**KIM mid project report**

Kenya Investment Mechanism Surpasses its Targets by $120 Million (With Another Year To Go)

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Participants at KIM's recent learning event.

For the second time this year, USAID’s Kenya Investment Mechanism (KIM) surpassed its targets for sourcing capital for Small and Medium Scale Enterprises (SMEs), nearly a year before the project is due to wrap up in mid-August 2023.

The project, which surpassed its initial goal in April of US$400 million, has now hit the US$520 million mark of capital investments in small businesses. KIM bridges the gap between SMEs and investors by providing training and technical assistance. The team also puts businesses in contact with business advisory service providers (BASPs) to assist them on how to invest wisely and profitably and offers incentives to private finance to invest in the working capital needs of smallholder farmers and SMEs.

“KIM reaching its project target for capital mobilisation ahead of time reflects the demand for credit, particularly during the COVID-19 pandemic,” says Roger Bird, the project Chief of Party. “It is also the result of the hard work of our network of BASPs and Financial Institutions (FIs), and the dedication of the KIM team to make the market linkages and help its partners to overcome market challenges.”

According to Bird, the remaining 11 months of the project offers time to strengthen and sustain the transaction advisory ecosystem the project has created. “We will do this through supplementary capacity building support to BASPs and FIs in pipeline development, closed transaction conversion rates, capacity for more complex transactions, access to more diverse funding sources, and scaling of products developed,” he explains. “This approach considers both what we do and how we do it to effectively bring BASPs and FIs together in an institutionalised relationship that strengthens the market system.”

KIM’s partner FIs and BASPs mobilised over US$300 million and US$192 million, respectively. The capital was invested in over 400 businesses that are within the project’s target sectors, including agriculture, health, and energy. Through its partnership with the Kenya Pension Funds Investment Consortium, institutional investors in Kenya have invested close to $30 million into infrastructure and other sectors.

As it does this, KIM is addressing market failures that are attributed to driving away investors who could inject their money into the agriculture sector among other underfunded, but critical, sectors to local economies. Through smart incentives and demand-driven technical assistance, KIM has facilitated private finance and investment for agribusinesses and smallholder farmers through a robust network of 20 FIs and 35 BASPs, who help SMEs access financing.

Across the East African Community countries of Kenya, Uganda, Tanzania, Burundi, South Sudan, Rwanda, and Ethiopia, KIM is helping to transform the financial ecosystem through partnerships with businesses, governments, and development partners to replicate and scale creative approaches to unlock finance and investments.

Additionally, KIM leads policy reform efforts focused on removing barriers to large-scale investment into SMEs, which in turn will enable further finance for businesses across sectors. Essentially, the project serves as an investment platform that mobilises substantial capital from the private sector and builds partnerships between stakeholders for a more robust, sustainable, and inclusive financial ecosystem.

“It is now clear that what these small-scale businesses have been yearning for is capital to stabilise and successfully manage their businesses,” says Bird, adding that the achievement by the organisation is an indication that SMEs have the capacity to grow, once presented with opportunities to raise capital.

“Our partner FIs and BASPs have also proven very useful in bridging the gap by offering technical support and demystifying decades-long myths about access to credit from banks and other financial institutions held by smallholder businessmen and women, who have been inhibited by these myths from accessing financing for their businesses,” he adds.

“We have also brought these institutions together on a roundtable with these small business owners so they can listen and learn, and more importantly work together towards a shared success.”

**Improving Economies by Supporting Women**

KIM has an intentional focus on women-owned businesses, who, globally, have proven to be resilient in businesses and critical for the growth of economies. Despite that, many women struggle to raise capital to support them to run and manage their businesses.

Lucy Mitei, the gender specialist at KIM says that there is hope for a better future for Kenyan women in business. “The financing landscape is looking promising for Kenyan businesswoman as we have made notable strides with regard to accommodating the strategic needs and interests of women-SMEs.”

“Moving forward, we need more honest conversations on how best to address the key barriers to financing as I feel that in the past, we have modeled financing solutions without the women’s voice and views, and thus missed out on a huge potential,” she advises.

As KIM looks towards future partnerships, the team is hopeful that more partners will come on board to enable more finance opportunities for more business owners, both men and women, across all sectors. “We are open for business and to ensure that more and more SMEs access finance for their businesses and also to ensure prosperity as a society,” concludes Bird.

*For more information,* [*visit Kenya Investment Mechanism's LinkedIn page*](https://www.linkedin.com/company/invest-in-kea/)*, read the article '*[*Lending to the Agriculture Sector in Kenya: How Accurate is the Data?*](https://thepalladiumgroup.com/news/Lending-to-the-Agriculture-Sector-in-Kenya-How-Accurate-is-the-Data)*' or contact info@thepalladiumgroup.com.*