

Transforming the care economy through impact investing case study:

Tiny Totos



The Care Economy
Knowledge Hub

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FOREWORD

Vital for our society to function, the care economy – domestic work and caring for children, elderly people, and people with disabilities – as it is now, operates as one of the most pervasive structural barriers to women’s economic autonomy and gender equality.

Across the world care work is mostly done by women and girls, who perform three-quarters of unpaid care work. Representing more than 11 percent of total global employment, paid care work is also a significant source of employment, particularly for women. However, these jobs are poorly paid, in positions that fall outside of formal employment structures, and insecure due to ingrained gender and racial biases and the work’s perceived value. The precariousness of paid care work and the unequal distribution of unpaid care work restricts women’s time and mobility, as well as their equal participation in social, economic, and political life. And this dynamic is unlikely to change without collective action. The climate crisis is increasing the demand for care and domestic work globally, while the COVID-19 pandemic generated a [care crisis](#) that exacerbated pre-existing gender inequalities.

Both formal structures and informal structures (norms) hold care economy inequalities in place. Gendered norms also shape national policies on how care work is recognized and valued, and how the responsibilities between families, governments, and the private sector are distributed.

While public investment and policies must be at the core of the solution, a renewed role for the private sector is crucial. Announced as a [commitment at the Generation Equality Forum](#), in 2021 Canada’s International Development Research Centre (IDRC) and the Open Society Foundation’s impact investment arm, the Soros Economic Development Fund (SEDF), launched an [action-oriented research initiative to help Transform the Care Economy through Impact Investing](#) (TCEII). Through this partnership, IDRC continues to build on its commitment to transform the care economy and mobilize finance for gender equality.



Erin Tansey



Catherine Cax

Since its launch, a global consortium of partners has built an [extensive knowledge and evidence base](#) to mobilize capital and impact investment to address the care economy's challenges in emerging markets. The program is now launching a collection of 20 case studies on care economy social innovations and impactful businesses, which complements 59 business profiles and mapping of 165 market-based solutions operating in emerging markets in Latin America, Africa, and Asia. The [TCEII program](#) also involves care-economy businesses incubation and acceleration, research on regulatory frameworks and policies, awareness raising, and industry policy dialogues.

As we witness growing momentum and understanding of the urgency of addressing the care crisis, we hope these case studies on pioneering companies will help advance concrete strategies to move from awareness to action. These case studies help to demonstrate viable and impactful business models, ranging from building social security infrastructure to labor-saving products and services. They offer a unique and nuanced understanding of the businesses' theories of change and impact journeys. The case studies also help to share the lessons these innovators have learned on their pathways to scale, and it is our hope that they will attract more capital into the care economy for deepened impact.

We invite you to read this collection of case studies and engage with them, and the other resources and tools developed by the TCEII program, to mobilize investment into the care economy.

Together we can advance [towards a care society](#) where social innovation, entrepreneurship, and investment can be part of the solution for economic justice globally.



Erin Tansey

Sustainable and Inclusive Economies
Director
International Development Research
Council



Catherine Cax

Managing Director, Investments
Soros Economic Development Fund

INTRODUCTION

The care economy consists of paid and unpaid labor and services that support caregiving in all its forms. In Africa, Asia and Latin America, women spend between 3 to 5 times as many hours on unpaid care and domestic work as men. This represents 80 percent of a household's total hours devoted to unpaid care work.

Care economy enterprises can help recognize, redistribute, reduce and reward - also known as the 4 Rs - unpaid and paid care and domestic work in the following ways:



Recognize: Initiatives that increase visibility and recognition of paid and unpaid care and domestic activity as "productive" work that creates real value and contributes to economies and societies.



Redistribute: Services and initiatives that redistribute care work from individuals to public and private sector entities, and redistribute care and domestic work within the household.



Reduce: Products and initiatives that reduce the time spent on and burden of unpaid care and domestic work.



Reward: Products, services, and initiatives that ensure that care and domestic workers are paid fairly and have professional growth potential. This provides them with financial reward and security.

The Care Economy Knowledge Hub - the research pillar of the Transforming the Care Economy Through Impact Investing Program - aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract a broad range of funders to invest in care economy solutions by showcasing opportunities.

A curated set of 20 business case studies, of which this case study is one, has been researched and written between October 2021 and January 2024. The case study businesses were selected out of a set of 165 businesses that were mapped between October 2021 and August 2022, and then a further 59 that were profiled between September 2022 and May 2023. They present a wide variety of different ways in which care work can be recognized, rewarded, reduced, and redistributed, from different sectors and different geographies, from different stages of the growth journey and different business models, from different products and services and different impact pathways. Each case study was

written based on extensive desk-based research, including a literature review; a review of key business documents; a series of deep conversations with founders, CEOs, and key staff; and impact-focused qualitative research with 8 - 15 consumers of business products and services.

Each case study starts with a 1-page executive summary that provides “at a glance” information on the business and Section 1 provides an introduction. Section 2 describes the ecosystem within which the business operates. The business deep dive can be found in Section 3. Section 4 presents an impact deep-dive, including customers’ own experiences of the care economy solution, and a unique set of qualitative impact data. Section 5 outlines the business’s future plans in their look forward.

Shifting attention towards and investment in the care economy is one of the single most important actions that policy makers, investors, and community leaders can take to achieve gender, racial, and climate justice. We hope that these case studies contribute to the much-needed transformation in our economic and social systems.



Rebecca Calder

Principal Investigator, Transforming the Care Economy Through Impact Investing
Co-Founder and Co-CEO, Kore Global

This project is supported by Canada's International Development Research Center, in partnership with the Soros Economic Development Fund at the Open Society Foundations. Building on their track record and commitment to transforming the care economy and mobilizing finance for gender equality, they are jointly supporting this action research program to help transform the care economy through impact focused business and investment. This case study is a joint research product, developed by a consortium led by Kore Global, including Intellectap, Core Woman, Busara, Sagana, and Volta Capital. Copy editing and graphic design were done by Big Blue Communications.

This particular case study should be cited as follows:

Intellectap, Busara Center for Behavioral Economics, Kore Global. (2024). *Transforming the care economy through impact investing: Tiny Totos case study*. Kore Global, International Development Research Centre, and Soros Economic Development Fund

1 - EXECUTIVE SUMMARY

Tiny Totos (TTK) is a social enterprise in Kenya that aims to improve the quality of informal daycare services for children by building a replicable business model that transforms informal daycare businesses into profitable ventures. Tiny Totos partners with existing daycare businesses and provides them with access to knowledge, technology, capital, and a network of other complementary businesses. This helps the daycare businesses to increase their incomes and long-term financial viability. It also indirectly contributes to reducing the burden of unpaid childcare work undertaken by women in low-income areas. Its growing expertise in building profitable, quality childcare offerings has led to TTK expanding its offering to include advisory services to international NGOs, government agencies, and private sector entities to help them craft affordable quality childcare solutions and, thus, contribute to improved child development outcomes. TTK has provided advisory services in Kenya, Ethiopia, Rwanda, and Somalia. The enterprise has developed a network of over 230 daycare centers in Kenya, and at least 18,000 children have benefitted from the learning and quality care it has enabled. It has 18 full-time employees. In 2022, it had a revenue of US\$669,547. Tiny Totos plans to expand its operations in Rwanda and Uganda. Tiny Totos is looking for US\$1.65 million in grants or convertible grants.






Tiny Totos at a glance


Established	2014
Country of operations	Kenya, Ethiopia, Rwanda, and Somalia
Offerings	Provides knowledge, technology, capital, and network to informal daycare businesses, and advisory services to NGOs, government agencies, and private sector entities, to help them create affordable & quality childcare solutions
Reach	230+ daycare centers in Kenya and 18,000+ children
Staff	18 full-time employees
Revenue	US\$669,547 (2022) ¹

Investment to date	US\$1,750,480 in grants
Leadership	Emma Caddy, CEO
Contact for partnerships	ecaddy@tinytotos.com
Website	www.tinytotos.com

2 – ECOSYSTEM

2.1 Kenya: statistical snapshot

 <p>Demographic information</p>	<p>Total population (World Bank, 2021): 53 million</p> <p>Female population (World Bank, 2021): 50.3% of the total population i.e. 26 million</p> <p>Urban & rural population (World Bank, 2020): Urban (28%) Rural (72%)</p> <p>Population in different age segments (<i>% of the total population</i>) (World Bank, 2020)</p> <ul style="list-style-type: none"> • 0–14 years: 38% • 15–64 years: 59% • 65 and above: 3%
 <p>Unpaid care work</p>	<p>Proportion of daily time spent on unpaid domestic and care work in urban areas (Oxfam, 2021):</p> <ul style="list-style-type: none"> • Women and girls: 5 hours Men: 1 hour <p>Proportion of daily time spent by women on childcare as compare to men in urban areas (Oxfam, 2019):</p> <ul style="list-style-type: none"> • Women: 9.1 hours Men: 2.4 hours
 <p>Social & economic</p>	<p>Literacy level (Global Gender Gap Report, 2021):</p> <ul style="list-style-type: none"> • Females (78.2%) Males (85%) <p>Poverty (Statista, 2022):</p> <ul style="list-style-type: none"> • 17% of the total population live in extreme poverty (less than US\$1.9/day) as against the global poverty rate of 8.9%. In 2022, 7.8 million Kenyans in extreme poverty lived in rural areas while 1.1 million lived in urban areas. <p>Child mortality rate (Worldometer, 2023):</p> <ul style="list-style-type: none"> • In 2023, the infant mortality rate stands at 30.6 per 1,000 live births and the under 5 years mortality is at 40 per 1,000 live births. <p>Early childhood development (USAID, 2020):</p> <ul style="list-style-type: none"> • In Kenya, 59% of children under 5 years of age are at risk of poor early childhood development due to stunting or extreme poverty or both. <p>Formal & informal employment (Statista, 2021):</p> <ul style="list-style-type: none"> • Out of 18.3 million people employed in the country, 15.3 million people worked in the informal sector, and 3 million worked in the formal sector. • Women account for 36.8% of the proportion of Kenyans employed in the informal sector. (Statista, 2019). <p>Gender-based violence (GBV)</p> <ul style="list-style-type: none"> • 45% of women aged 15–49 have experienced physical violence since age 15. (Kenya-Demographic and Health Survey, 2014). • 40.7% of ever-partnered women aged 15–49 years experienced intimate partner physical and/or sexual violence at least once in their lifetime. (UN Women Kenya, 2014). • 22.9% of girls and women aged 15–49 years have undergone Female Genital Mutilation/Cutting (FGM/C). (UN Women, Kenya 2021).

	<ul style="list-style-type: none"> • GBV has long-lasting impacts on physical and mental health, including injury, unintended pregnancy and pregnancy complications, sexually transmitted infections, HIV, depression, post-traumatic stress disorder, and even death. The economic cost of GBV (productivity loss due to injuries & mortality and medical expenses) amounts to 0.6% of the GDP (KIPRA, 2021).
 <p>Women's work, labor, and entrepreneurship</p>	<p>Labor force participation (World Bank, 2021)</p> <ul style="list-style-type: none"> • Women: 49.6% Male: 77% <p>Unemployment (World Bank, 2021):</p> <ul style="list-style-type: none"> • Total: 5.6% • Women: 5.9% Male 5.3% <p>Women-owned businesses</p> <ul style="list-style-type: none"> • Licensed MSMEs ownership (Kenya National Bureau of Statistics, 2016): Females (32.1%) Males (47.7%) • Unlicensed MSME ownership (Kenya National Bureau of Statistics, 2016): Females (61%) Males (31.7%) • Firms with female top managers as % of total firms: (World Bank, 2021): 18% <p>Gender pay gap (Global Gender Gap Report, 2022):</p> <ul style="list-style-type: none"> • Total: 0.73 (0=unequal, 1=equal). <p>Financial inclusion (Central Bank of Kenya, 2019):</p> <ul style="list-style-type: none"> • 33.7% of women had bank accounts

2.2 Context analysis

Macro context in Kenya

The total population of Kenya is 57 million, out of which 27.8% of the population resides in urban areas of the country.² Urban Kenya contributes over 65% to the national GDP.³ Urbanization has led to the rapid growth of informal settlements in Kenyan cities and towns. Around 60-80% (depending on the city) of the urban population lives in informal settlements and lacks adequate access to water, sanitation, and housing facilities.⁴

In urban areas of Kenya, 1.2 million people live in extreme poverty.⁵ Furthermore, more women than men live in conditions of extreme poverty (18% of the total female population compared to 16% of the total male population), and almost 80% are either below or near the poverty line in Kenya.⁶ Women also tend to be more vulnerable to poverty compared to men due to low wages and job insecurity, as women are mostly employed in the informal sector. About 36.8% of Kenya's total female workforce is employed in the informal sector (as of 2019)⁷, which is characterized by low and unstable incomes and lack of access to basic protection services.

In 2021, 38.4% of the population in Kenya was in the age group of 0-14 years.⁸ The infant mortality rate is currently at 30.6 per 1,000 live births, and the under 5 mortality is at 40 per 1,000 live births.⁹ Fifty-nine percent of children under 5 years of age in Kenya (4.13 million children)¹⁰ are at risk of poor development due to stunting or extreme poverty or both.¹¹ Kenya is 1 of 34 countries with the highest burden of child malnutrition in the world.¹² Malnutrition is the consequence of limited dietary intake, a lack of safe drinking water, and knowledge concerning the basics of sanitation and poor health, all of which is exacerbated by a lack of access to health facilities¹³ and lack of appropriate childcare.

Care economy context

Sixty to eighty percent of Kenya's urban population (~8.9 million)¹⁴ live in informal settlements¹⁵ and have limited access to affordable, quality childcare services. Childcare is mostly unregulated in these settlements, provided in informal daycare centers run by women who are untrained and lack any formal education in childcare or business management. Consequently, these informal caregivers provide low standards of childcare services, and the earning potential from their daycare centers is also limited. They generally operate their daycare centers on a day-to-day basis, with little understanding or regularity of structure, systems, and pricing.¹⁶ Moreover, most of these women operate their daycare centers from their own homes or from centers/rooms which are substandard and/or dangerous for children in terms of overcrowding, hygiene and sanitation issues, and with an unmanageable adult-to-child ratio.¹⁷ Parents who use these daycare centers have often reported the childcare provider as being untrained, inexperienced, and the center as a dangerous place with dark, crowded

rooms, with nearby hazards like open fires, unprotected sewers, or rivers.¹⁸ Furthermore, the daycare owners/managers are also not able to provide any age-appropriate activities and development or health monitoring for the children.¹⁹

While women all over the globe bear disproportionate responsibility for unpaid care work, the burden is far more time consuming and difficult to undertake while living in poverty.²⁰ Findings from a household survey conducted in urban informal settlements of Kenya show that, on average, women spend 9.1 hours on childcare in a 24-hour period, compared to an average of 2.4 hours spent by men.²¹ In Kenya, the absence of affordable, good quality, and reliable childcare has an impact on women's care burden and also impedes women from effectively participating in the labor market.

Most women from low-income families in informal settlements usually work outside the home for long hours. These women have no option but to either take their children to work with them or to leave them alone at home.²² Such arrangements

made by mothers lead to various problems such as poor hygiene and nutrition, greater chance of injuries, and a general compromising of child health. This can be seen from the fact that only 58% of children living in the slums of Kenya have been immunized.²³ Lack of affordable and quality childcare contributes to stunting among children and negatively impacts their social development and mental and physical growth.²⁴

Market opportunity

Childcare services include personal care, education, supervision, and guidance of children.²⁵ An estimated 38.3% of Kenyan children between the ages of 3 and 4 are not reaching their full cognitive and socioemotional potential²⁶ owing to inadequate or improper care in their early years,²⁷ thereby making the country a potential market for childcare businesses that provide quality and affordable childcare. In Nairobi, Kenya, there are around 2,700 informal daycare centers,²⁸ which are typically substandard and unregulated, and operated by women who have not had any formal training in childcare. A policy review conducted by Frontiers in Public Health has highlighted

that the private early childhood development (ECD) centers that exist in Kenya suffer from a lack of trained workers and proper facilities.²⁹ Furthermore, there are no government agencies or private sector associations that can help informal daycare businesses to improve their efficiency and quality of service. Such businesses have low incomes and have limited access to support. Consequently, they are highly vulnerable to economic fluctuations and closures.

It is highly capital intensive to establish formal childcare centers with a trained workforce and facilities that achieve requisite standards. Pertinently, informal settlements are increasingly being recognized as dynamic, with their residents displaying a high level of entrepreneurial spirit.³⁰ Therefore, supporting and assisting the existing informal childcare centers not only provides opportunities for enhancing child health and early childhood development, but also opens up opportunities for childcare centers to transform into profitable businesses and for strengthening social capital within the informal settlements.³¹



In the case of the care economy, we have an enormous under-supported, under-invested market.

Emma Caddy, Founder of Tiny Totos



3 - BUSINESS DEEP DIVE

3.1 Business headline

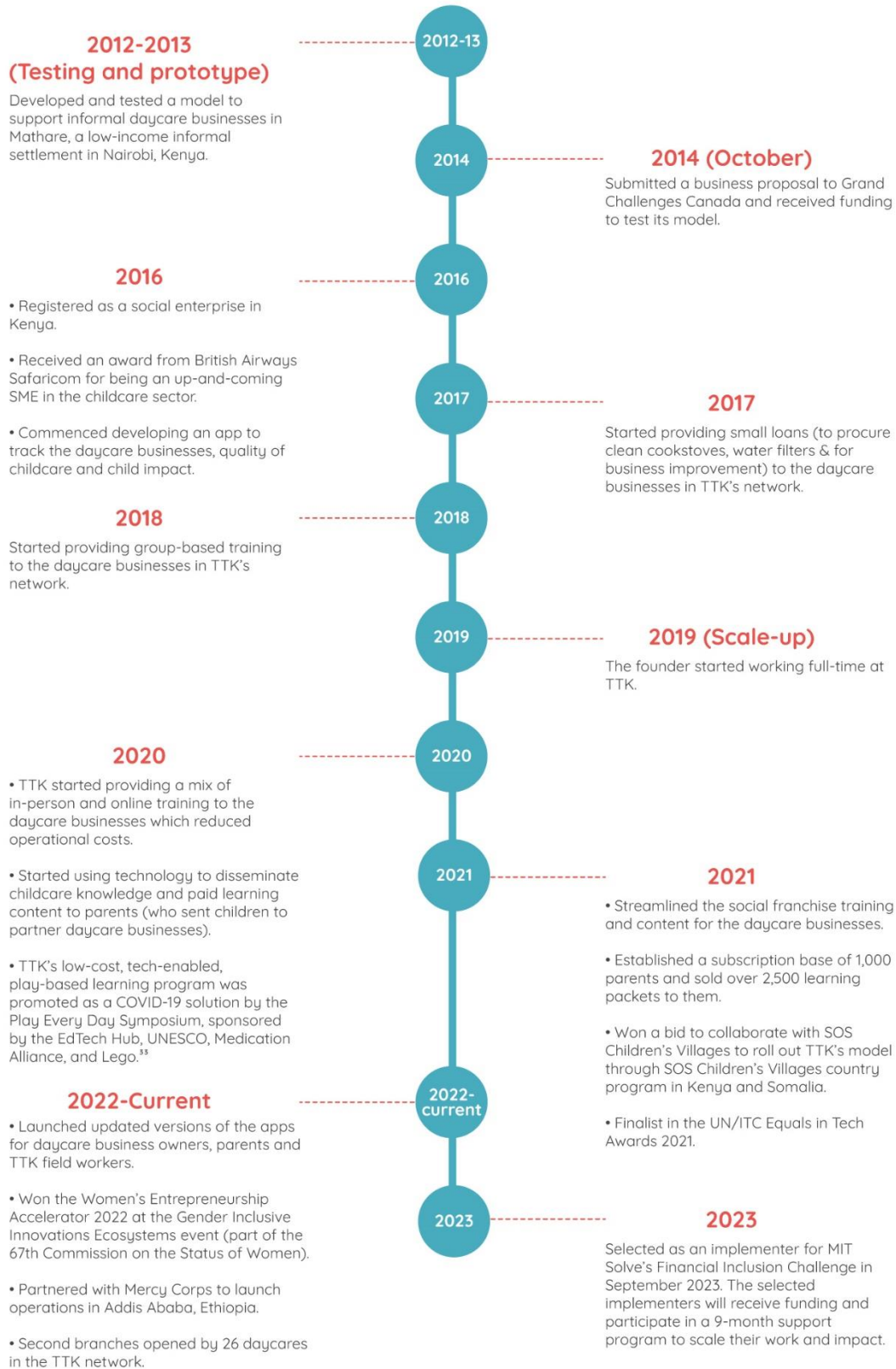
Tiny Totos Kenya (TTK) is a for-profit social enterprise that addresses the problem of lack of affordable quality childcare services in low-income informal settlements by building the capacity of informal daycare businesses. The enterprise enables these informal daycare businesses to improve their service quality, increase business income, and ensure long-term financial viability. TTK accomplishes this by partnering with daycare businesses and providing them with access to knowledge, technology, capital, and networks.

At the onset of the partnership, the informal daycare businesses are provided with training, technology (phone app) and support for a period of 3 months at no charge. At the end of these 3 months, interested daycare businesses can join TTK as a network partner by paying a monthly membership fee of US\$2.50. The businesses continue to receive services such as ongoing support to enhance operations, access to loans and the network to increase their client base and income. Partners are regularly monitored to ensure sustained delivery of quality childcare services. Furthermore, the enterprise also obtains revenue through sale of products and services. The enterprise sells affordable products to parents that reside in low-income settlements, and it provides advisory services to international NGOs, government agencies and private sector entities that aim to replicate TTK's model in other countries.

Daycare businesses receive training across various topics including business management, early learning, nutrition, and health. Tiny Totos provides the daycare businesses with technology, i.e. a phone-based app³², to record and manage their business activities such as income, child attendance, and expenses. All the managers using the app can earn performance points to offset membership fees and loan payments. The enterprise provides the daycare partners with loans (at a nominal interest rate of 10-12%) to improve their operations and establish or enhance the daycare kitchen for providing nutritious meals to attending children. This enables daycare businesses to attract additional customers and diversify services and revenues. TTK provides the daycare businesses with access to a network of other similar and complementary businesses. As Tiny Totos' network partners, these daycare centers can provide their customers (low-income parents) with value-added services such as nutritious food (fortified porridge) for children and high-quality educational content. Through the daycare, the daycare customers can also obtain asset financing from Tiny Totos to purchase clean cookstoves, water filters, and phones. TTK has created a network community for the daycare businesses and low-income parents through monthly manager meetings, by facilitating parent meetings, and organizing guided community conversations through WhatsApp groups, text messages, a radio show, and a free helpline number.

TTK has been able to develop and scale a standardized social franchise solution for informal daycare businesses that operate in low-income communities. The enterprise's approach aggregates markets and builds economies of scale and efficiencies. While not a direct provider of childcare services, Tiny Totos' services help daycare businesses to provide affordable quality childcare services to women that live in low-income informal settlements. TTK's work contributes indirectly to the reduction of the burden of unpaid childcare work undertaken by women in low-income areas. For children in low-income areas, it contributes to reducing risks of poor mental and social development caused by sub-standard childcare. Children who attend these daycare centers score higher-than-national-average development milestone outcomes and have reduced malnutrition.

Tiny Totos' journey³³



3.2 Founder story

Founder of Tiny Totos



Emma Caddy

Emma Caddy is the founder and CEO of Tiny Totos Kenya and manages operations, business growth, and fundraising. Emma holds a Bachelors from Oxford University, a Masters in Resource Management from the University of British Columbia, and an MBA with Distinction from Oxford's Said Business School, where she was a Skoll Scholar in Social Entrepreneurship. She has over 2 decades of experience in community development and impact investing. Emma has spent a decade running community development and conservation programs in Central America. She has also managed an impact investment fund and provided advisory support to foundations and international development agencies.

In 2012, a friend requested Emma to help develop a plan for a daycare business that would serve high-income households in Nairobi, Kenya. Emma suggested that her friend consider redirecting some profits from this daycare business to support and enhance services at a daycare center in a low-income community. Her friend liked the idea, and Emma started looking for a daycare center that provided services in a low-income community. Although her friend did not start the business, Emma's research showed that there is tremendous opportunity to not only enhance the daycare businesses in informal communities but also improve outcomes for children that attend these centers.

Through her research, she observed that there is robust supply and demand for childcare services in low-income informal settlements. The challenge was not whether people needed childcare but whether the services being offered were up to standards and whether the daycare businesses themselves were able to profit. Her hypothesis was that if the business skills and capacity of the informal daycare businesses were developed, then these

businesses would become profitable, and eventually they would invest back into childcare. To test this hypothesis, Emma used her own funds to start Tiny Totos Kenya.

Initially, Tiny Totos trained women to go to daycare centers in low-income informal settlements and offer advisory services to help these daycare businesses to become profitable. During this period, Emma received a grant from Grand Challenges Canada to further test this model. Emma planned to use the grant funding to increase its daycare partners from 2 to 8. This gave her the impetus to officially register Tiny Totos, develop standardized training content and create a network of daycare centers.






I guess the magic of it all is that I had no preconceptions about childcare as a space... I didn't have that background... but I just saw it as a market opportunity and approached it as such from then on.

Emma Caddy, Founder of Tiny Totos



3.3 Business model

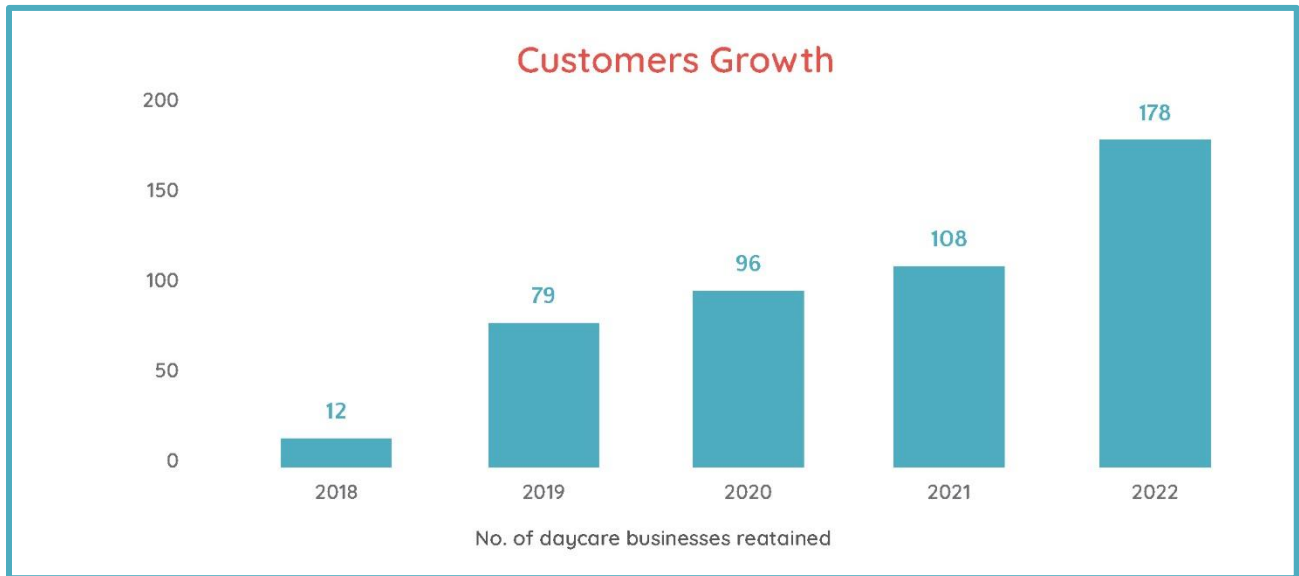
 <p>Customer segment</p>	<p>Tiny Totos targets the following customers:</p> <ul style="list-style-type: none"> • Informal daycare businesses in low-income settlements who earn US\$50-US\$250 per month. • Parents of children who attend the informal daycare centers (TTK partner daycare centers). These parents can purchase affordable products such as nutritious food, water filters, clean cookstoves, and phones through TTK. • International NGOs, government agencies, and private sector entities that aim to replicate TTK's model in other countries.
 <p>Value proposition</p>	<p>TTK's value proposition aligns with daycare owners' needs and aspirations. It enables informal daycare owners to operate profitable businesses by providing them access to training, social networks, and income-diversification opportunities. This also enhances access to affordable quality childcare services for women who live in low-income settlements.</p>

 <p>Competitive advantage</p>	<p>Through its social franchise model and partnerships, the enterprise enables informal daycare businesses to increase and diversify their income. In addition, it provides daycare businesses with a community and support mechanism that improves their ability to tackle business challenges collectively. Furthermore, TTK is the only company that provides low-income daycare businesses with access to an app to monitor their business performance. The fees that low-income women typically pay to informal and unregulated childcare providers in informal settlements ranges from as low as 5 KES per day (around US\$0.05), to a more common 30–70 KES (US\$0.3–0.7) per day, with some daycare centers charging up to 100–200 KES (US\$1–2) per day. On average, TTK’s partner daycare centers charge KES 90 (US\$.61)³⁴ per day for the daycare services.</p>
 <p>Channels & key partnerships</p>	<ul style="list-style-type: none"> • TTK has established partnerships with multiple private sector companies and social enterprises to enhance access to affordable products such as nutritious food (Soy Afric and Naturelock), clean cookstoves (Koko Stoves), water filters (Aqua Clara Kenya and Nazava Water Filters), and phones (Huawei). • TTK has partnered with the local government in 2020 to facilitate the extension of health services (like Vitamin A and deworming boosters) to children and their parents through the daycare centers. • In 2020, TTK partnered with Koch FM, a non-profit radio broadcasting station for a radio show that covers different topics like early childhood education, health, nutrition, and business.
 <p>Customer relationship</p>	<p>TTK engages with daycare businesses through its training (in person and virtual). Field officers conduct in-person assessments of the partner daycare businesses. The enterprise offers support through WhatsApp groups and a free helpline.</p>
 <p>Pricing and payment methods</p>	<ul style="list-style-type: none"> • The daycare businesses pay TTK a quarterly membership fee of US\$7.50. Customers (low-income parents) pay daycare owners for services like daycare and cooked meals. These customers also pay TTK directly for the products (clean cookstoves, water filters, food products and learning content). Both the daycare businesses and parents pay TTK for its products through the M-Pesa³⁵ app. • All other entities (NGOS, government etc.) pay for the advisory services.
 <p>Revenue streams</p>	<p>The enterprise receives revenue from grants and the sale of services (technical advisory services, membership fees, content sales, commissions, and loans). Historically, 97% of the enterprise’s revenue came from grants, and 3% of revenue came from earned revenue. The enterprise has projected an 85%:15% split for 2023.</p>
 <p>Cost structure</p>	<p>26% of TTK’s expenses is the Cost of Goods Sold (COGS). TTK spends 55% of its expenses on personnel. The enterprise also provisions 19% of the expenses for operations, project administration, equipment, and travel.</p>

3.4 Tiny Totos’s growth story

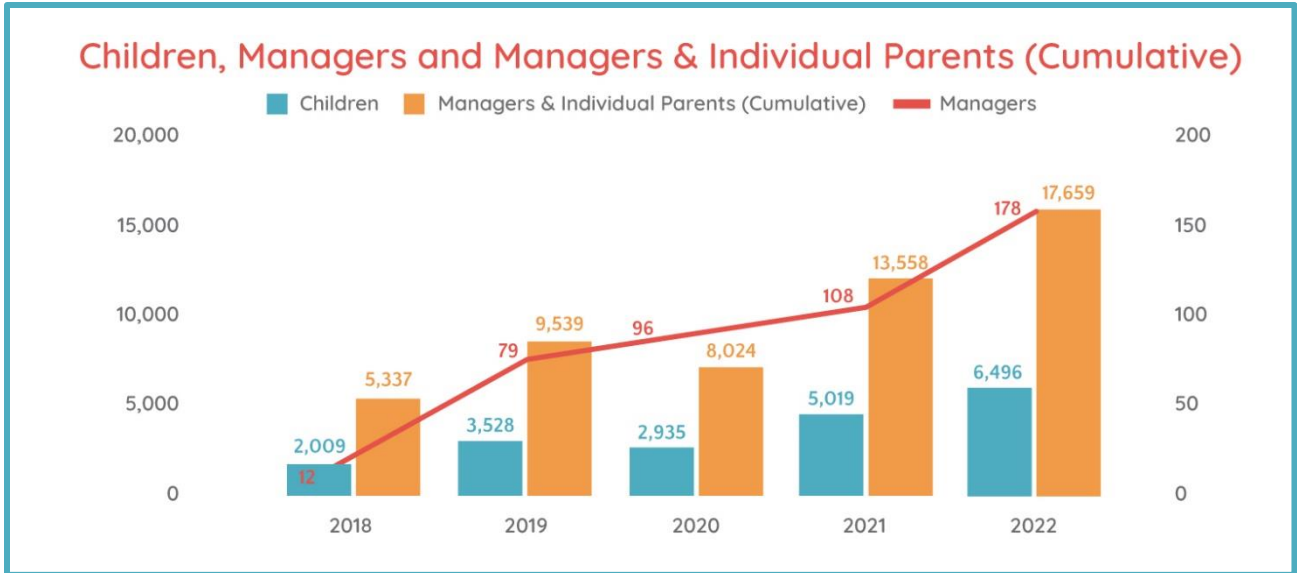
3.4.1 Customer growth:

The number of daycare businesses³⁶ retained by the enterprise (i.e. those that were provided with training, technology, and support for the first 3 months at no charge and then onboarded as a partner) has steadily increased from 2018 onwards, at a compound annual growth rate (CAGR) of 96.2% over 5 years.



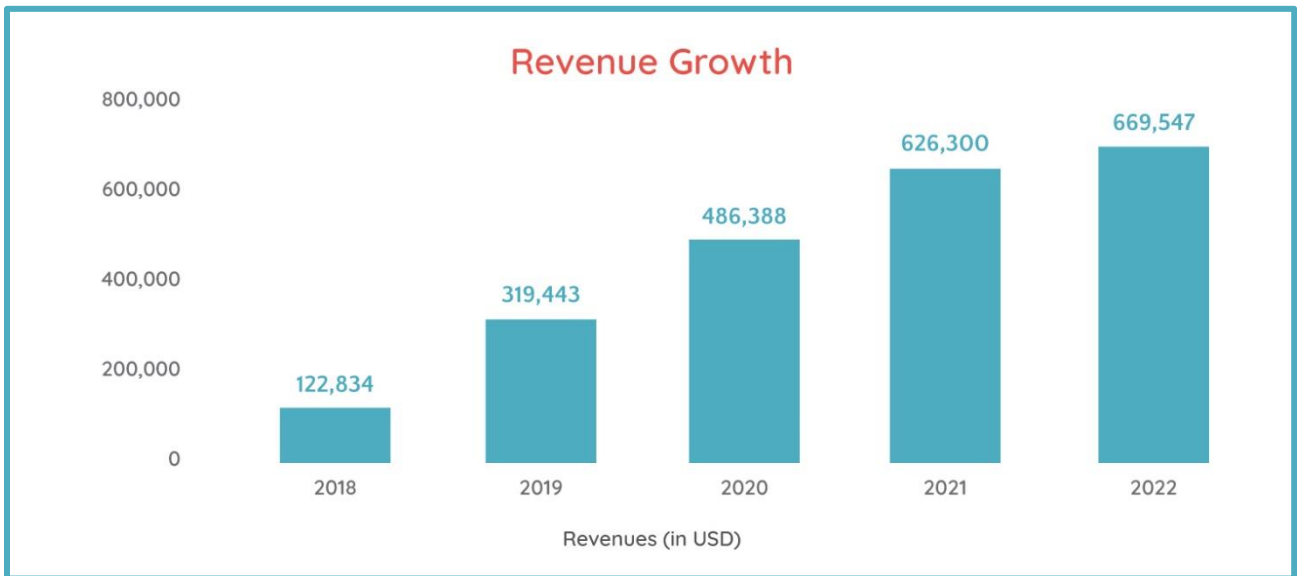
3.4.2 Customer growth (network partners):

The number of customers served (daycare business managers³⁷ and parents who send children to the daycare centers) by the enterprise has steadily increased in the last 5 years. In 2020, the pandemic-related restrictions negatively impacted low-income households’ finances and affected their spending patterns. Consequently, there was a decrease in the number of partner daycare centers and parents served during this year.



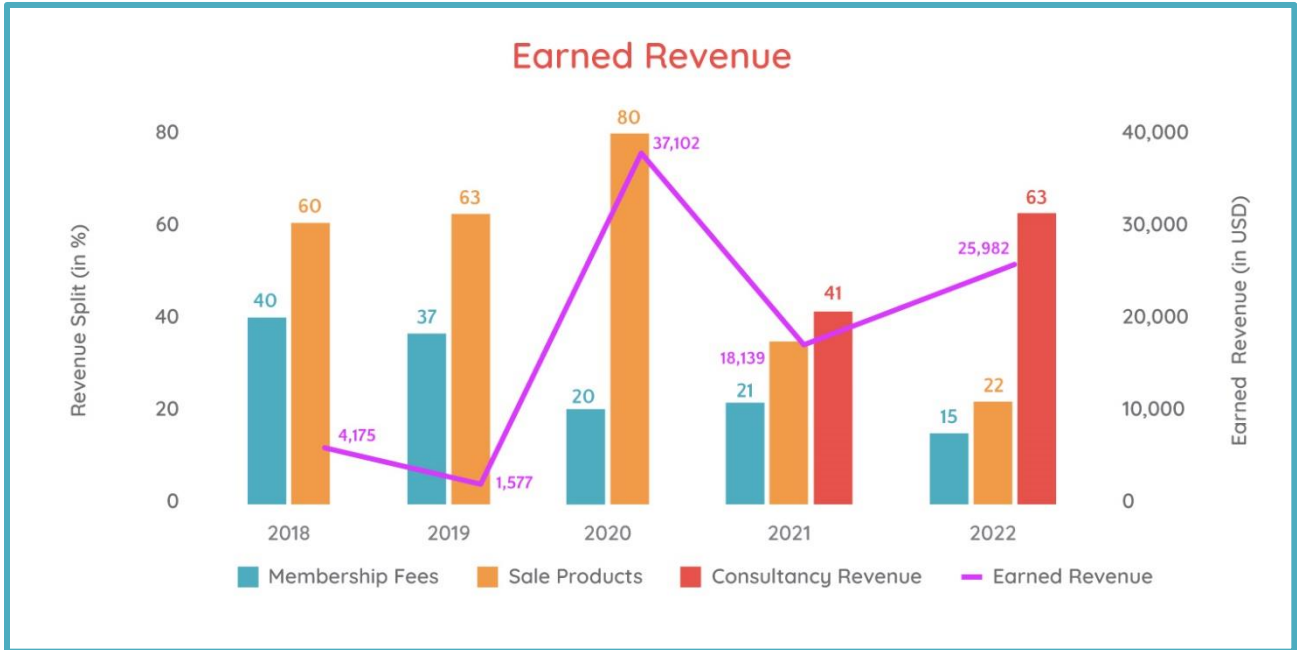
3.4.3 Revenues:

The enterprise receives revenue from grants and sale of services (consultancy revenues, membership fees, sales of products). TTK’s revenue growth has steadily increased from 2019 onwards, at an annual growth rate of 20%.



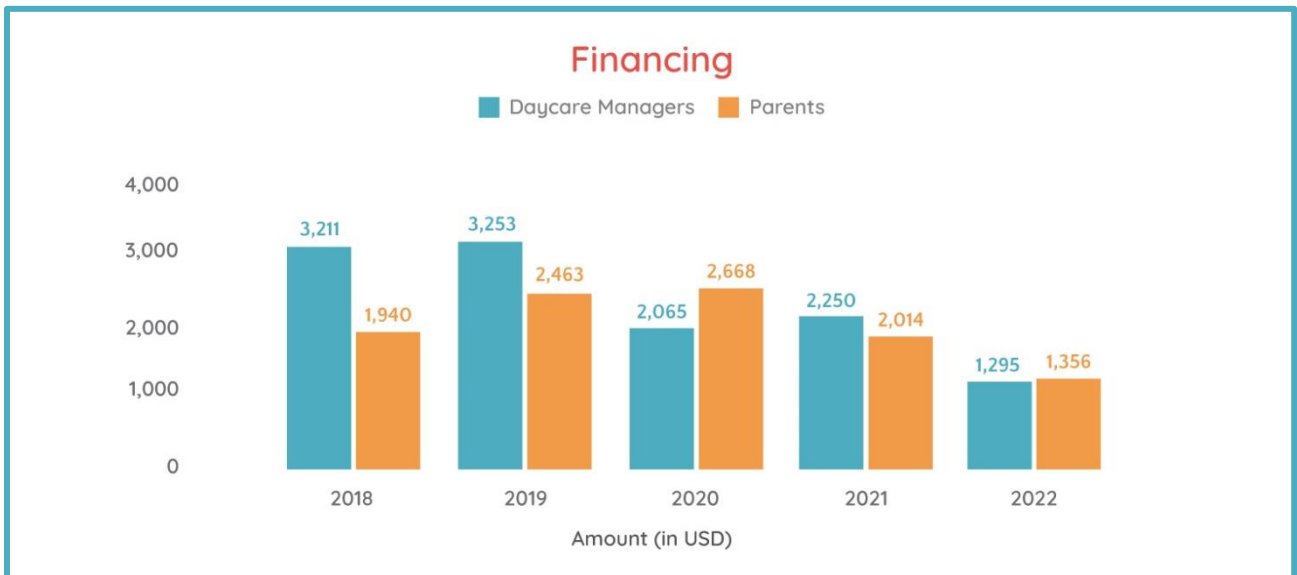
3.4.4 Earned Revenue:

Over the last 5 years (2018–22), TTK’s earned revenue³⁸ has grown at a CAGR of 57.9%. In the last 2 years, TTK has started providing consultancy services, and these services now account for over 60% of the enterprise’s earned income.



3.4.5 Provision financing:

TTK has disbursed loans to daycare managers and low-income parents that send children to partner daycare centers. In 2022, the disbursed loans declined as the grant funding used for these loans ended.



3.4.6 Gross margin:

The gross margins for TTK have fluctuated due to the disruptions caused by the pandemic.



3.5 People and governance

Tiny Totos Kenya is committed to gender and strives to achieve this not only through its products and service offerings but through its people and governance structure, practices, and policies.

2X Criteria³⁹

- The founder is a woman.
- A woman holds the majority stake in the company.
- 67% of senior management is women.
- 60% of the board members are women.
- 80% of full-time employees are female.
- Initiatives exist to advance women in the workforce.
- 100% of customers are women.
- Products & services are specifically for women.

Tiny Totos Kenya is a **gender-transformative** business.⁴⁰

TTK has a centralized office in Nairobi, Kenya. There are 20 full-time employees, 75% of whom are women. The enterprise also has 32 part-time employees, 95% of whom are

women. Key senior personnel consist of the Chief Executive Officer, Managing Director, Chief Financial Officer, People and Partnerships Director, Nutrition and Partnerships Innovation Manager, and Training Content Manager. Sixty-seven percent of the management personnel are women. Other full-time staff members consist of 6 managers that support the enterprise’s operations. These personnel consist of 2 field managers, an Early Childhood Development (ECD) manager, a data manager, a field office manager, a social impact data manager, and an ECD resource center manager. In addition to these personnel, the enterprise has a financial literacy coach, a partner leadership facilitator, a technical lead, a business field coordinator, a data analyst, and 2 finance and administrative assistants. Four of the 6 board members are women.

TTK has codified various policies to support its team and the management, which include equal pay for equivalent work, employee grievance mechanism, protection against violence at work, fully paid maternity/paternity leave, and protection against discrimination. The enterprise faces some challenges related to onboarding personnel. As a result of budget constraints, the enterprise has not been able to hire the required number of employees across various functions to enhance and scale its operations. The enterprise currently does not have the resources to hire experts for content creation, training, and business development.

3.6 Support received to date

The company has received both financial and non-financial support as grants, subsidies, technical advisory, and mentorship from multiple entities. The key items of support received are as follows:

Financial	
Grand Challenges Canada	In 2014, the enterprise received its first grant funding of US\$100,000 from Grand Challenges Canada. This funding allowed TTK to expand the number of supported daycare centers from 2 to 8 and increase the range of support that the enterprise provided to the daycare businesses in terms of equipment, investment, and training. ⁴¹ The grant funding enabled TTK to further test and refine its business model. Over the years, Grand Challenges Canada has continued to support TTK. For the period 2021–24, the enterprise has received follow-on grant funding of US\$550,480 from Grand Challenges Canada. This follow-on funding is allocated to standardize TTK’s social franchising content.
Energy and Environment	Between 2019 and 2021, TTK received financing from EEP Africa to pilot the distribution and financing of clean cookstoves (from Koko Networks) to its daycare network. TTK used this funding to set up the customer database, payment collection, and financing processes for the financing and distribution of clean cookstoves to the daycare business and low-income women that sent

<p>Partnership Trust Fund (EEP Africa)</p>	<p>their children to TTK’s partner daycare centers. This funding enabled TTK to demonstrate how its network can be leveraged for the distribution of clean energy products in low-income communities. TTK sold 2,700 clean cookstoves through its daycare network.</p>
<p>CRI Foundation</p>	<p>Between 2020 and 2023, TTK received US\$400,000 from CRI Foundation. This funding played a critical role in helping TTK strengthen its child health and development monitoring frameworks.</p>
<p>Elma Foundation</p>	<p>Between 2020 and 2023, TTK received a grant of US\$300,000 from Elma Foundation. Support from Elma Foundation helped TTK’s team to develop its expansion plans for other countries and regional networking. This grant played an instrumental role in helping TTK to expand its operations from Kenya to other East African countries such as Ethiopia and Rwanda.</p>
<p>Vitol Foundation</p>	<p>For the period 2022–24, Vitol Foundation has provided the enterprise a grant of US\$500,000. These funds were used by TTK to refine its business model, hire employees, and support tech expansion. These funds enabled TTK to not only hire senior staff members but also establish and enhance processes to enhance the team. Funding from Vitol Foundation also helped TTK to build its 3 mobile apps (manager app,⁴² parent app⁴³ and field worker app⁴⁴) to test and monitor its interventions.</p>
<p>Non-financial</p>	
<p>Harvard’s Center for Public Health</p>	<p>In 2022, Harvard’s Center for Public Health supported TTK to adopt child development assessment tools such as Caregiver Reported Early Development Instruments (CREDI) and Measure of Development and Early Learning (MODEL). The Center also conducted an overall audit of TTK’s’ quality assessment and child growth assessment frameworks and provided advisory support to synthesize these in a comprehensive framework. This enabled TTK to enhance its monitoring and evaluation (M&E) system to track child development outcomes.</p>
<p>World Food Programme</p>	<p>From 2020–2022, the World Food Programme (WFP) provided TTK with strategic advisory support. This support helped the enterprise to understand how it is perceived by its users (daycare business owners and parents). TTK also received support to improve its visuals and messaging to its customers (informal daycare business owners, support staff at informal daycare centers, and low-income parents that send children to these daycare centers). This support has helped TTK to develop messages and branding that resonated most with mothers and caregivers and accelerate behavior change.</p>

**Ernst and Young
(E&Y)**

In 2019, 2020 and 2022, E&Y provided pro-bono support to build TTK's operating and data management platforms and data team. E&Y's support enabled the TTK to create a Power Business Intelligence data dashboard to track its intervention across key assessment parameters such as business metrics, child impact, quality of care, and parent engagement. Furthermore, E&Y also provided training to TTK employees on how to use the dashboard and summarize findings.

*Full summary of the support received is [here](#).

3.7 Key business drivers and challenges to growth

Tiny Totos foresees certain barriers and drivers that will impact its business and growth.

Key business drivers	
Founders' experience	In the past, Emma has worked extensively in community development and impact investing. These experiences have enabled Emma to focus on developing a market-based solution and prioritize data collection for the intervention. As the sole founder, she has been able to experiment and innovate with TTK's business model, as the enterprise did not have to convince other investors or shareholders. Extensive data collection and analysis has enabled TTK to understand how various partner daycare centers are performing and identify areas of improvement.
Standardized toolkit for informal daycare centers	TTK has been able to develop a standardized toolkit that gives informal daycare businesses access to the knowledge, network, capital, and technology needed to improve standards and run profitable childcare businesses. Through this standardized toolkit, TTK has been able to realize operational efficiencies and scale its network at a lower cost. In the last 5 years, TTK's network has grown 10 times, however the team has grown only 2 times.
Rigorous tech enabled data collection and M&E system	Since its inception, TTK has focused on rigorous data collection. Data is collected across various areas (daycare business metrics, quality of childcare, child impact, and parent engagement) at regular intervals. The collected data plays a critical role in helping the TTK management to understand how various partner daycare centers are performing, identify areas of improvement, and pivot their services as needed. Rigorous data collection has helped the enterprise to effectively demonstrate its track record to potential funders and establish partnerships with other stakeholders such as government agencies, implementation agencies and private sector companies. Over the years, TTK continues to enhance its M&E systems. The enterprise has invested resources to digitize its data collection and data analysis.

Daycare businesses and parents are interested in consuming digital content

TTK has developed digital content and e-learning material for parents and partner daycare centers. The enterprise has leveraged technology to disseminate this childcare knowledge and learning content to parents who send their children to the partner daycare centers, as well as to parents and childcare providers beyond TTK's network. This content is free for partner daycare centers and parents in TTK's network. Daycare owners and parents that are not a part of TTK's network can purchase the content for a small fee. This represents potential for TTK to further increase engagement with its customers, expand its customer base, and increase its revenues at a lower cost. Lastly, there is potential for TTK to use digital content to engender behavior change related to child development and nutrition among daycare center owners and parents.

Alternative methodology to determine credit worthiness of daycare owners and low-income women (partner daycare customers)

TTK uses the daycare centers' monthly earnings to determine the size of the loans and repayment terms for daycare owners. The enterprise has also developed a methodology to determine the credit worthiness of low-income women who send their children to these daycare centers. It is otherwise difficult to assess the creditworthiness of these women, as these women work in the informal sector and do not have bank accounts, work contracts, or assets. TTK uses daycare attendance data and childcare payments to assess the credit worthiness of low-income women to obtain loans for purchasing products such as water filters, phones, and clean cookstoves. Using this data, the enterprise has been able to provide 500 micro-loans to daycare owners and low-income women. These are unsecured loans, and the interest rate ranges from 10-12%. To reduce the risk of the funds being used for another purpose, the enterprise provides asset-based financing loans. To date, TTK has single-digit arrears.

Diversification of services available at partner daycare centers through multiple partnerships

TTK has been able to establish multiple partnerships with stakeholders such as private companies, social enterprises, and government agencies to enhance customer engagement, revenues, and impact. Through partnerships with private companies, it has provided daycare businesses and their customers with access to nutritious foods and other products such as clean cookstoves, phones, and water filters. For instance, TTK provided Koko Networks a channel to market its affordable clean cooking solutions to parents who send children to daycare centers in TTK's network. It has partnered with Soy Afric and Naturelock for the distribution and sale of nutritious foods through daycare centers. Similarly, it has partnered with Aqua Clara, Nazava Water Filters, and Huawei for the sale of affordable water filters and phones. TTK and the daycare business receive a small commission for the sale of these products, consequently increasing revenues and boosting customer engagement and retention for the partner daycare businesses. For the daycare business' customers, it also enhances access to affordable products and credit schemes for purchasing these products.

The enterprise has also collaborated with the local government to facilitate the extension of health services (biannual Vitamin A and deworming boosters) to children and their parents through the daycare centers. By offering these services with parental consent in daycare centers, the enterprise can overcome coordination challenges that prevent children from accessing these free health services. The enterprise is also testing a vaccine collaboration with the Ministry of Health to provide access to vaccines in the daycare centers itself, to children with health problems and vaccine gaps.

Challenges to growth	
Ecosystem	<p>Historic dependence of target customer segments on charity-led ECD interventions: In Kenya, there are some charity-led ECD interventions that provide informal daycare businesses with access to free products and services to improve quality of childcare. The availability of free products and services can hamper the willingness of daycare businesses to continue engagement with TTK and pay for the services provided by TTK.</p>
Operational	<p>Small management team and limited bandwidth impede TTK from effectively pursuing opportunities for business development: TTK has a small management team that is not only managing ongoing operations but also working on multiple business development opportunities. Although there are several business development opportunities, the team is constrained in its ability to effectively pursue all of them. Furthermore, because of budget constraints, Tiny Totos faces challenges in on-boarding personnel across various functions. For instance, the enterprise only has a part-time financing officer who assesses the credit worthiness of daycare owners and low-income women. Findings from a survey conducted by TTK with daycare managers in 2022 showed that loan products were the second-most cited area the daycare managers wanted options for (i.e., making more products available with finance). Hence to further expand its loan services to daycare owners, the enterprise is seeking funding and technical support. This funding will enable TTK to expand its credit rating analytics, financing capabilities and establish partnerships to further scale its loan portfolio.</p> <p>The enterprise also faces challenges in offering competitive salaries and benefits to senior personnel. Consequently, the enterprise is unable to effectively enhance its ongoing operations and build capabilities to scale its model and advisory practice. To address this challenge, the enterprise has leveraged grant funding to prioritize onboarding senior personnel as needed. For instance, the enterprise needed a senior person to increase adoption of its digital tools (apps, learning content) among its customers. Once onboarded, this person was able to increase adoption of TTK's digital tools by 60%.</p>
Financial	<p>Limited availability of patient capital: TTK needs access to patient capital to enhance its social franchise model, build internal capacity, strike institutional partnerships, and enhance M&E systems. While TTK has been able to obtain grant funding from multiple donors to support and scale its operations, patient capital will enable it to reduce the reliance on grants. In the absence of appropriate patient capital, the enterprise has engaged with various funders such as angel investors, incubators, foundations, family offices, high net-worth individuals, development finance institutions, and impact investors to obtain grant funding.</p>

4 - IMPACT DEEP DIVE

4.1 The impact theory of change of the enterprise

Mission statement

Tiny Totos aims to give children across Africa access to quality care, while allowing childcare providers and working mothers to make a decent living.

Theory of change:

To reward childcare workers (informal daycare entrepreneurs) and reduce the time spent by low-income women on childcare, Tiny Totos has developed the following theory of change:

Theory of change pathways: Tiny Totos is focusing on outputs that have direct and indirect effects on different levels of outcome.

Tiny Totos Kenya's pathways to reward informal daycare entrepreneurs⁴⁵



4.2 Current impact and measurement practices

Tiny Totos has a robust system to collect data, learn from data, and measure the reach and quality of its services. The enterprise has established the infrastructure for and culture of collecting data. With the help of external support, the enterprise has been able to identify and refine key child development indicators that must be tracked. Furthermore, external support has also helped TTK to analyze the collected data. TTK's monitoring systems are financed entirely from internal resources. The enterprise uses in-house apps (Manager app and Field app) to collect data across the following categories:

- **Business and network metrics:** The enterprise tracks children's attendance at the daycare, daycare revenues, profitability, and maintenance of standards set by Tiny Totos. Indicators such as attendance and revenues are recorded by the daycare on a daily basis. Tiny Totos reviews these indicators monthly. The enterprise also tracks the number of daycare businesses in its network monthly. It collects extensive baseline data on new daycare centers at the point of partnership (pre-intervention) to track the growth and impact of its intervention.
- **Child outcomes:** The enterprise tracks growth and development of children that attend the daycare centers using Caregiver Reported Early Development Instruments (CREDI).⁴⁶ CREDI is a global evaluation framework that is used to measure early child development. TTK also tracks child growth to assess evidence of stunting or health issues. Children with health problems are referred to the health authorities.
- **User engagement and satisfaction:** TTK measures the frequency of attendance at daycare and parent meetings. It also reviews evidence of user engagement such as conversion rate of invites to parent meetings, active parents on its text database, levels of engagement on parents' WhatsApp groups (defined by responses and submissions for competitions etc.). The enterprise conducts user satisfaction surveys at the end of each training session. The enterprise also conducts deep dive surveys with daycare entrepreneurs/managers twice a year to inform their strategy.
 - **Annual manager survey:** TTK conducts a digital annual Manager Survey through its app. The survey asks daycare managers which training/ support/ service provided by TTK they appreciate the most. Support and services include first aid, an e-learning platform, loyalty points, loans, digital reporting (apps), customer outreach marketing, parent meetings, peer-to-peer networking, business training, nutritious meals, and the early learning program. As of 2022, survey data shows that daycare managers reported the highest appreciation for the early learning program offered by TTK. TTK conducted another User Satisfaction

- (manager) survey in 2022, which was designed to gain feedback from daycare centers on the enterprises' performance. A total of 130 partner daycare centers took part in this survey. The survey results indicate that 72% of daycare centers are very satisfied with their partnership, with TTK and 90% daycare managers reporting that partnering with TTK has helped them grow as a person.
- **Parent survey:** TTK conducted a parent survey in 2023 to understand what parents appreciated about the TTK daycare centers and how the daycare centers helped them to focus on their work. The survey found that 68% of parents found the quality of childcare to be the best feature of the daycare centers. For 57% of parents, quality childcare was the main reason for them to send their children to a TTK daycare. Parents reported seeing a positive impact on the language development, social skills, emotional wellbeing, and health of their children. They also reported that since sending their children to a TTK daycare, they feel less stressed and more confident knowing that they have stable childcare to rely on, which helps them to have a lot more time to focus on their work. The survey found that the parents appreciate that the daycare centers also connect them to other parents, giving them a sense of belonging and connection to a community.

Tiny Totos Kenya's business impacts (as per internal measurement system)

1. Business and network partner metrics

- Number of partners (daycare centers): 230+
- Mothers / helpers⁴⁷ / managers trained in improved childcare practices: Close to 4,000
- Share of daycare centers that have become profitable: 86% of 200 partner daycare centers with over US\$628,000 in revenue tracked.
- Share of daycare centers selling food and at least one other livelihood or health product (in addition to childcare) to parents: 95%
- Share of daycare centers profitable year-on year: 95%
- Share of daycare centers reporting business performance digitally: 66%
- Number of clean cookstoves sold: 3,273
- Number of bags of fortified porridge sold: 21,000
- Number of learning books sold in the network: 2,239
- Value of micro-loans: US\$22,000
- Number of loans provided to daycare centers and parents: 477 (43% of the loans were provided to daycare centers, and 57% of the loans were provided to parents that sent their children to partner daycare facilities)
- Number of implementation partners through advisory services provided: 5
- Number of countries where advisory services have been provided: 4
- Daycare managers whose business is fully digital (paperless): 58% (15% in transition)
- Number of children whose data is being tracked in real time: 4,000

2. Child outcomes

- Number of children benefited from quality childcare and learning in day-cares: 18,000+
- 17,122 children in TTK's network received booster shots for Vitamin A and deworming boosters from the Ministry of Health in Kenya. These booster shots are provided for free, but children miss shots, as parents are often unable to take their children to the health centers for the shots.
- 75% of children meet health milestones and 82% meet developmental milestones, with 50% attending more than 15 days a month.⁴⁸
- Share of children meet age-appropriate development milestones: 82%.
- Share of children in TTK's network that show no signs of malnutrition: 73%
- Data collected with CREDI on child learning outcomes for the year 2022 shows that 11% of children have moved out of the at-risk bracket, and 41% have moved into the above-average bracket.

In the future, Tiny Totos would like to understand:

1. What are emerging correlations across training and outcomes for business growth and child development?

Measurement challenges

1. **Budget constraints:** As a result of budget constraints, TTK has not been able to onboard experts who can effectively analyze all the data that is collected by the enterprise. The enterprise needs data experts that can analyze data from different data sets such as information on business metrics, child growth, and development indicators, feedback from childcare providers and parents. This limits the enterprise's ability to understand emerging correlations and dependencies across various parameters. This impedes its ability to further enhance its intervention and operations.

4.3 Women's own experiences of the solution

Understanding the social context, emotional needs, preferences, and barriers faced by childcare providers who partner with (TTK) is key for potential investors to understand where TTK excels and where it has room to grow. The following sections provide insights into TTK's market success and its impact on the lives of TTK care workers, with the aim of helping investors make informed investment decisions.

To inform this analysis, the research team conducted 12 in-depth interviews with childcare providers to gather insights into their lived experiences and realities.⁴⁹ This section presents the results of the qualitative impact deep dive, starting with a snapshot of the childcare providers, followed by an examination of different types of workers and their journey in working with TTK. This section concludes with a qualitative overview of TTK's impact experienced in the childcare providers' daily lives.

4.3.1 Customer snapshot

TTK provides training to women who have turned informal babysitting into profitable childcare centers that ensure infants and children can access quality early education and care. Gaining insight into the social, emotional, and demographic features of the childcare providers offers us a window into understanding the needs, preferences, and barriers faced by the user base, and thus an opportunity to identify different ways in which the business can adapt to better meet customer needs.

TTK partners work with several childcare providers across Kenya. Most of the childcare centers have been operational for at least 6 years. A small number have been operational for at least 9 years. Childcare providers oversee daily operations and vary in age from 28–60 years old. All interviewed childcare providers were literate: half the sample had received only a primary education, a little less than half had completed a college or diploma degree, and a few had received a secondary education or

diploma. Each childcare provider has 16 clients.

The clients of the childcare providers were primarily young- to- middle-aged women, both single and married. One center catered for clients who are mainly married men that bring their children to the center. The children at the center ranged from 6 months to 10 years old, with the majority being between 6 months and 4 years.

Childcare providers' income varied from KES9,000-108,000 (US\$65-US\$779)⁵⁰ per month. Based on the income reported by the childcare providers, their average household income was KES43,290 (US\$312). This surpasses both the national average household income in Kenya of KES20,123 (US\$145) and the international poverty line of KES8,939 per month (US\$65). This suggests that TTK caters to a wide range of earning goals.

Almost all the childcare providers work with an assistant, while a small minority of

providers reported working alone. The assistants were all women and were paid a daily income of KES200-300 (US\$1.44-2.16) to KES4,800-7,200 (US\$35-52). This variation can be explained by the childcare providers who hire external assistants as compared to those providers who operate on their own. A minority of the daycare center managers mentioned receiving financial assistance from their own daughters.

Childcare providers used various strategies to market the daycare, such as word of mouth, referrals from clients, fliers, or signboards, and wearing printed aprons and t-shirts to increase visibility of their business.

Childcare providers had varied motivations. Some desired independence, working flexibility and financial autonomy, or were driven by entrepreneurial goals. Others were motivated by a desire to support their communities or a passion for childcare, which could be used to earn supplemental income.

4.3.2 Customer personas

The qualitative research revealed 3 distinct TTK provider personas:

- ❖ **Passionate Childcare Provider/Nurturepreneur:** This persona is driven by the goal of turning their passion for daycare into a profitable venture. They genuinely enjoy working with children and see an opportunity to combine their passion with a viable source of income. They prioritize creating a nurturing and safe environment for children while also ensuring their business is financially successful.
- ❖ **Strategic Risk Taker:** This persona is primarily driven by the goal of increasing their earning potential. They have had previous experiences in different fields where they either struggled to find employment or earned insufficient income. Starting a business represents an opportunity for them to take control of their financial situation and create a steady stream of income. They are motivated by the potential for financial stability and growth.

- ❖ **The Community-Oriented Entrepreneur:** This persona is motivated by the desire to improve the lives of others, specifically their neighbors. They have noticed a problem in their community, such as a lack of available daycare options, and see an opportunity to address this need while also generating income. They are focused on providing valuable services to their neighbors and contributing positively to their community.

We are able to group the childcare providers into these personas through a qualitative understanding of their characteristics, beliefs, attitudes, and behaviors. These personas are distinct from one another, representing the childcare provider's main motivation, pain points, and levels of awareness regarding the benefits they receive from partnering with TTK, which allows TTK to refine their offerings to better meet employee and customer needs.

Below is an in-depth examination of these 3 distinct personas:



Mercy's Bio

Mercy Otieno is a dedicated 40-year-old entrepreneur who has transformed her passion for childcare into a thriving business. As the owner of a daycare center, she caters to low-income households, providing exceptional care for children aged 6 months to 4 years. In a typical month, Mercy looks after 20-40 children.

Through her commitment and entrepreneurial spirit, Mercy earns an average income of KES48,560 (US\$347) from her daycare center. Her financial success serves as a testament to her dedication, passion and the quality of care she provides. She is the highest earner among all 3 personas. She is excited to meet a community of daycare managers, like herself, through the TTK program.

Mercy Otieno

The Nurturepreneur (Passionate Childcare Provider)

Demographic information (of the persona she represents)

Age: 30-40 years old

Marital status: Married

Children: 2 children

Education: Bachelor's Degree in Education

Income: KES48,560 (US\$347) per month

Business Status: Likely to have a Gold Status assigned by TTK

No. of employees: Likely to have 2 employees

Type of service: Childcare for children aged 6 months to 4 years.

Motivation

Mercy's motivation to start a daycare business stemmed from her genuine love for children and her desire to provide them with a safe and nurturing environment. She saw the opportunity to utilize her spacious home and felt motivated to establish a daycare center, leveraging her previous experience of working with children. Her primary goal was to offer quality care and gain the trust of parents, ensuring that their children would receive good-quality care. She uses her space for activities, games, and learning exercises that are engaging for the children.

Mercy views competition as an opportunity to improve her daycare services. She aims to set her daycare center apart by providing exceptional quality and becoming recognized as the best daycare center in her area. Her role as a daycare center manager supplemented her previous experience of working with children as early child development (ECD) teacher perfectly.

Mercy's business goals are twofold. Firstly, she aimed to provide a safe and secure place for children, allowing parents to go to work with a peace of mind. Secondly, she sought to generate income through her daycare business, supporting herself and her family while doing what she loved - caring for children.

I had a passion for children and before the daycare, I was an ECD teacher. So I decided that instead of being employed, I would start my own daycare because it is still dealing with children. I wanted to help the children and start my own business

Nurturepreneur, 28 years old

Mercy's individual values and qualities that define her daycare business

- Mercy's genuine love for children is the driving force behind her daycare business. Her previous work experience as an ECD teacher provides her with the relevant skills to facilitate an enriching experience at the center.
- Mercy actively markets her business with fliers and engages with customers to ensure their satisfaction. She maintains a clean and attractive daycare environment.
- Her daycare stands out due to its focus on early education. She teaches the children in her care and emphasizes their development, setting her daycare apart from others in the area.
- Mercy demonstrates flexibility by lowering the cost of services through affordable and flexible payment options for parents facing financial difficulties. She accommodates parents who need early drop-offs, ensuring convenience and understanding.
- Over the years, Mercy has expanded her daycare center from a single room to a larger, safer space with an array of play materials. She strives for continuous improvement to provide the best experience for children and their families.
- Mercy enrolled in the TTK programme to meet a larger community of day care managers and to share and overcome challenges together through the guidance provided by TTK.



Faith's Bio

Faith is 43 years old. She recognized a potential opportunity when a friend asked her to care for her children in exchange for payment. After experiencing the challenges of traditional employment and seeking more flexibility, she looked to self employment as a next step. Faith embraces risk.

Now the proud owner of her own daycare center, Faith provides care for 10-20 children in a month. With an average monthly income of KES35,250 (US\$252), Faith's decision to transform this opportunity into a flourishing daycare business has rewarded her with both personal fulfillment and financial stability. She leveraged the TTK program to build her skills towards becoming a better childcare provider.

Faith Mwangi

The Strategic Entrepreneur

Demographic information *(of the persona she represents)*

Age: 35-43 years old

Marital status: Married

Children: 3 children, lives with her husband

Education: Completed Secondary Education

Income: KES35,250 (US\$252) per month

Business Status: Likely to have a Silver status assigned by TTK

No. of employees: Likely to have 1 employee or rely on family assistance to run her business

Type of Service: Childcare for children aged 6 months to 9 years

Motivation

Faith's motivation to start her daycare business was rooted in her own parental responsibilities and her desire for self employment. She was frustrated with the challenges of traditional employment and struggled to find suitable childcare options. She realized that she could earn an income while running her business from home, allowing her to also take care of her own children.

Furthermore, Faith's inspiration came from observing other successful women running their own care businesses. Witnessing the positive impact these businesses had on both providers and the children they cared for, Faith was motivated to follow a similar path. With a strong vision for growth and an entrepreneurial spirit, she aspires to expand her business and eventually open a school.

I started this business because I saw other people doing it. So I sat down and thought about starting it because I also had children and I felt it was better to be self-employed than getting a job. I saw that in doing this business, I would be able to stay with my kids, and I would at least be able to get some small money. I had been called for some job in a company, and I was looking for a daycare where I could leave my kids. When I got to daycare, it was too far away. So I just went and started to gather information from that daycare, like how she took care of the children. So, when I went back home, I asked myself why I wouldn't want to start that business even though it wasn't in the area where I was staying. And that is where I got the idea of starting the daycare business

Strategic Entrepreneur, 28 years old

Faith's individual values and qualities that define her daycare business

- Faith has explored various sectors in search of a stable income, gaining experience in building, construction, tailoring, and more.
- Faith saw an opportunity when she was offered payment in exchange for babysitting her friends' children. She sought to establish a daycare business, meeting the community's need for reliable childcare services.
- She introduced warm cooked lunches to the daycare center, realizing that parents were willing to pay extra for the added convenience of their child receiving a hot meal.
- Faith meticulously manages the business's expenses and operations to ensure its financial sustainability and stability. Her elder daughter supports her with managing the daycare center.
- She actively promotes her daycare services to parents in need through word of mouth and social networks.
- Faith enrolled in the TTK program to enhance her business management skills and differentiate her daycare center from others in the community. She is actively seeking opportunities to expand the business by acquiring a larger space.



Maureen’s Bio

At 31 years old, Maureen is a dedicated individual who saw the childcare challenges being faced by parents in her community and felt compelled to make a difference. Concerned about the well-being of children, she recognized the lack of safe and reliable childcare options available in her community to support working parents. Motivated by her deep empathy and desire to provide a better alternative, she established her own daycare center. She aims to offer high-quality services, ensuring that parents can entrust their children to a nurturing environment while they work.

Maureen currently serves a dedicated community of 22 parents, who entrust their children – aged between 6 months and 10 years – to her care. Even during lean seasons, she cares for a minimum of 5 children. Her hard work pays off with a monthly income of approximately KES25,67 (US\$183). The TTK program has supported her in gaining access to greater financial capital for her business.

**Maureen Odhiambo
The Community-Oriented Entrepreneur**

Demographic information (of the persona she represents)

- Age:** 31-50 years old
- Marital status:** Unmarried
- Children:** No children, Lives with her mother
- Education:** Diploma
- Income:** KES25,670 (US\$183) per month
- Business Status:** Likely to have a bronze status from TTK
- No. of employees:** Likely to have 1 employee
- Type of Service:** Childcare for children aged 6 months to 10 years

Motivation

Maureen’s motivation to start a daycare business stemmed from her deep concern for the well-being of children in her community. She heard numerous complaints from other parents in her community who struggled to find a safe and reliable place to leave their children while they were at work. Maureen felt a strong drive to provide a solution and support system for these parents.

Furthermore, Maureen recognized the inadequate services and conditions of existing daycare centers in her community. She was determined to create a better alternative, offering a higher quality of care and education. Her goal was to ensure that mothers did not have to compromise on the safety and well-being of their children when entrusting them to a daycare.

Driven by her concern for the children’s well-being, her desire to improve the existing daycare services, and her commitment to support working parents, especially the mothers in her community, Maureen embarked on the journey of establishing her own daycare business. Her motivation was rooted in making a positive impact and providing a nurturing environment where children could thrive while parents could work with peace of mind.

I wanted to help the children in this community of mine so that they don’t just sit in the house. I saw that if I started this daycare, parents would bring their children to the daycare and avoid cases of for example children falling in the ditch or something like that.

Community-Oriented Entrepreneur, 50 years old

Maureen’s individual values and qualities that define her daycare business






- Recognizing the struggles parents faced in finding suitable childcare options, Maureen opened her daycare center with the intention of providing support and assistance to parents in need.
- Maureen actively participates in peer meetings, learning from others in the field and sharing her own experiences. She also invests in training her childcare providers to ensure high-quality services for the children.
- She goes above and beyond by providing extra support to parents who bring their children without necessary supplies, such as clothes or food. She also handles payment issues with understanding, although unpaid dues can accumulate over time.
- Maureen values feedback from the community and actively seeks input to improve her daycare services, fostering a collaborative and responsive environment. She has a dedicated WhatsApp group with the parents of the children under her care, creating an open and interactive platform to address any concerns or discuss relevant matters.
- Her daycare has gained a strong reputation in the community, with children from her center receiving praise upon transitioning to school. Teachers recommend her daycare center to parents, highlighting the positive impact she has made on the lives of young children.
- Maureen enrolled with the ‘TTK’ programs to better support her business financially, through loans and flexible payments. Her business has benefitted from the financial capital in providing materials for children and hiring a new assistant to support with managing the center. She is interested in bringing app-based accessibility to her customers.










4.3.3 Journey maps









The 3 personas are illustrative of how different types of childcare providers decide to utilize TTK's services. In this section, journey maps are used to describe the decision-making process of childcare providers. Journey maps can help TTK identify opportunities for improvement and to ensure that the needs, wants and constraints of various types of customers are met.







The journey starts with awareness of TTK and recognition of their own business goals. Then, the childcare providers gather more information about alternatives, referrals, and details of the program to come to a decision. The training and monitoring stages follow, where childcare providers learn skills about childcare, business, and financial management, and discuss challenges they face with the larger group. TTK then guides childcare providers through a monitoring period where they apply these skills to their business and help them attract customers. The subsequent stage is loyalty and advocacy, where the childcare providers now receive benefits like loans, guidance, and awards through their partnership with TTK. This journey illustrates how managers then recommend TTK to other daycare managers.

Table 1: Tiny Totos's journey map for domestic workers

Stage	 Activities	 Daycare provider goals	 Emotions	 Barriers	 Levers
Awareness	Childcare providers hear about TTK from community workers, other childcare providers and friends	Find someone who can support their business	 Interested, curious	Childcare providers are unsure of the services TTK provides for their business and so are skeptical whether or not to reach out or participate.	<p>Exclusively positive referrals from other TTK childcare providers leverage the interests of prospective childcare providers.</p> <p>TTK representatives come to estates and communities to express their interest in supporting childcare provision.</p>
Motivation	Need of a support system to better their business	Find someone to support their business To be more educated and trained on early child development (ECD) and childcare	 Interested, curious, cautious	Lack of motivation to attend the 5-day boot camp as childcare providers were unsure if it would be beneficial to the business or a waste of time.	<p>Childcare providers are in dire need of a support system and a helping hand. They see TTK as a way to build their confidence, skills, and their business as a whole.</p> <p>Training is used to help providers develop a clearer understanding of child development and nutrition.</p>
Decision	Compare and evaluate alternatives	Understand TTKs and the benefits collaboration would bring	 Requires effort but excited	<p>Lack of confidence, as childcare providers are unsure, they will understand the content as they see themselves as uneducated.</p> <p>Partnership payment costs.</p> <p>Time and cognitive effort involved in attending the bootcamp.</p>	<p>Visualizing their future daycare business as successful.</p> <p>Bootcamp is seen as a way of becoming a better and more informed childcare provider.</p> <p>Opportunity to make new friends and expand their bigger support system.</p>

Stage	 Activities	 Daycare provider goals	 Emotions	 Barriers	 Levers
Training/ bootcamp	Accepting the offer	Attending 5-day bootcamp for skill development	 Excited but nervous	Fear of failing. Fear of being unable to apply the material to the daycare regularly. Lack of confidence in general. Use of the new app, as some childcare providers do not have phones that are compatible with the app.	To gain a better understanding of ECD, business administration and management. In-person training with other childcare providers where they all come together to talk about their challenges and overcoming them. The feeling of not being alone in a situation.
	Certificate	Passing the training and receiving certificates.	 Happy and excited	Fear of failing and not getting through to the next stage.	Reassurance from the other childcare providers and the TTK trainers. Hearing success stories and benefits provided to other childcare providers.
	Joining the Partnership	Partnership acceptance	 Happy and excited	Partnership payment.	Support and mentorship to guide the childcare providers in the right direction. Having a support system that believes in you and wants you to be better.
Monitoring	3-month Monitoring	On the job learning	 Anxious but positive	Fear of being evaluated regularly. Fear of not progressing as a childcare provider.	Clear guidance and feedback of where the childcare providers need to improve and what they can do to make the improvements.

Stage	 Activities	 Daycare provider goals	 Emotions	 Barriers	 Levers
	Work with TTK	Start working.	 Satisfied	Fear of not gaining enough customers.	TTK is always very encouraging and helpful, suggesting where childcare providers could do better. Training helps childcare providers make important improvements to their care for children, such as feeding them nutritious foods. Childcare providers learn to accurately track expenses and parents' payments correctly to monitor them.
	Loyalty & advocacy	Loans/incentives	Receive a loan provided by TTK	 Satisfied	Fear of not being able to repay large loans. Loans are only available to childcare providers who have been working with TTK for a certain amount of time.
		Awards	Receive awards for their business	 Confused	Lack of awareness of the award system, where childcare providers can receive bronze, silver, or gold status.

Stage	 Activities	 Daycare provider goals	 Emotions	 Barriers	 Levers
				Lack of awareness of how to obtain an award or what incentives they provide.	
	Advocacy	Sharing their experience with other childcare providers Leveraging awards to further their customer base	 Satisfied		They share their positive experience of working with TTK and see significant advantages to their business.

4.3.4 Tiny Totos's impact

The impact of Tiny Totos on childcare providers and businesses is based on qualitative interviews with the providers. Quotes below are childcare providers' own words.

All childcare providers reported positive changes in their business and significant growth, including an increase in the number of children under their care, improved confidence, and increased overall profitability. Positive impact has been consistent across gold, silver, and bronze statuses. Overall, the childcare providers are highly satisfied with TTK's services.

Qualitative evidence of theory of change

Long-term outcomes:

LTO1: Provide a source of sustainable and fulfilling income for childcare providers.

- **Long-term child development:** TTK has a positive impact on long-term child development. By improving the quality of care and providing an enriching environment, the daycare centers have contributed to the overall growth, learning, and well-being of the children in their care.

"I would say training on early childhood education, nutrition and first aid. We were taught a lot of things about how to take care of children and I can say we had much more knowledge than we had there before."

Nurturepreneur, 56 years old

"The ECD materials, the business training that they have given us and the nutrition training has helped me a lot to give the children a balanced diet. The resource center has also helped me a lot because we get materials from there and they improve our daycare."

Nurturepreneur, 56 years old

- **Enhanced childcare quality:** Daycare managers have observed positive changes in their approach to childcare, including curriculum development, diversification of activities for children, improved meal options, and overall enhanced care for the children under their supervision.

"When you enter the daycare, it is very clean, and they have to clean their hands before picking their child. They told us to give the best service to deter other competitors. I also have a menu when it comes to the food that we give the children, and the parent will always know what the child is eating on each day. Then there is the space that I did not have before. That was because I had partitioned the room to create a cooking area and that made the room stuffy. After the training, I looked for a bigger room, and had a separate kitchen that even the children would not have access to, so the children are safe and have a bigger playing space."

Strategic Entrepreneur, 38 years old

Medium-term outcomes

MTO1: Increased numbers of profitable, well-run, community-based childcares.

MTO2: Increased levels of confidence, career satisfaction of childcare providers.

- **Business profitability:** TTK has helped improve the financial performance of childcare businesses. Through their support in areas such as business management, marketing, financial planning, they have enabled daycare centers to operate more efficiently and sustainably, leading to increased profitability.

"In a month I would make about 2000 KES. Right now, I am making more about 5000 KES, but this also depends on how often the children come."

Community-Oriented Entrepreneur, 41 years old

"I am no longer scared of them because I know I provide the best service. So even if they lower their prices people will still come to me because I am cleaner, provide good nutrition and education and other developmental assessments that can help the parents and children... I also know how to deal with those that keep on promising to pay at the end of the month. You will pay it the same way we do rent; you pay at the beginning of the month before you access the services. I used to lose a lot of money because of this but not anymore."

Nurturepreneur, 38 years old

- **Recommend TTK:** TTK receives overwhelmingly positive feedback from childcare providers with an average rating of 2.8 out of 3. Most childcare providers rated TTK as "excellent". Childcare providers express increased confidence, improved knowledge, and a sense of professionalism in running their daycare centers. The training and support provided by TTK enable childcare providers to interact effectively with parents, address issues, and continuously improve. Overall, the ratings reflect a generally positive impact of TTK on the daycare business, with the program being highly regarded for its ability to enhance business operations, provide valuable training, and foster positive relationships between childcare providers and TTK.

"Excellent because of the training I received and the materials they provided to improve my daycare like the hygiene training and nutrition."

Nurturepreneur, 38 years old

- **Economic empowerment of daycare managers:** Through its support for daycare centers, TTK has played a dual role in promoting employment within the community. It has provided childcare providers with a viable business opportunity that has indirectly led to employment opportunities for other women in the community. According to interviews, a number of the businesses reported having hired at least 1 employee to support their childcare operations, thus contributing to local employment and economic empowerment. By fostering job creation, TTK stimulates economic activity, leading to increased money circulation within the community, which could have a positive ripple effect on local businesses and services.

"I have employed 1 person; we are only 2. It is a woman with a family. She is 33 years old. Her income is low because of the slum area we are based in. I can't pay much because the amount I am charging is also low. For me, I pay my helper 200 KES, and I also pay myself 200 KES. Right now, we are at 30 clients."

Community-Oriented Entrepreneur, 39 years old

- **Self-esteem of the daycare entrepreneurs:** The program has positively influenced the childcare provider's self-esteem and motivation. Childcare owners express a sense of confidence and pride in their work. They no longer harbor thoughts of giving up but instead feel empowered to continue and grow their business. This transformation has not only improved their relationship with their business but has also deepened their love and passion for their work, as they take ownership and find fulfillment in making a positive impact on children's lives.

"Yes [self-confidence] has improved after the Tiny Totos. I like it more, and I am not planning to give up like I wanted before. I now know how to interact with both the parents and children. I know how to run my business like a professional. It has helped me love my business because I own it."

Strategic Entrepreneur, 43 years old

Short-term outcomes

STO1: Increase in services provided by childcare providers.
STO2: Improvements in practices of childcare providers.
STO3: Increase in regular attendance of children at childcare centers.

- Increased clientele:** Some daycare centers have doubled the amount of children they support and have the capacity to take on new clients. The training has improved the administrative and financial decisions of the daycare centers where they are able to track clients, payments, and contact information.

“Once I started the feeding program my income increased. Marketing has also helped increase the number of clients and referrals. We also have parent meetings where the Tiny Totos talk to the parents and tell them the importance of the daycare. This can also increase the income in the daycare.”

Community-Oriented Entrepreneur, 40 years old

“Before I would have about 5 children. And I was almost giving up but after I met with the Community Health Volunteer, I now have about 30 children and last year they were about 40 children.”

Strategic Entrepreneur, 30 years old

- Reduction of time in business operations:** Due to the new administration methods and business operations, time spent on paperwork has reduced significantly. This has also made it easier to keep track of all the children and the payment made by parents.

“Everything now is fast and there isn’t a lot of paperwork. Before I would have to work outside business hours because I had to write things down in a book.”

Naturepreneur, 41 years old

“Yes I am able to keep track of all the children coming into the daycare. I am able to know who the regular and the irregular clients are. I know the exact number.”

Community-Oriented Entrepreneur, 35 years old

- Knowledge exchange and peer support:** TTK facilitates knowledge exchange and peer support among childcare providers. They encourage the sharing of best practices, experiences, and expertise among daycare centers, creating a collaborative environment where providers can learn from each other and improve their services collectively.

“The peer meetings where we get to interact with other managers. We have the theme meetings for each term on what we will be teaching the children in that period.”

Strategic Entrepreneur, 43 years old

- Potential for scalability and replication:** TTK has demonstrated a scalable and replicable model for improving childcare. Their success in enhancing the quality of care, empowering childcare providers, and positively impacting the community opens the potential for their approach to be implemented in other areas, benefiting more children, families, and communities.

Outputs

O1: Increase in childcare providers’ understanding across various segments (business management, health, nutrition).
O2: Increased access to capital that enables business improvements.

- Community development:** TTK has improved access to quality childcare, which particularly supports working mothers and enables them to participate in the workforce and contribute to the stability of the community.

“Most of them are single mothers working in the salon nearby. And others are businesswomen in the market. Others are even residents in the slum.”

Strategic Entrepreneur, 43 years old

- **Social empowerment:** TTK has empowered individuals within the community by providing opportunities for skill development, education, and employment. By supporting daycare centers and creating a supportive network, they have fostered social cohesion and empowerment among caregivers, parents, and other community members.




“It has helped a lot because first of all we have learned a lot about how to take care of children. They have taught us about how to advertise our jobs, about good nutrition and it has also helped us have a good relationship with the parents.”

Strategic Entrepreneur, 56 years old

5 - LOOK FORWARD

5.1 Growth and sustainability plans

Tiny Totos Kenya has identified the following avenues for growth:

 <p>Direct expansion of TTK's daycare network</p>	<p>The enterprise aims to expand the number of partner daycare centers in Kenya. Furthermore, as a result of funding from Mercy Corps, TTK is now establishing a network of partner daycare centers in Ethiopia. To support this expansion, TTK has invested resources in further standardizing the childcare enterprise coaching content and incubation strategies for easy replication and ready dissemination through an e-learning platform, technology tools, field staff, network, and partners. TTK continues to explore partnerships that can increase customer engagement and incomes for the daycare owners. For instance, it seeks a financing partner that can leverage TTK's credit rating methodology and scale access to financial services for its customers.</p>
 <p>Indirect expansion through advisory services</p>	<p>TTK partners with other stakeholders such as government agencies, international NGOs, and private sector companies to replicate TTK's model in Kenya and in other African countries. TTK provides advisory services to these stakeholders and helps them to establish childcare models that are relevant to their specific context. For instance, TTK is working with the Rwandan government and UNICEF Rwanda to craft private sector solutions for companies that aim to set up childcare facilities for employees. The enterprise is working with SOS Children's Villages to replicate its model in other parts of Kenya and Somalia. TTK also aims to provide technical advisory services to private sector companies that would like to establish in-house childcare facilities for its employees. In 2022, advisory services accounted for 63% of TTK's earned income⁵¹. In the long-term, it is anticipated that the revenue from advisory services will help TTK to reduce its reliance on grant funding.</p>
 <p>Expand customer base for content sales</p>	<p>So far, TTK has sold over 2,500 learning packets to parents without a significant expenditure on marketing the learning packets. The enterprise is developing an e-learning platform to sell content on childcare, learning and development to a range of customer segments. Through its e-learning platform, TTK aims to provide parents across different income groups, babysitters, household helpers, and daycare operators etc. with access to paid content on early child development and care.</p>

5.2 Ask of investors and stakeholders

Financial needs:

The enterprise is seeking US\$1.65 million in grants or convertible grants in the next 2 years. The enterprise has estimated a growth budget of US\$3.5 million for the period 2022–2024. It has already received commitments for US\$2 million. These funds will be used to complete the development of its social franchise platforms and content (digital learning repository, operating systems, increase adoption of its tech tools, loyalty points etc.) and for professionalization of its teams.

Non-financial needs:

HR (learning content creation): The enterprise needs personnel with expertise

in learning content creation to facilitate standardization of training content to build its network and reduce reliance on individual staff for training.

HR (social media team): The enterprise needs a seasoned social media team to build out its full social network potential.

Monitoring and evaluation: The enterprise seeks an external expert that can help TTK to further analyze the collected data.

Product and service distribution: The enterprise needs support in the delivery of products and services, logistics and in expanding the client base.

5.3 Lessons learned

TTK's business model and growth demonstrate that contextualizing business tools (knowledge, capital, networks, and technology) can improve livelihoods for informal daycare providers. The enterprise has continued to pilot new services and enhance its offerings further to advance the quality and innovation of its work.

The enterprise's experience indicates that pursuing multiple pathways to enhance outcomes for the intended beneficiaries is critical. TTK has leveraged partnerships with other businesses, advisory services, and content development to enhance outcomes for daycare managers, children, and parents in low-income communities. It has adopted expansion strategies that are direct (increasing the number of partner daycare centers in its network) and indirect (providing advisory services to stakeholders that aim to improve outcomes for children). Through its advisory services, TTK has supported government agencies, corporates, and international NGOs to create or enhance existing programs that intend to improve outcomes for children.

TTK's experience also shows that investing resources for tech-enabled data collection and analysis is imperative. Real-time data collection can help businesses reduce costs, increase revenues, and monitor outcomes for intended beneficiaries. Over the years, TTK has made significant investments to digitize its data collection. For instance, it developed a phone app for daycare providers and trained them to report via it. The enterprise observed a 33% reduction in workload for its data team once half of its daycare partners started reporting via the phone app. TTK also sought external support to develop its team's capabilities to analyze and visualize the collected data, enabling it to streamline operations. Data collection and analysis can help enterprises effectively communicate their performance to existing and potential funders. Furthermore, it can enable enterprises to develop complementary products/services and identify relevant partners to enhance outcomes for intended beneficiaries. As a result of the digital data, the enterprise has identified key parameters that can be used to determine the loan size and repayment period for customers that lack a formal credit history.

Furthermore, it is essential to take a holistic approach to improving outcomes for daycare providers and their customers. TTK has made a conscious effort to improve the lives of children not only in the daycare centers but also in their homes. It has incorporated offerings to address issues such as malnutrition, indoor air pollution, and lack of access to clean drinking water that impact the children who attended these daycare centers. Addressing some of these other challenges can contribute to sustained outcomes for children that reside in low-income communities. Furthermore, the enterprise has observed that through quality daycare services and access to information, there is potential to drive behavior change among parents who send their children to daycare centers. As daycare centers provide an example of better care practices, parents have also been encouraged to adopt better childcare practices at home.

Lastly, it is critical for enterprises to be prepared to pivot their business models. For instance, the pandemic negatively impacted the finances of low-income households and their spending patterns. Consequently, TTK had to recalibrate its strategy to sell clean cookstoves to low-income households. TTK decreased the price of the cookstoves from US\$45 to US\$35 and changed the financing terms. This enabled the enterprise to increase sales from 60 clean cookstoves to 2,700 clean cookstoves during this period. In addition, the enterprise also collaborated with daycare centers to establish complementary businesses to increase their revenues. For instance, TTK provided a small loan to a daycare manager to enable her to start rearing chickens in addition to her daycare operations. In addition, with the support of the World Food Programme's (WFP) Sprint Program, the daycare manager was also able to plant vertical gardens on her premises. All these initiatives helped the daycare manager to bring customers back to the daycare, sell chickens, and serve fresh eggs and vegetables to the children, thereby boosting their nutritional intake. As a result of providing such meals, the daycare owner was able to increase the revenue from her daycare customers. Furthermore, she also received positive feedback from parents who sent their children to the daycare.

5.4 Recommendations for policymakers, investors, and entrepreneurs

 <p>Policymakers</p>	<p>Create an enabling environment for small daycare businesses: There is a need for more friendly policies that enable informal daycare providers to obtain the required licenses and permits to set up operations. Furthermore, guidance on minimum standards will ensure that children in low-income areas receive the quality childcare services. This would lead to better outcomes both in the short and long term, including improved health and education indicators among children, allied economic benefits, and a positive impact on the national development outcomes of the country in the long term.</p> <p>The government agencies can also enable the childcare businesses to scale by providing them with access to markets and partnerships. For instance, there is a critical gap in services for children that are underage for enrollment to public schools. Favorable policies can increase the service providers and the quality of childcare services available in low-income areas. Partnerships with childcare providers in low-income areas can increase uptake of government services such as vaccination. Favorable policies and partnerships with childcare providers can enable the government to enhance intended outcomes such as improved child health and early childhood development outcomes in low-income communities.</p>
 <p>Investors</p>	<p>Deploy patient capital to support childcare businesses: Affordable childcare business models require patient investments. Investors need to be pragmatic about the timelines and return metrics associated with childcare business models. To see marked changes in the market, it is critical that interested investors take calculated risks and make long-term investments in childcare businesses.</p>
 <p>Entrepreneurs</p>	<p>Collaborate to scale: Entrepreneurs must identify and engage stakeholders (employees, partners, and funders) that are propelled with the same level of urgency to address challenges and scale the business. For instance, motivated and skilled employees can enable the business to refine business processes and/or identify opportunities to enhance revenues. Partnerships with other entrepreneurs can support the enterprise to enhance revenues and customer stickiness. Funders can support the business to enhance operations that support its efforts to scale the business.</p>

ENDNOTES

¹ This includes revenues from grants and the sale of services (technical advisory services, membership fees, content sales, commissions, and loans). In 2022, grants accounted for -96% of TTK's revenues, and the remaining -4% was obtained from sale of products and services.

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²⁹ Abboah-Offei, M., et al. (2022). *Improving early childhood development in the context of the nurturing care framework in Kenya: A policy review and qualitative exploration of emerging issues with policy makers*. <https://www.frontiersin.org/articles/10.3389/fpubh.2022.1016156/full>

³⁰ Nampijja, M., et al. (2020). *Improving the quality of child-care centres through supportive assessment and 'communities of practice' in informal settlements in Nairobi: protocol of a feasibility study*. <https://bmjopen.bmj.com/content/11/3/e042544#article-bottom>

³¹ Nampijja, M., et al. (2020). *Improving the quality of child-care centers through supportive assessment and 'communities of practice' in informal settlements in Nairobi: protocol of a feasibility study*. <https://bmjopen.bmj.com/content/11/3/e042544#article-bottom>

³² Key features of this app include an overview of the daycare (incomes, expenses); information on individualized payment schemes; information on child check-in and pick-up, summary of loyalty points and usage; loan payment schedule and balance payments; daycare performance compared to other daycare centers in the network. This app is used for data collection by the daycare owner/manager.

³³ *Play Every Day* was the largest virtual event of the mEducation Alliance Virtual Symposia series on *Play and Technology for Lifelong Learning!* which attracted 782 registrants and 80+ presenters from more than 25 countries highlighting a range of tech and non-tech play-based interventions for formal and non-formal educational settings. Presenters were competitively selected, many of whom touched on the need for and contributions of play and games in the EdTech response to worldwide COVID-19 school closures.

³⁴ Exchange rate 1 USD = 147.8 KES in September 2023. <https://www.xe.com/currencyconverter/convert/?Amount=1&From=USD&To=KES>

³⁵ M-PESA is a mobile phone-based money transfer, payments and micro-financing service, launched in 2007 by Vodafone and Safaricom, the largest mobile network operator in Kenya.

³⁶ Each daycare business is operated by a daycare manager.

³⁷ Each daycare business is represented by a daycare manager that runs the daycare business.

³⁸ Calculated as # Children *.91 + Managers *2.9 (2.9 average per household in Nairobi) (.91 discounted X2 children).

³⁹ 2X criteria can be found [here](#).

⁴⁰ Businesses were assessed on a 21-point scale, with scores of 0-7 being gender unintentional, scores of 8-14 being gender intentional and 15-21 being gender transformative.

⁴¹ Impact Capital Advisors (2014). *Tiny Totos Kenya*. <http://www.icafrica.com/tinytotoskenya>

⁴² The manager app is provided to informal daycare owners to manage their business activities such as income, child attendance and expenses. Key features of this app include an overview of the daycare; information on individualized payment schemes; information on child check-in and pick-up, summary of loyalty points and usage; loan payment schedule and balance payments; daycare performance compared to other daycare centers in the network. This app is used for data collection by the daycare owner/manager.

⁴³ The parent app is for parents that send their children to informal daycare centers. It provides parents information on daycare usage, attendance and meal consumption; summary of loans and loyalty points; reports on monitoring health and growth; past and outstanding vaccinations and child guardian information. It is not used for any data collection.

⁴⁴ The field worker app is provided to TTK employees. It is used to collect data on children and the daycare facilities. It provides employees with an overview of planned and overdue tasks, daycare information (location, contact information and additional comments).

⁴⁵ Reduce, Recognize, Redistribute, and Reward.

⁴⁶ The Caregiver Reported Early Development Instruments (CREDI) was designed to serve as a population-level measure of early childhood development (ECD) for children from birth to age 3. It exclusively relies on caregiver reports, and thus primarily focuses on milestones and behaviors that are easy for caregivers to understand, observe, and describe.

⁴⁷ Helpers refer to the support staff (if any) at the informal daycare centers.

⁴⁸ Evidence of learning and development is gathered from CREDI child learning assessments.

⁴⁹ The research team conducted 14 in-depth interviews with childcare providers. Tiny Totos (TTK) shared a list of childcare providers who fulfilled the following criteria: female childcare providers who belong to the low income status, have been working with TTK for a minimum of 3 months and a maximum of 1 year. The childcare providers for the interviews were selected through purposive sampling to ensure diversity in age, occupation, socio-economic status. An interview guide was used to ensure consistency in the questions asked, although some follow-up questions were added as necessary to explore topics in more detail. The interviews were conducted in Kiswahili, audio-recorded and transcribed verbatim for analysis. The data collected from these interviews was analyzed thematically in NVivo to identify key themes and patterns in participants' responses. Given the small sample size and purposive sampling, one of the limitations of our analysis is that it might not be representative of the different demographics of all caregivers affiliated with TTK.

⁵⁰ 1 \$USD = 138.59 KES in June 2023. Retrieved from: <https://www.centralbank.go.ke/rates/forex-exchange-rates/>

⁵¹ TTK receives earned income from membership fees, sale of products and consultancy services. Earned revenue accounted for 3.8% of its total revenue in 2022.



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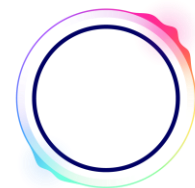
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