



PRESS RELEASE

Capital Markets Authority and Kenya Development Corporation Sign Collaboration Agreement

Nairobi, 27 September 2022...The Capital Markets Authority (CMA) and the Kenya Development Corporation (KDC) have signed a Memorandum of Understanding (MOU) to promote greater utilization of the capital markets through structured financial products by corporates including SMEs.

The MOU establishes a partnership through which, joint efforts in education, awareness creation, and stakeholder engagements will be executed to improve knowledge levels and uptake of financial products and services. CMA and KDC will collaborate to promote the commercialization of SME ideas that will be developed to product prototypes through the CMA Regulatory Sandbox. Business advisory services will also be jointly offered to struggling but promising businesses including distressed potential issuers.

In Kenya, many SMEs remain unserved especially in the aspect of access to capital through appropriate financial products to support growth and expansion. This partnership is anticipated to enhance SME growth capacity while diversifying financing approaches by adding capital markets to the list of potential capital raising avenues.

The MoU is aligned to the Government's Agenda of focusing on the bottom of the financial pyramid, that deliberately sheds light on SMEs, as they increasingly play a catalytic role in the country's economic transformation journey into the future.

Speaking during the signing ceremony, the CMA Chief Executive Officer Mr. Wyckliffe Shamiah said, "Strategic alliances are crucial for accelerating market development as they provide complementary expertise and support to the involved parties and consequently enhance their internal capacities. Such partnerships are important for the CMA as it aims to ensure that the country's capital markets attain international stature and provide access to other markets."



At the same event, the KDC Director General Mr. Christopher Huka said that the collaboration between the two government institutions in research, product development, policy and regulatory work is expected to create a conducive environment for SMEs to thrive.

“Under this agreement KDC is committed to providing sustainable economic development through provision of long-term finance and other financial, investment and business advisory services to enterprises in diverse sectors of the economy, given that access to long term capital has become a challenging issue in many developing economies. Our goal is to address critical gaps and market failures that require long-term funding which cannot be met by commercial banks.” Mr. Huka said.

The two partner institutions are committed to champion industry development and facilitate access to suitable financial products and other technical resources through closer collaboration in the areas of product development, long-term financing, research, stakeholder engagement, and innovation.

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BACKGROUND INFORMATION

Capital Markets Authority

The Capital Markets Authority (CMA) was set up in 1989 as a statutory agency under the Capital Markets Act Cap 485A. It is charged with the prime responsibility of both regulating and developing an orderly, fair and efficient capital markets in Kenya with the view to promoting market integrity and investor confidence. The regulatory functions of the Authority as provided by the Act and the regulations include; Licensing and supervising all the capital market intermediaries; Ensuring compliance with the legal and regulatory framework by all market participants; Regulating public offers of securities, such as equities and bonds & the issuance of other capital market products such as collective investment schemes; Promoting market development through research on new products and services; Reviewing the legal framework to respond to market dynamics; Promoting investor education and public awareness; and Protecting investors' interest. For more information, please contact Antony Mwangi, Manager Corporate Affairs & International Relations on amwangi@cma.or.ke.



Kenya Development Corporation

The Kenya Development Corporation Ltd (KDC) is a Development Finance Institution (DFI) established in 2020 by merging the operations of Industrial and Commercial Development Corporation (ICDC), Tourism Finance Corporation (TFC) and IDB Capital Limited to create Kenya's strongest single cross-sector DFI.

KDC's mandate is to promote sustainable economic development by providing development finance, infrastructure finance and business support and advisory services to SMEs and large-scale industries, infrastructure projects and commercial undertakings in target sectors in Kenya and elsewhere. The Corporation's model is to partner with the private sector to catalyse development.

The Government's vision is for KDC to become Kenya's strongest DFI playing a catalytic role in the country's economic development while addressing critical gaps and market failures that require long-term funding which cannot be met by commercial banks in the target sectors. For more information, please contact Joy Mumbi, Corporate Communications & Branding Officer on jmumbi@kdc.go.ke.