

# Ministry of Trade and Industry

## Micro, Small and Medium Enterprise Competitiveness Project Launch

29 April 2005



# Objectives of the launch

Provide stakeholders and the general public with information about the MSME Competitiveness project

## You will find out ....

- The aims of the project
- Which enterprises the project is targeting
- Institutional arrangements for implementation
- What benefits you can expect
- How to access those benefits
- And more.....

# The project and its aim

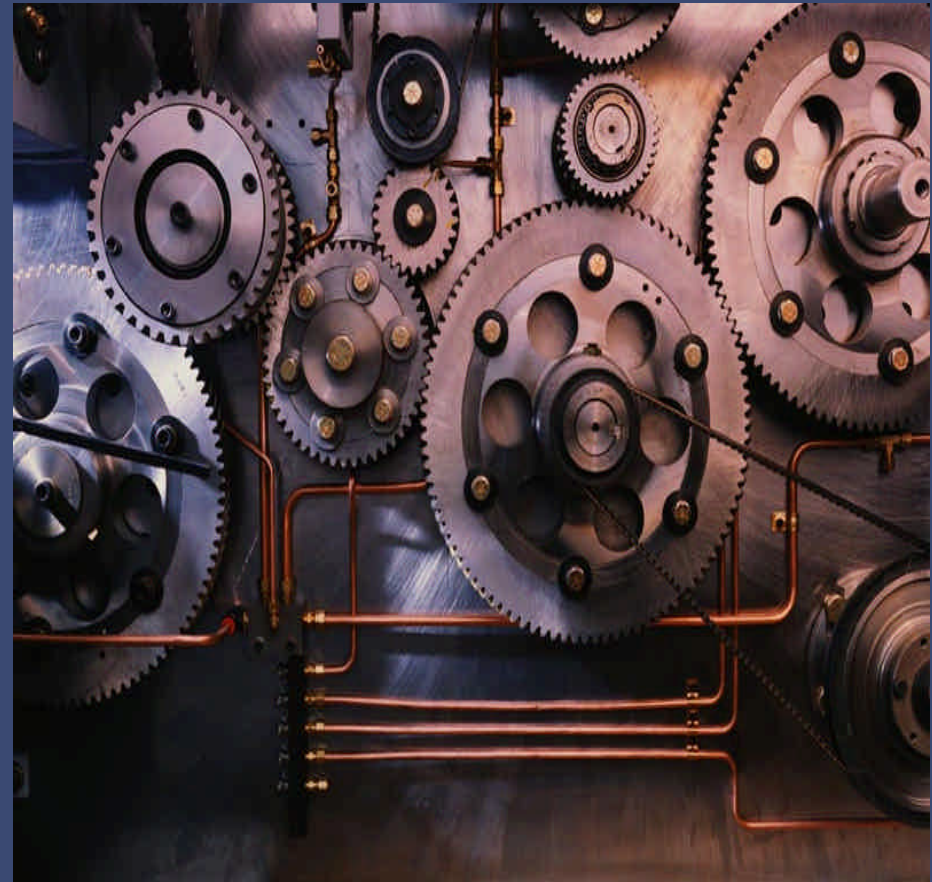
The aim of the project is to increase productivity and employment in participating MSMEs by supporting relevant programmes of the GoK and the private sector.

Specific objectives are pursued through three project components.

# Project Components

## Three mutually reinforcing components:

1. Access to finance
2. Strengthening enterprise skills and market linkages
3. Improving the business environment



## Component 1 – Improve access to finance

### *Subcomponent A - Financial Sector Deepening*

#### Objective

To deepen and expand the reach of financial services and products available to MSMEs through:

1. Strengthening MFI outreach and commercialisation
2. Facilitating commercial financial institutions to move down market

## Component 1 – Improve access to finance

### *Subcomponent B - SME Risk Capital and Technical Assistance Fund*

#### Objective

To catalyze new risk capital instruments (mix of debt and equity) tailored for MSMEs by adapting methods that have successfully worked elsewhere through:

1. Creation of a risk capital fund
2. Technical assistance facility for MSME investees.

## Component 2 – Strengthen enterprise skills and market linkages

### *Subcomponent A -Pilot Value Chain Based Matching Grant*

#### Objective

To strengthen MSME competitiveness and raise value-added in supply chains by:

1. Enhancing access to business development services
2. Strengthening linkages between firms and from MSME to markets
3. Providing a matching grant fund to partially meet costs associated with the interventions.

## Component 2 – Strengthen enterprise skills and market linkages

### *Subcomponent B - Restructuring the Industrial Training Levy Scheme*

#### Objective

To enhance the level and quality of technical training and skills development thus improve productivity and competitiveness. A comprehensive study will be undertaken and resulting recommendations implemented.

## Component 2 – Strengthen enterprise skills and market linkages

*Subcomponent C - Global Business School Network: Improving opportunities and training for Entrepreneurs and MSMEs*

### Objective

To encourage innovative business ideas through training and mentoring. Key activities include:

1. The business plan competition
2. Strengthening the capacity of local business schools

## Component 3 – Improve the business environment

### Objectives

To reduce the cost of investment and doing business by:

1. Reducing compliance costs
2. Creating incentives for MSMEs Rs to graduate to the formal sector.

Key activities include:

- Creation of a One-Stop-Shop licensing system
- Supporting the design and implementation of a simplified taxation system

## Sponsorship and Financing

A GoK-led project with support from the World Bank - IDA, International Finance Corporation and Department for International Development (DFID) – UK Government .

Additional resources expected from more development partners and the local financial services sector.

This project complements several others targeting the MSME sub-sector.

## Sponsorship and Financing

US\$

**World Bank – IDA**

**22 mill**

**Government of Kenya**

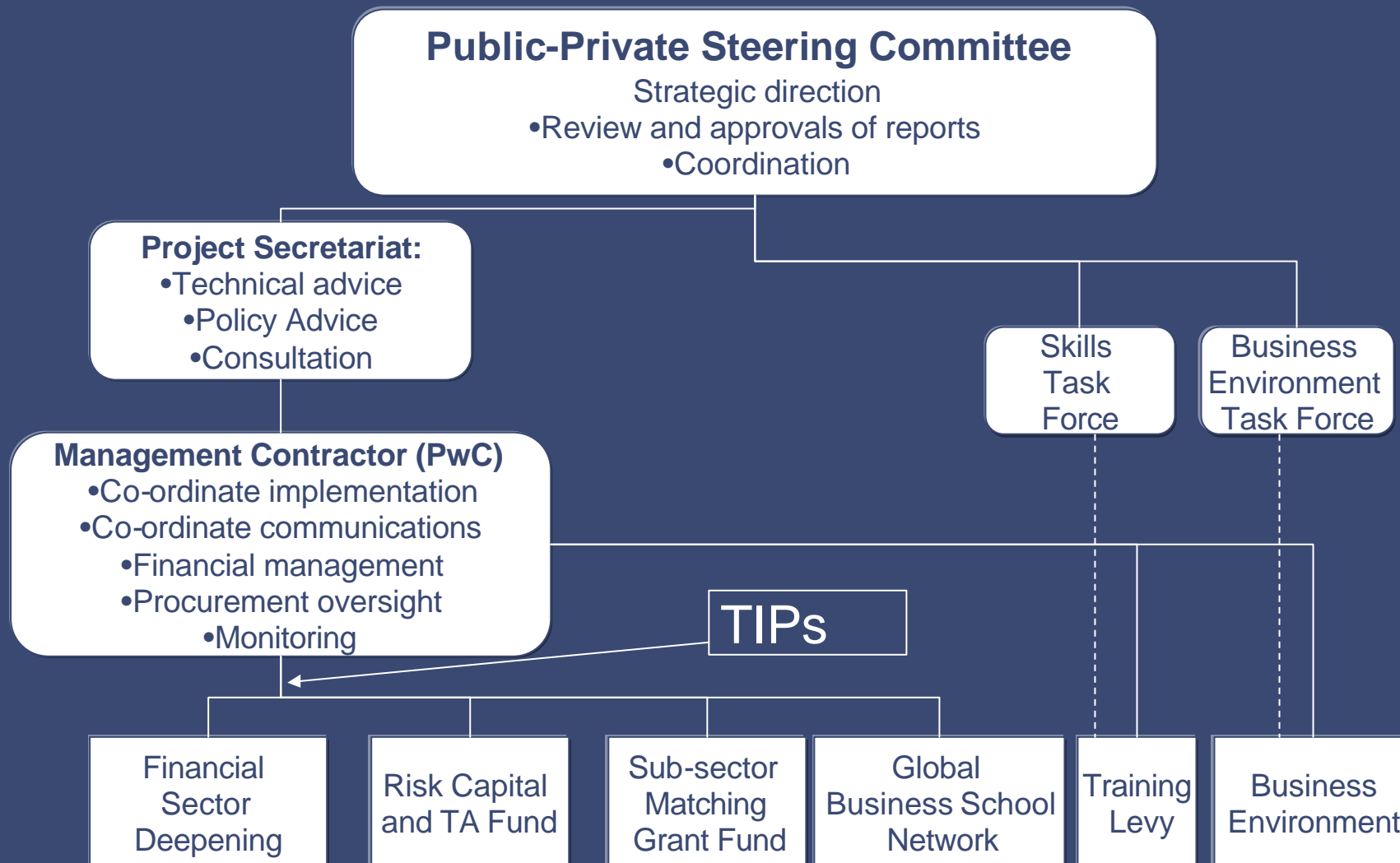
**0.5 mill**

**Total core funds**

**22.5 mill**

Additional funds of up to four times this amount expected to be mobilised through leverage of other sources.

# Implementation arrangements



# Implementation arrangements (cont'd)

## Public/Private Steering Committee

Chair – PS Ministry of Trade and Industry

## Project Secretariat

Project Coordinator – Deputy Chief Economist, MOTI

## Project Management Contractor (PMC)

PricewaterhouseCoopers

# Implementation arrangements (cont'd)

## Current Technical Implementing Partners

- *Financial Sector Deepening* - KPMG (DFID-led Trust)
- *Risk Capital and TA Funds* - Business Partners (South Africa)
- *Pilot value-chain based BDS Matching Grant Fund* - Deloitte & Touche
- *Global Business Schools Network (GBSN)*
- *Business Plan Competition* - KIM Consortium

**More information...**

**Information pack.....**

**Further information:**

**MSME Competitiveness Project**

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**Koinange Street**

**NAIROBI**