

# FEDERATION OF KENYA EMPLOYERS

SME Project

# SME Sector Distribution 2003

- 64% trade
- 15% services
- 13.4% manufacturing
- 8% others

# Ownership/Location

- 70% one person business
- 48% women owned
- 66% rural based

# Contribution to Economy

- Employment
  - 4.2 million(2000)
  - 4.7 million(2002)
  - 5.2 million (2002)
  - 5.5 million (2003)
  - 6.1million (2004)
  - 6.5million(2005), accounting for 74% of total employment
- Contributed 18.4% of GDP double that of medium and large manufacturing sectors combined(7%)

# Potential

- Potential to contribute more employment opportunities,
- Potential for vertical growth
- Contribute more to GDP
- Catalyst and vehicle for industrialisation

# Current Policy Initiatives in Kenya

- Sessional Paper NO. 2 OF 2005 on MSE
- The Industrial Master Plan(Vision 2020)
- Private Sector Development Strategy
- Business Incubation Policy
- Vision 2030
- Trade and Industry Policy

# Sessional Paper No. 2 of 2005

- Identifies the challenges to the development of MSE sector
- Lays policies to address the challenges
- Defines implementation plans
- Incorporates Govt policy to allocate 25% of its procurement to MSE sector

# Objective of FKE Program

- Providing business development services to SMEs
- Linking SMEs and young graduates to large firms
- Ensuring 25% Govt procurement from SMEs
- Training in quality product development
- Facilitating market outlets for SMEs



- Undertaking research in SME issues
- Providing business information to SMEs
- Enhance apprenticeship for upcoming SMEs in large firms

# Strategy

- Use FKE branches as pilot to develop SME promotion centres
- Develop continuous tailor-made modules to improve the capacity of SMEs through entrepreneur improvement training
- Publish periodic newsletters
- Business information flyers

# Implementation Strategy

- Develop market linkages for SME products through use of development portals
- Engage policy makers periodically in assessing the involvement of SMEs in the country's macro economic policies
- Undertake surveys on SME issues
- Public awareness sessions to disseminate policies regulations to guide SMEs day to day activities

# Activities

- Provide apprenticeship services through member organisations
- Business clinics facilities
- Awareness and training seminars
- Engage policy makers to provide enabling business environment to SMEs
- Periodical distribution/development of SME newsletters
- Providing ICT services for a fee

- Hold business development services training at subsidised fee
- Develop capacity of SMEs Associations to hold trade fairs regionally and internationally
- Avail business information to SMEs in the SMS centres
- Assist SMEs to develop business plans to access finance

- FKE has built capacity in a consultant group that will offer training services to SME at a subsidised fee

# Achievements

- Undertaking inter-firm linkages and subcontracting programme where a no. of young graduates have been attached to large firms
- Involvement and linking of women entrepreneurs in the COMESA Forum and EAC NGUVU KAZI Exhibitions
- Trained 50 women entrepreneurs in basic business skills
- Trained 38 women entrepreneurs in “Improve your Exhibition’ Skills

- Trained more than 200 retirees from member organisations in entrepreneurship
- Enhanced the capacity of Belgut Rural Women SACCO with over 1000 members to provide services to their members
- Trained 12 women associations in Organisation and Leadership Training and running of entrepreneur association
- Built capacity of the committees of DPOs that are undertaking business
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# Problem Statement

- The involvement of short term project support from donor projects

# Sources of Funds

- Charging for services offered
- Subscriptions
- Fundraising from donors, Govt and private sector/well minded partners

# Sustainability

- Charge a small entry fee or subscription
- Charge for services offered