

Enhancing Kenyan SMEs' innovation and productivity to spur inclusive growth

Together with the World Bank, the Kenyan Government has initiated a project to strengthen Kenya's economy through the support and funding of small and medium-sized enterprises (SMEs), where NIRAS will support increased productivity and innovation in Kenyan SMEs.

#1

No poverty

#5

Gender equality

#8

Decent work and economic growth

#9

Industry, innovation and infrastructure



Åsa Forsman

Project Manager

T: +254 716 198 269

afo@niras.com

Home to almost 50 million people, Kenya is the most advanced economy in East Africa. Over the past decade, Kenya has made significant strides on the economic, social and political fronts, and yet some of its key development challenges still include poverty, inequality, and a continued weak private sector.

SMEs constitute a huge potential for an economy like Kenya's, especially in increasing the middle-class bracket. Obstacles such as lack of access to finance constrain SMEs from scaling up – and size matters. With size comes scalability, quality, consistency, and innovation, crucial factors for the success of a company.

The Kenya Industry and Entrepreneurship Project

In response to the obstacles, and to harvest the potential of Kenyan SMEs, the Kenyan Government and the World Bank have initiated the Kenya Industry and Entrepreneurship Project (KIEP), which seeks to strengthen the entrepreneurship ecosystem, enhance innovation and productivity in select SMEs and facilitate productive linkages for startups and accelerators.

NIRAS and Intelcap have partnered to facilitate KIEP 250+, which is the KIEP component that will support business improvement initiatives of at least 250 eligible SMEs through performance-based grant funding. Specifically, NIRAS and Intelcap supports the qualifying SMEs across various manufacturing and trade-exposed service sectors through expert knowledge and a considerable network of resources in the region. The focus of KIEP 250+ is to strengthen the local supply chains and productivity by SMEs to large companies in order to significantly increase their competitiveness. The project's priority sectors include manufacturing, healthcare, food security and affordable housing, while other sectors might be

considered on a case-by-case basis.

KIEP 250+ eligibility criteria for SMEs:

KIEP 250+ eligibility criteria for SMEs:

- Nominated by strategic partner
- Annual sales of more than USD 500,000
- More than two years existence
- Committed management
- Legally registered in Kenya

Strategic partners can be lead firms, financial institutions or business associations and they play a key role in furthering KIEP 250+. Besides nominating eligible SMEs, the strategic partners might contribute

250+

SMEs will be selected over the project's course of four years to receive performance-based grant funding for capacity building.

in identifying the SMEs' gaps and/or business improvement areas. The lead firms can additionally take a constructive advisory role assisting SMEs in choosing the business improvement areas that they – as suppliers to the lead firms – would most directly benefit from (such as increased wallet, sales, auxiliary products).

Partner

Intelcap

Client

The World Bank

Location

Kenya

Contract value

€ 3.309,752

Duration

July 2020 -
October 2022



KIEP250+ Communication

NIRAS and Intellecip are putting a lot of effort into communication and outreach to ensure SMEs and service providers get information about the project and see the opportunities offered. In addition to the website and numerous workshops and webinars held both as preparation for the first Cohort call for applications and as follow up and further engagement with strategic partners, SMEs and Business Development Service providers, we have established a social media presence that will continue to grow as the project is maturing. The carefully designed messages to SMEs and other actors have assisted in raising awareness of the project and of nurturing the profile and status of KIEP 250+.

Deploying a business diagnostic methodology

Central to the approach is the use of a diagnostic tool and subsequent competitively awarded performance contracts to build the capacity of SMEs to offer better quality services or products and more soundly pursue their own company performance plans and operational objectives. The KIEP 250+ process for SME support includes the following steps:

- 1. Application phase:** SMEs are invited to fill out an online application form to determine eligibility and suitability to participate in the project
- 2. Shortlisting:** Applications are screened, evaluated and a shortlist is prepared. A due diligence process will commence and selected SMEs must meet all mandatory due diligence requirements before their place on the project is confirmed
- 3. Diagnosis:** A business diagnosis is conducted to identify areas of improvement with the objective of increasing access to markets by promoting innovation and enhancing productivity
- 4. Performance Improvement:** Based on the results of the diagnostics, and supported by the NIRAS and Intellecip Business Advisors a Performance Improvement Plan (PIP) is developed by the SME, highlighting key areas for Technical Assistance (TA) support
- 5. Contracting:** Qualified consultants are selected to execute the TA projects and the performance-based grant agreement is signed

- 6. Implementation:** TA on identified areas of improvement as contained in the PIP will be carried out by pre-qualified Business Development Services (BDS) providers. M&E will be done regularly to ensure set TA milestones are achieved as the grant is milestone-based

SMEs in Kenya have been hard hit by COVID-19 and many are currently fighting to survive rather than striving to grow. Thus, during the inception period, the NIRAS team adapted the design to reflect the changed needs of these companies due to the situation. The first call for proposals was launched in November 2020 and was tailored for SMEs who have either been negatively affected or are adapting their production or services to COVID-19 and need support to exploit new opportunities. In this first Cohort, 50 SMEs are selected for grants and TA support.

More information can be found on the [KIEP250+ website](#).

