the top 20 participants, 90% ventures were launched

• Case study: Eunice Mukai

*Figure 1: Picture Showing Progression of a Living Lab Entrepreneur from a Ground Fish Pond to a Raised Fish Pond that Prevents Predators & Flooding*
What motivates youth to stay in fish and poultry agribusinesses?

Results show high family influence in youth ventures in the fish and poultry sector; Despite the fact that 50% of the youth have a passion to be agri-entrepreneurs, majority of the youth in the final group were motivated to stay in business because of hardship and because their parents are also in business.
Determinants of resilience in venture creation

• More young men than women that applied for the program (68.4% to 31%) than were in the final group (66.7% to 33.3%)

• More young people in the final group had sourced external funds, compared to those that were not selected. There was however still high reliance on own funds across all groups.
Promising facts

Eighty eight percent of the youths reported to have increased their profitability by 20% considering majority were start-ups.

The youth are forming an association for fish and poultry farmers

Results show 56% increase in sales of the youth who went through training & business counseling compared to the 44% sales increase of the youth who went through training only.
Impressions...

• Most young people have ventured into agribusiness as a side job
• With initial capital provided by family and friends, they feel obligated to support their families and use profits for this purpose in place of further investing in their business.
• Production of fish, poultry or insects for feed, are also slow to mature and risky, therefore youth are uncertain on business registration and taking loans.
• For most youth, there is overreliance on irregular and informal markets.