



Press Release

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## **GOVERNMENT LAUNCHES SAFER PROJECT TO BOOST MSMEs ACCESS TO FINANCE AND FUEL POST-PANDEMIC RECOVERY**

The Government of Kenya, through the Kenya Development Corporation (KDC), the Ministry of Investment, Trade, and Industry (MITI), and the National Treasury, has launched the Supporting Access to Finance and Enterprise Recovery (SAFER) Project.

The project seeks to increase access to financial services, enhance capabilities, support the recovery of Micro, Small, and Medium Enterprises (MSMEs) after COVID-19, and foster long-term growth.

“The SAFER project will break down financial barriers for MSMEs through policy reforms, innovative financing, and capacity building. We are confident that through this initiative, we will ignite a spark of economic revitalization across Kenya,” Cabinet Secretary, Ministry of Investments, Trade and Industry Rebecca Miano said.

SAFER will provide innovative financial solutions and support to MSMEs through a combination of market instruments channelled via the private sector and the Government.

The funds will be channelled from the National Treasury to an apex financial institution (KDC), which will on-lend to several Participating Financial Institutions (PFIs), including Licensed Micro Finance Institutions, Central Bank of Kenya Licensed Digital Lenders and SACCOs, who in turn will on-lend to MSMEs. Formally referred to as Nawiri wholesale Loan, KDC will disburse this facility to SASRA-regulated SACCOs, Licensed Micro Finance Institutions and Tier III commercial banks focused on lending to MSMEs.

“Through SAFER, we aim to address market failures in access to finance by MSMEs in Kenya. This project comes at a crucial time as businesses continue to grapple with the economic fallout from the COVID-19 pandemic and multiple economic shocks occasioned by geopolitical tensions across the world,” KDC Director General Norah Ratemo Said.

SAFER project is designed to address the pressing needs of MSMEs by providing essential financial support for their working capital requirements, including salaries, rent expenses, and more.

“Interventions will be tailored to address the specific needs of MSMEs across various sectors and regions. This may involve enhancing financial literacy, facilitating credit access, or fostering partnerships with financial institutions. Our goal is to equip MSMEs with the tools and resources they need to succeed,” Cabinet Secretary Co-Operatives & Micro, Small, And Medium Enterprises Simon Chelugui said.

Through SAFER, individual microenterprises will access loans ranging from KES 7,000 to KES 150,000, while small enterprises can avail themselves of loans ranging from KES 150,001 to KES 250,000. Microloans will have a tenor of up to 18 months, while small loans will extend up to three



years, empowering MSMEs to manage their cash flows effectively and pursue growth opportunities.

“This Project represents a significant step towards supporting MSMEs in Kenya during these challenging times. By providing access to finance and fostering enterprise recovery, we aim to create a more resilient and inclusive economy,” KDC Chairman of the Board of Directors Dr. Bunyasi Sakwa said.

Key components of the SAFER Project include:

1. **Innovation and liquidity support to MSMEs:** This component focuses on providing immediate response to the COVID-19 pandemic by offering resilient recovery support to formal and informal sector MSMEs, especially those owned by women and youth, in sectors severely affected by the crisis.
2. **De-risking lending to MSMEs:** This component aims to mitigate the risks associated with lending to MSMEs post the COVID-19 crisis. A portion of the fund will be used to bolster the national Credit Guarantee Scheme (CGS), while the remainder will facilitate the establishment and capitalization of a Credit Guarantee Company (CGC) based on Kenyan law.
3. **Technical Assistance and Project Management:** This component, with a budget of US\$15 million, will provide technical support to various stakeholders involved in the delivery of the project. It will also focus on building resilience capacity within the MSME finance ecosystem beyond the lifecycle of SAFER, ensuring sustained growth in MSME lending.

Since its inception, KDC has been at the forefront of mobilizing funds and fostering economic growth in Kenya. Through strategic initiatives like SAFER, KDC aims to further its mission of catalyzing sustainable socio-economic development in the country.

The SAFER Project has already garnered support from key stakeholders, including the National Treasury, World Bank, and Participating Financial Institutions (PFIs). Through collaboration with these partners, SAFER aims to have a tangible impact on the lives of MSMEs across Kenya.

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### **About Kenya Development Corporation (KDC)**

The Kenya Development Corporation (KDC), Kenya's newest Development Finance Institution (DFI) was created on 1st July 2021 as a cross-sector DFI out of the merger of three DFIs, ICDC (Industrial & Commercial Development Corporation), TFC (Tourism Finance Corporation) and IDB Capital.

KDC's mandate is to promote sustainable economic development by providing development finance, infrastructure finance and business support and advisory services to medium 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 target sectors.



To find out more about KDC visit [www.kdc.go.ke](http://www.kdc.go.ke).

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