

## Lessons Learned

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### Cooperation with other KIEP components

1. Point already made in the draft report;

### Grant Structuring

2. Taking away the first payment of \$5,000 eroded confidence in the programme and hampered SMEs in kick-starting TA execution (for cash flow reasons). It is estimated that 20% of C1 SMEs did not start their contract because of this reason. In hindsight we should have stressed the point even more vigorously that this was never construed as an up-front payment but as a normal milestone payments made against deliverables (in this case the Diagnosis);
3. The CAPEX cap of 30% is too low. Investments (especially in the current economic climate) are the biggest hurdle for SMEs to scale-up and would possibly show the biggest innovation impact; a formula of 50% CAPEX plus 50% non-CAPEX TA would have worked better;

### Mobilization

4. Emphasis on up-country mobilization of SMEs has started to pay off. Although SMEs get progressively smaller moving away from Nairobi, the impact we achieve with rural businesses through KIEP250+ may inversely increase;

### Grant Execution

5. For SMEs a fixed term grant contract does not mean they need to produce results in the first weeks after signing a contract. The "urgency of implementation" was never stipulated in contracting clauses. Yet the government needs reassurance that grant funds are indeed used;

Hence, future grant contracts need to contain *progress milestones* that must be met in the first 4-6 weeks after signing the contract – with sanctions for non-performance (i.e. scaling down or even losing the grant altogether);

6. SMEs struggle with reporting as seen in the submissions of complete reimbursement claims that meets minimum standards of acceptance. As Fund Manager we shall spent even more time on coaching SMEs on claims management in future cohorts;
7. The Reimbursement process is not simple. Especially the requirement that the BDS providers (vendors) report on goods or services delivered is superfluous and ought to be removed. No BDS provider will write an objectively critical report on products or services "sold" to SMEs;

This reporting requirement has caused weeks of delays in processing claims. Service requirements and specifications are covered by the ToR and contracts signed with the SME; for claims management the important document is the SME acceptance report.