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ENTREPRENEURSHIP

FINANCING CONSTRAINTS AND INSTITUTIONAL COORDINATION IN KENYA'S ENTREPRENEURSHIP ECOSYSTEM: A SYSTEMATIC REVIEW OF THE EVIDENCE

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ABSTRACT

Purpose of the study: This paper examines how financing constraints and institutional coordination jointly shape outcomes in Kenya's entrepreneurship ecosystem, treating the two as interacting problems rather than as separate literatures.

Short introduction of problem statement: Kenyan micro, small and medium enterprises have named access to finance as their most binding constraint for well over a decade, despite sustained government, donor and private investment in support programmes. Most existing studies examine financing constraints at the level of the individual firm or lender, leaving underexplored how the fragmented set of institutions that supply and mediate finance in Kenya, commercial banks, government revolving funds, county governments, development partners, innovation hubs and universities, interact to produce or relieve those constraints.

Method/methodology: The paper adopts a systematic, desk-based narrative synthesis of peer-reviewed and grey literature published or substantially updated between approximately 2010 and 2026, drawing on academic databases, institutional reports and reputable Kenyan business press, and organizing retained sources into four financing-constraint themes and three institutional-coordination themes using Isenberg's entrepreneurial ecosystem framework and institutional-void theory.

Results of the study: Financing constraints in Kenya are compounded, not caused, by weak coordination among the institutions meant to close the financing gap. Collateral dependence and information asymmetry continue to ration credit; this rationing fall disproportionately on women-owned enterprises; digital credit has relaxed but not resolved these constraints; and the proliferation of overlapping government funds has produced duplication and, historically, low loan-recovery rates.

Conclusion and policy recommendation: The review recommends linking behavioral lending data into a shared credit-information infrastructure, consolidating beneficiary registries across government funds, and extending the coordination model demonstrated by the Women Entrepreneurs Finance Code to youth- and county-level lending.

Keywords: *Entrepreneurship Ecosystem, Financing Constraints, Institutional Coordination, SME Finance, Kenya, Systematic Review*

INTRODUCTION

Micro, small and medium enterprises (MSMEs) are routinely described as the backbone of the Kenyan economy, accounting for the large majority of new employment and forming a central pillar of the country's Vision 2030 development strategy (Republic of Kenya, 2020). Over the past decade, the Government of Kenya, multilateral partners and a growing population of private investors have invested heavily in policies, funds and support infrastructure intended to help entrepreneurs start, formalize and grow their businesses (Hernandez Uriz, 2022). Despite this investment, the evidence consistently points to one obstacle that entrepreneurs place above all others: the difficulty of obtaining adequate, affordable and timely finance (Kung'u, 2011; Koech, 2017; Kumar, Chavan, & Lim, 2023).

A parallel and increasingly influential strand of scholarship treats entrepreneurship not as an aggregation of isolated firm decisions but as an ecosystem, an interdependent set of actors, institutions and resource flows that jointly determine whether new ventures are created, survive and scale (Isenberg, 2010; Spigel, 2017). Within this framing, access to finance is only one of several interacting domains, alongside policy, human capital, markets, culture and institutional support. A key implication, still under-explored in the Kenyan literature, is that financing constraints cannot be fully understood in isolation from how the institutions that supply or mediate finance, commercial banks, government revolving funds, county governments, development partners, innovation hubs and universities, coordinate, or fail to coordinate, with one another (Ogodo, 2026).

This review responds to that gap by systematically synthesizing the evidence on both domains together, rather than treating financing constraints and institutional coordination as separate bodies of work. After setting out the problem, objectives and guiding questions, the paper reviews the theoretical framework, synthesizes the empirical literature on financing constraints and coordination, proposes a conceptual framework linking the two, describes the review methodology, and closes with results and discussion, conclusions and policy recommendations.

STATEMENT OF THE PROBLEM

Kenyan MSMEs have named access to finance as their most binding constraint for well over a decade, across firm-level surveys conducted in different parts of Nairobi and beyond (Kung'u, 2011; Koech, 2017). That finding has proved remarkably stable even as the financing landscape around these firms has changed substantially, with the arrival of mobile money and app-based digital credit and the launch of successive government revolving funds culminating in the Hustler Fund (Cytonn Investments, 2022; State Department for MSMEs Development, 2026). The persistence of the constraint despite this activity suggests that the problem is not simply an absence of financial products aimed at entrepreneurs, but something about how those products, and the institutions behind them, relate, or fail to relate, to one another.

Kenya's own Micro and Small Enterprises Policy names "enhanced coordination and implementation of support programmes" as a distinct policy objective, which is itself an acknowledgment that coordination, and not only the volume of finance on offer, is part of the problem (Republic of Kenya, 2020). Yet the academic literature on SME financing constraints in Kenya has developed largely independently of the literature on ecosystem coordination and institutional voids, so that firm-level explanations of why entrepreneurs cannot get credit rarely engage with ecosystem-level explanations of why the institutions meant to provide that credit do not work together. This review addresses that disconnect directly, asking what emerges when the two bodies of evidence are read side by side.

RESEARCH OBJECTIVES

The general objective of this review is to synthesize the evidence on financing constraints and institutional coordination within Kenya's entrepreneurship ecosystem and to examine how the two interact. Specifically, the review sets out to:

1. Establish what the empirical and policy literature says about the principal financing constraints facing entrepreneurs in Kenya, including how these constraints have evolved with the growth of mobile money and digital credit.
2. Examine how the coordination, or fragmentation, of the institutions that make up Kenya's entrepreneurship ecosystem shapes the nature and persistence of those financing constraints.

RESEARCH QUESTIONS

Because the review synthesizes existing evidence rather than testing new data, it is guided by research questions rather than statistical hypotheses:

RQ1: What does the empirical and policy literature say about the principal financing constraints facing entrepreneurs in Kenya, and how have these constraints evolved with the growth of mobile money and digital credit?

RQ2: How does the coordination or fragmentation of the institutions that make up Kenya's entrepreneurship ecosystem shape the nature and persistence of those financing constraints?

THEORETICAL REVIEW/FRAMEWORK

The review is organized around two complementary theoretical lenses. The first is Isenberg's entrepreneurial ecosystem model, which conceptualizes entrepreneurship as thriving within six interacting domains: policy, finance, culture, support, human capital and markets (Isenberg, 2010). Isenberg's central claim is that ecosystem performance depends on the interaction between these domains rather than the mere presence of any single element, and that immature ecosystems are characterized by weak linkages between domains rather than a complete absence of resources. Spigel (2017) extends this view by distinguishing cultural, social and material attributes of an ecosystem and stressing that these attributes are relationally, not just individually, produced. For the purposes of this review, the finance domain and the support/policy domains are of primary interest, since financing constraints and institutional coordination map closely onto them.

The second lens is institutional theory, and specifically the concept of institutional voids: the absence or weakness of the formal institutions, credit bureaus, contract-enforcement mechanisms, coordinated regulatory bodies, that are taken for granted in mature financial systems (Sydow, Cannatelli, Giudici, & Molteni, 2022). Where such formal institutions are weak, entrepreneurs turn to intermediary organizations, informal networks or family relationships to substitute for missing institutional infrastructure, and organizations such as innovation hubs may themselves emerge as institutional intermediaries that partially fill the void (Züfle & von Carlowitz, 2026). Combining these two lenses suggests that financing constraints in Kenya should be read not only through classic firm-level credit-rationing models of collateral and information asymmetry, but also through an ecosystem-level account of how multiple, loosely connected institutions, commercial banks, national revolving funds, county governments, development partners and hubs, act with limited coordination, at times duplicating effort and at times leaving gaps unaddressed.

EMPIRICAL REVIEW

The empirical literature bearing on the two research questions falls naturally into two clusters: evidence on the financing constraints entrepreneurs face directly, and evidence on how the institutions surrounding those entrepreneurs coordinate, or fail to coordinate, in response.

Financing Constraints in Kenya's Entrepreneurship Ecosystem

Collateral, Information Asymmetry and Bank Credit Rationing

The oldest and most consistent strand of Kenyan SME-finance literature attributes limited access to credit to a combination of firm, financial and entrepreneurial characteristics that make lenders reluctant to extend credit on affordable terms. Kung'u (2011), studying enterprises in Nairobi's Westlands area, found that firm characteristics such as size and age, financial characteristics such as the availability of collateral and financial records, and entrepreneurial characteristics such as owner experience jointly determined whether a business could access external funding. Koech (2017), examining enterprises in Nairobi's Kamukunji district, similarly identified inadequate collateral, high interest rates and cumbersome loan-application procedures as persistent constraints on SME growth. These firm-level findings are consistent with the broader international literature; a systematic review by Kumar, Chavan and Lim (2023) concludes that limited access to finance remains one of the most significant constraints facing SMEs across both developed and developing economies, driven substantially by information asymmetry between lenders and small borrowers who lack audited records or a verifiable credit history.

In the Kenyan commercial banking sector, this information asymmetry manifests as heavy reliance on fixed-asset collateral as a substitute for credit information, which systematically disadvantages entrepreneurs who lack titled land or property. The consequence, widely reported in the Kenyan literature, is that even viable and creditworthy enterprises are rationed out of the formal banking system, pushing them toward more expensive informal credit or toward the government and digital-lending alternatives discussed below.

Gendered Disparities in Access to Finance

A second, increasingly well-documented theme concerns the gendered distribution of credit. Recent credit-bureau data reported in the Kenyan press show that female-owned enterprises account for only around 27 per cent of outstanding MSME credit value, compared with 73 per cent for male-owned firms, so that for every KES 1,000 advanced to male-run enterprises, women-led businesses receive roughly KES 361 (SACCO Review, 2026). This disparity has been attributed less to differences in business performance than to lending models that continue to rely heavily on traditional collateral requirements that women are less likely to hold, given unequal control over land and fixed assets (SACCO Review, 2026; African Centre for Technology Studies, 2025).

The picture is more nuanced once digital credit is introduced. Ashubwe et al. (2025), studying health-sector SMEs in Kenya, found that while women-owned traditional loans were disbursed at lower initial amounts than those of male-owned or partnership enterprises, this gap disappeared for digital loans, suggesting that at least part of the observed gender gap in access to finance reflects differences in firm characteristics captured by collateral-based underwriting rather than gender discrimination as such. This finding is consistent with international donor efforts, such as the International Finance Corporation's support for alternative-collateral lenders like M-KOPA, which extend asset-backed micro-instalment credit to customers with limited conventional collateral or credit history, including many women entrepreneurs (International Finance Corporation, 2024). At the level of ecosystem-wide policy response, Kenya's 2025 adoption of the global Women Entrepreneurs Finance Code, under which more than forty financial institutions have pledged to collect gender-disaggregated data and design tailored lending products, illustrates an emerging, more coordinated institutional response to the financing gender gap (Eastleigh Voice, 2025; Nation Media Group, 2026a, 2026b). The Global Entrepreneurship Monitor's 2024 report on women's entrepreneurship similarly identifies Kenya as a country where women entrepreneurs are increasingly leveraging mobile money and digital trade to work around persistent gaps in formal financial access (Global Entrepreneurship Monitor, 2024).

Digital Credit and Mobile Money as a Partial Substitute

The growth of mobile-money-based and app-based digital credit has been the most significant change in Kenya's financing landscape over the past decade. Mdoe and Kinyanjui (2018) found that mobile telephony and the social networks it supports had a positive influence on MSME owners' access to credit, operating partly through information channels that substitute for the credit records unavailable to formal banks. Alumasa and Muathe (2021) similarly document positive associations between the uptake of mobile credit and the performance of micro and small enterprises in Kenya, while Kambi and Onyiego (2022) find that mobile banking, e-money, agency banking and banking applications each contributed significantly to the financial growth of Kenyan MSMEs.

More recent evidence, however, complicates any straightforward narrative of digital inclusion. Kim and Duvendack (2025), using multinomial logistic regression on nationally representative Kenyan data, find that mobile-banking loans are less accessible to vulnerable groups, including women, less-educated individuals and casual workers, than fintech-app-based loans, even though both channels are similarly accessible to rural populations. Their analysis cautions that greater digital loan access does not automatically translate into improved welfare for vulnerable borrowers, since digital products carry their own risks of short repayment cycles and high effective interest rates. Read together, this literature suggests that digital credit has meaningfully expanded the financing frontier available to Kenyan entrepreneurs but has not eliminated the underlying information and collateral problems identified above; rather, it has partially substituted behavioral and transactional data for the collateral and formal records that conventional banks require.

Government Financing Schemes and Their Limitations

Successive Kenyan governments have introduced targeted public credit schemes intended to reach entrepreneurs excluded from commercial bank lending, including the Youth Enterprise Development Fund (YEDF), the Women Enterprise Fund (WEF), the Uwezo Fund, and, more recently, the Financial Inclusion Fund popularly known as the Hustler Fund, launched in November 2022 (Cytonn Investments, 2022). These funds were designed to provide affordable, largely collateral-free credit to youth, women and other historically excluded groups, often channeled through constituency-level committees or table-banking structures (Republic of Kenya, 2020).

Evidence on the performance of these funds is mixed. Cumulative loan-recovery rates have historically been low for several of the older funds, with the Youth Enterprise Development Fund and the Uwezo Fund recording recovery rates of roughly 52 per cent and 36 per cent respectively, against a substantially higher recovery rate for the Women Enterprise Fund (Cytonn Investments, 2022). More recent reporting indicates that Kenyans collectively owed government revolving funds around KES 18.4 billion in unpaid loans as of late 2024, with auditors flagging governance and management weaknesses across several of the funds (Nation Media Group, 2024; Cytonn Investments, 2024). The Hustler Fund itself has recorded a comparatively higher recovery rate, and government reporting credits it with rehabilitating the credit ratings of several million previously negatively listed borrowers and building a dataset intended to underpin a forthcoming National Credit Score (State Department for MSMEs Development, 2026). Newer initiatives, such as the Nyota Project, extend this model further into enterprise-level, rather than purely individual, financing (Breaking Kenya News, 2026).

What is notable for the purposes of this review is less the performance of any single fund than the sheer number of overlapping instruments, YEDF, WEF, Uwezo Fund, Hustler Fund and, most recently, Nyota Project, operating with different eligibility rules, delivery channels and reporting lines, often targeting overlapping beneficiary groups. This multiplicity is itself suggestive evidence of an institutional coordination problem, examined directly below.

Institutional Coordination in the Ecosystem

Fragmentation across Actors and Levels of Government

Kenya's own Micro and Small Enterprises Policy explicitly names "enhanced coordination and implementation of support programmes" as one of its ten core objectives, alongside improving access to a diversified range of financial products, indicating that policymakers themselves recognize coordination as a distinct and unresolved problem rather than an automatic by-product of expanding the number of support programmes (Republic of Kenya, 2020). Independent ecosystem diagnostics reach a similar conclusion from the outside; an assessment commissioned to map Kenya's entrepreneurial ecosystem for international development actors characterizes it as "diversified but fragmented" and explicitly warns that the large number of international development programmes operating in Kenya's entrepreneurship space requires a high degree of coordination if duplication of effort is to be avoided (IYBA SEED, 2023). A World Bank diagnostic of Kenya's MSME and entrepreneurship ecosystem in the aftermath of the COVID-19 pandemic likewise combines structural and financing analysis, underscoring that ecosystem-level, rather than purely firm-level, diagnosis is necessary to understand why the availability of finance and support does not translate consistently into enterprise survival and growth (Hernandez Uriz, 2022).

Innovation Hubs, Universities and Intermediaries Filling Institutional Voids

Where formal financial and regulatory institutions are weak, intermediary organizations have emerged to partially fill the resulting institutional voids. Züfle and von Carlowitz (2026), drawing on interviews with start-ups affiliated with innovation hubs in Accra and Nairobi, find that hubs such as Nairobi's iHub function as institutional intermediaries, providing access to capital, reliable infrastructure and market-facing events that substitute for missing formal institutions. However, the same study cautions that founders continue to rely heavily on personal networks to reach external stakeholders, suggesting that hubs' capacity to build durable market linkages, and hence to substitute fully for coordinated formal institutions, remains limited. Sydow, Cannatelli, Giudici and Molteni (2022), studying a broader sample of Kenyan entrepreneurs, similarly document how business owners "work around" severe institutional voids by hybridizing commercial and social goals and proactively orchestrating relationships across weak or absent formal institutions, rather than relying on any single coordinated support structure.

Universities have also been positioned as coordinating actors: Kenya's National Innovation Agency has convened a national network of university entrepreneurship and innovation leaders intended to harmonize processes, share resources and align university-based incubation with national innovation policy. Ogodo's (2026) systematic review concludes that innovation hubs, including university-based incubation centers, have created valuable mentorship, networking and infrastructure support, but that their impact remains geographically concentrated around Nairobi and does not adequately reach entrepreneurs operating outside major urban centers, echoing the geographic-concentration concern raised elsewhere in the literature. The same review explicitly recommends improved institutional coordination, alongside expanded blended financing and the decentralization of innovation infrastructure, as prerequisites for translating Kenya's entrepreneurial dynamism into the country's Vision 2030 development objectives.

Policy Frameworks and Emerging Coordination Mechanisms

Not all recent developments point toward fragmentation. The Women Entrepreneurs Finance Code, adopted by Kenya in 2025, illustrates a more deliberately coordinated mechanism: a single, government-endorsed framework under which more than forty financial institutions commit to common standards for data collection, product design and reporting on women-led MSME lending (Eastleigh Voice, 2025; Nation Media Group, 2026a). Likewise, the Hustler Fund's stated ambition to build a National Credit Score from its behavioral lending data, if implemented and shared appropriately across lenders, would represent a step toward the kind of shared credit-information infrastructure whose absence underlies much of the collateral-dependent credit rationing described above (State Department for MSMEs Development, 2026). These initiatives suggest that coordination failures identified elsewhere in the literature are not immutable features of Kenya's ecosystem but are amenable to deliberate institutional design, provided that the incentives of banks, government agencies and development partners can be aligned around shared data and standards.

CONCEPTUAL FRAMEWORK

The empirical review points to a conceptual model in which two sets of factors jointly determine entrepreneurs' effective access to finance in Kenya, rather than either set operating alone. On the financing side, four constraints, collateral dependence and information asymmetry, gendered lending patterns, the partial reach of digital credit, and the mixed performance of government revolving funds, determine the terms on which an individual entrepreneur can obtain capital. On the coordination side, three mechanisms, the degree of fragmentation across national and county government, the role of innovation hubs and universities as institutional intermediaries, and the presence or absence of shared policy frameworks such as the Women Entrepreneurs Finance Code, determine whether those financing instruments reach entrepreneurs efficiently and without duplication.

Figure 1 sets out this framework, showing the financing and coordination domains feeding into a shared ecosystem outcome, the effective rather than merely nominal availability of finance to Kenyan entrepreneurs, which in turn shapes enterprise survival and growth. The framework's central proposition, examined further in the results and discussion below, is that coordination quality moderates the practical effect of any given financing instrument: a well-designed fund or digital-lending product delivers less if it operates in isolation from the credit-information and beneficiary-tracking systems used by other institutions in the ecosystem.

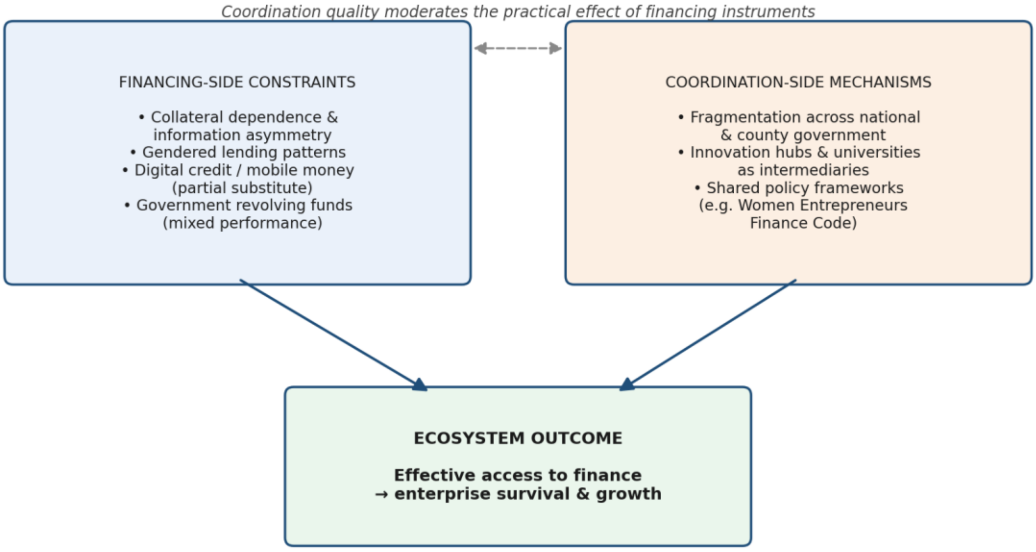

Figure 1: Conceptual framework linking financing constraints and institutional coordination to ecosystem outcomes in Kenya's entrepreneurship ecosystem.

RESEARCH METHODOLOGY

This review follows a systematic, desk-based synthesis approach adapted to a topic where rigorous peer-reviewed evidence coexists with fast-moving policy developments that are, as yet, documented mainly in institutional reports and reputable business press. Sources were identified through structured searches of academic databases and repositories (including Taylor & Francis Online, ScienceDirect, Emerald Insight, SAGE, Nature/Scientific Reports, MPRA and institutional repositories of Kenyan universities), combined with searches of reports from the World Bank, the International Finance Corporation, the Global Entrepreneurship Monitor (GEM) consortium, the Government of Kenya, and Kenyan financial and business-analysis outlets. Search terms combined "entrepreneurship", "SME" or "MSME" with "finance", "credit", "financing constraints", "entrepreneurial ecosystem", "institutional coordination", "innovation hub" and "Kenya".

Sources were included if they (a) addressed financing constraints facing entrepreneurs or MSMEs operating in Kenya, or the coordination of institutions supporting Kenya's entrepreneurship ecosystem, (b) were available in English, and (c) were published or substantially updated between approximately 2010 and 2026, a window chosen to capture both the foundational firm-level finance literature and the more recent digital-credit and ecosystem-coordination literature. Sources focused solely on large-firm corporate finance, or addressing entrepreneurship ecosystems outside Sub-Saharan Africa without direct relevance to the Kenyan case, were excluded. Given the heterogeneity of methods across the retained sources, ranging from econometric analyses and mixed-methods surveys to policy diagnostics and qualitative case studies, the review uses thematic narrative synthesis rather than meta-analytic pooling. Retained sources were coded inductively into four financing-constraint themes and three institutional-coordination themes, which structure the empirical review above. As with any narrative review, the approach is necessarily interpretive rather than exhaustive, a limitation revisited in the concluding section.

RESULTS AND DISCUSSIONS

Read together, the evidence reviewed above suggests that Kenya's entrepreneurship financing problem is best understood as the joint product of two reinforcing dynamics rather than as a simple shortage of loanable funds. First, at the level of individual lending relationships, collateral requirements and information asymmetry continue to ration credit away from otherwise viable entrepreneurs, and these rationing falls disproportionately on women and on enterprises without titled assets (Kung'u, 2011; SACCO Review, 2026). Second, at the ecosystem level, the institutions created specifically to close this gap, commercial banks, multiple government revolving funds, innovation hubs, universities, county governments and development partners, operate with only limited coordination among themselves, producing duplicated mandates, inconsistent eligibility rules, uneven geographic reach and, in several of the older government funds, low loan-recovery rates that threaten the sustainability of the very instruments intended to widen access (Cytonn Investments, 2022, 2024; IYBA SEED, 2023).

Digital credit and mobile money occupy an intermediate position in this picture. They have expanded the effective financing frontier by substituting transactional and behavioural data for the collateral and audited records that formal institutions require (Mdoe & Kinyanjui, 2018; Kambi & Onyiego, 2022), and in some contexts they appear to narrow, rather than widen, the observed gender gap in loan amounts (Ashubwe et al., 2025). Yet digital channels remain unevenly accessible to the most vulnerable borrowers (Kim & Duvendack, 2025) and remain only loosely integrated with the government funds and innovation-hub ecosystem discussed above, so that a borrower excluded from one channel cannot always be efficiently redirected to another. Table 1 summarizes how each ecosystem domain, constraint and coordination mechanism identified in the review relates to the underlying evidence base.

Table 1: Synthesis of financing constraints and institutional coordination mechanisms across Kenya's entrepreneurship ecosystem

Ecosystem Domain	Principal Constraint	Coordination Mechanism / Gap	Illustrative Source(s)
Formal bank finance	Collateral dependence; information asymmetry between lenders and small borrowers	No shared credit-information infrastructure linking bank, government-fund and digital-lender records	Kung'u (2011); Koech (2017); Kumar et al. (2023)
Gender and finance	Women-led enterprises receive a disproportionately small share of MSME credit value	Women Entrepreneurs Finance Code coordinates 40+ lenders around common data and product standards	SACCO Review (2026); Ashubwe et al. (2025); Eastleigh Voice (2025)
Digital credit / mobile money	Uneven accessibility for vulnerable borrowers; weak	Proposed National Credit Score could bridge digital,	Kim & Duvendack (2025); State Department for

	integration with other financing channels	bank and government-fund data	MSMEs Development (2026)
Government revolving funds	Multiple overlapping funds; low historical recovery rates	No single beneficiary registry across YEDF, WEF, Uwezo Fund and Hustler Fund	Cytonn Investments (2022, 2024); Nation Media Group (2024)
Support / intermediaries	Hubs and incubators concentrated in Nairobi; limited rural reach	KeNIA-convened university network aims to harmonize institutional entrepreneurship support	Züfle & von Carlowitz (2026); Ogodo (2026)

This synthesis has two implications for how future work should model Kenya's entrepreneurship-finance problem. First, firm-level studies of financing constraints should treat the coordination quality of the surrounding institutional environment, for example, whether a county has an active innovation hub, or whether a given fund shares beneficiary data with others, as an explanatory variable in its own right rather than as background context. Second, ecosystem-level policy diagnostics should be paired with rigorous, quantitative evaluation of individual financing instruments, since the two literatures currently sit largely side by side rather than informing one another directly.

CONCLUSIONS

This systematic review has synthesized evidence on financing constraints and institutional coordination within Kenya's entrepreneurship ecosystem, using Isenberg's ecosystem framework and institutional-void theory as an organizing structure. The evidence base, while still fragmented across disciplines and source types, consistently shows that collateral dependence and information asymmetry continue to ration credit away from viable entrepreneurs, that this rationing has a pronounced gender dimension, that digital credit has partially but unevenly relaxed these constraints, and that the multiplicity of government revolving funds has not, on its own, resolved the underlying access problem. Running alongside these financing-side findings is a distinct but related body of evidence documenting weak coordination among the institutions, commercial banks, national funds, county governments, innovation hubs, universities and development partners, that make up the wider ecosystem, with Kenya's own national MSME policy explicitly naming coordination as an unresolved objective (Republic of Kenya, 2020).

This review is subject to important limitations. As a narrative synthesis rather than a meta-analysis, it cannot statistically pool effect sizes across the heterogeneous studies reviewed, and its reliance on recent Kenyan business press and institutional reports, necessary given how quickly relevant policy has moved, means that some sources have not been subject to academic peer review. The literature reviewed is also disproportionately concentrated on Nairobi-based enterprises and hubs, which may understate the financing and coordination challenges facing entrepreneurs in secondary towns and rural counties.

RECOMMENDATIONS

Three policy recommendations follow from the synthesis.

1. Build shared credit-information infrastructure. The credit-information gap that underlies collateral-dependent lending could be narrowed by linking the behavioral data generated by the Hustler Fund and other digital lenders into a shared, appropriately governed credit-scoring infrastructure accessible to commercial banks and county-level lenders alike, rather than treating each fund's data as a closed system (State Department for MSMEs Development, 2026).

2. Consolidate beneficiary registries across government funds. The current multiplicity of youth-, women- and county-targeted funds would benefit from a single beneficiary registry to reduce duplication, improve loan-recovery incentives and allow eligibility rules to be harmonized across programmes (Cytonn Investments, 2022, 2024).

3. Extend proven coordination models beyond gender-targeted lending. The coordination model demonstrated by the Women Entrepreneurs Finance Code, a shared standard voluntarily adopted by a large number of independent lenders, offers a template that could usefully be extended to youth-focused and county-level lending, rather than being treated as a gender-specific initiative alone (Eastleigh Voice, 2025).

Future research would benefit from longitudinal, firm-level studies that track enterprise survival and growth against both the financing instruments used and the coordination quality of the local support ecosystem, from comparative studies of coordination arrangements across Kenyan counties, and from independent impact evaluations of the Hustler Fund and successor programmes such as the Nyota Project as more performance data becomes available.

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