



KONZA TECHNOPOLIS

A CASE STUDY FOR UNDERSTANDING THE STARTUP ECOSYSTEM IN KENYA

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INTRODUCTION

Konza Technopolis, previously known as Konza Technology City, is a sustainable, world-class technology hub designed to propel Kenya to meet its Vision 2030 goal of becoming a middle-income nation. The project aims to position Kenya as Africa's leading high-tech hub by expanding the country's Information Technology Enabled Services sector.

The Government of Kenya established the Konza Technopolis Development Authority (KoTDA) as a particular purpose entity to facilitate the development of Konza Technopolis (Konza).

The mission of KoTDA is to ensure that Konza grows into a significant economic driver for the nation, with a vibrant mix of businesses, workers, residents and urban amenities. KoTDA is responsible for overseeing the development and management of Konza and establishing a solid value proposition for businesses to locate and expand in Konza. Konza proposes to be a smart city powered by thriving information, communications, and technology (ICT) sector, superior, reliable infrastructure and business-friendly governance systems.

At the ground-breaking ceremony in January 2013, it was revealed that 15 local and international companies stood ready to join the project from its onset. Some of the local entities officially named were Safaricom, Wananchi Online, Nairobi Hospital, Kari, Kenya Medical Research Institute (KEMRI), University of Nairobi, Multi Media University and the Jomo Kenyatta University of Technology.





KONZA TECHNOPOLIS: MODEL AND PARTNERS

The KoTDA is seeking to create a Quadruple Helix initiative (further described in our report on Understanding the Startup Ecosystem in Kenya) for public and private sector players interested in determining the direction of Konza to guarantee that the key players in the Technopolis are involved in its development and that it meets the needs of the government, academia, community/civil society, and corporate and startup industry.

Konza's Quadruple Helix Model focuses on three key clusters: Information, communication and Technology, life sciences, and engineering. Konza has partnered with both academia and international organizations.



KONZA PARTNERS

Konza Technopolis has been working with major universities, such as Kenyatta University, to promote and commercialize research and development, a focal element in innovation. Organizations such as UNDP and UNICEF have supported Konza's course through diplomacy and innovation hubs and labs. KoTDA has also worked with other local institutions such as Kenya Property Developers Association, Kenya Private Sector Alliance, Keninvest and Kenya National Innovation Agency (KeNIA).

Konza Technopolis works with technology veterans from Oracle, Google, Microsoft, and Safaricom. These experts offer professional guidance to startups.

KONZA has partnered with international governments like the National Business League of Alabama, UNHabitat, Korea Advanced Institute of Science and Technology and the South Korean Government, which provided a \$686.86M grant for further development projects in the city.

The grant is expected to aid in constructing transport infrastructure, planning and security infrastructure. This grant is to be distributed in three equal annual installments.

Signing of the Korea Advanced Institute of Technology (KAIST) as the anchor university tenant, secured funding of KES13b from the Korean government. Konza also secured funding of KES17b as part of an agreement for the establishment of National Data Centre by Huawei with the Government of China.



KONZA CITY: WORKING WITH STARTUPS

The Israel Embassy and KoTDA jointly hosted the KONZA Innovation Challenge. The Innovation Challenge sought to provide an opportunity for innovators in Kenya and Israel to solve the long-term needs of the smart city. This saw participation from 99 startups. Four startups from Kenya (Personal Watchguard, Ekraal Hub, and H-Pass) emerged winners and secured an opportunity to pilot their innovations at the KONZA Technopolis. The fourth startup (Step-Hear – Israel) will offer its traffic management services.

KONZA Technopolis working with the Association of Countrywide hubs and partners, held a COVID-19 Innovation Challenge. The challenge sought to unite the technology and innovation sector's key players and innovator communities to show off the power of partnerships and present ideas such as within health and food systems innovation for government-private sector cooperation.

Konza Technopolis has been a vital player in supporting the Kenya startup ecosystem through hosting research labs and incubation centers and advancement of ICT education.

Konza has Science, Technology and BPO Parks, where innovators are harnessed and incubated to develop their innovations.

By working with universities and other technical institutions, Konza will develop skills locally and provides entrepreneurs and startups with the required environment and facilities to advance their skills.



Eng. John Tanui
CEO, KoTDA

KONZA TECHNOPOLOIS: CHALLENGES, FUTURE OUTLOOK

One of most common challenge highlighted by Konza, facing the Kenyan startup ecosystem is insufficient support from mentors. Busy schedules with minimal time to offer guidance to startups, have often led to strained relationships between mentors and startups.

Some founders are so fixated on their ideas that they are unwilling to follow the advice given by their mentors, especially if it leads to making alterations to their products.

This hesitance discredits the purpose of mentorship.

Inadequate funding from local financiers was another challenge highlighted as foreign investors mainly dominated the startup funding scene.

More pressing issues pointed out were inadequately qualified and experienced managers running innovation hubs, leading to substandard service provided to startups to effectively launch, scale and protect their innovation.

WHAT NEXT ?

Konza aims to position Kenya as a knowledge-based economy and preferred ST&I destination.

Additionally, it aims to develop world-class infrastructure and technology to facilitate research, education and business through Information Technology Enabled Services(ITES).

In employment, KONZA aims to generate 17,000 direct jobs at the end of phase 1 and have 200,000 residents in the Technopolis at the end of 2030. To attract a widespread investment from both local and international entities to establish themselves in the new smart city.



RECOMMENDATIONS

Konza highlights various measures that would result in a flourishing startup ecosystem in Kenya if implemented. Konza first suggests the development of dynamic innovation programs where innovators and ecosystem players engage with one another and exchange ideas. As entrepreneurs interact with investors, this guarantees idea flow in both directions.

KONZA suggests the creation of a platform where prospective customers and investors can act as critics of innovators' products to improve quality and refine the product. As well as a serve as a focal point for founders to learn from the feedback and for investors to understand the business model better.

Kenyan innovators struggle with a lack of infrastructure, particularly physical infrastructure. Konza suggests creating more hubs where innovators can access tools like the internet and mentorship to advance their careers. These hubs would serve as physical gathering places for funders and innovators. To foster greater collaboration, it is also necessary to strengthen the ties between academic institutions and innovation hubs. Kenyan innovators still face significant barriers to accessing markets.

A well-established, efficient infrastructure that facilitates the delivery of innovative products from developers to end users by Konza would go a long way in solving this problem.

Other recommendations included developing and enforcing more laws that support innovation and the growth of startups in the nation, allocating funding for the establishment of innovation hubs and the aid of startups and incorporating more technology focused learning into school curricula to improve Kenya's tech talent market.



There should also be initiatives aimed at increasing the number of highly qualified graduates in Science, Technology Engineering and Mathematics (STEM) and promoting education in the field through the establishment of specialized schools, colleges and universities. Additionally, these initiatives should aim at Promoting SME growth in the Science Technology and Innovation (STI) sector through the development of an innovation ecosystem.

More effort should be put towards the attraction of direct investment in technology in form of technology companies and R&D divisions. and the use of innovative urban planning and ICT-driven (smart city) infrastructure

“Konza will be a world-class smart city, powered by a thriving and progressive ICT sector, superior reliable infrastructure and business friendly governance, policy and regulatory frameworks”

**Eng. John Tanui
CEO, KONZA**

Focus on the implementation of longer-term initiatives that last 1-2 years rather than short term 1-6 months initiatives. The way innovation challenges are currently run is relatively inefficient because most innovators are more concerned with winning the big prize than with the process of developing their products.

There should be more partnerships with additional industry professionals to create a pipeline that promotes innovation success. As a result, strong networks and connections will be created, ensuring the growth of startups and the ecosystem as a whole.



