Request for Expressions of Interest: Financial Partners to Expand SME Lending for Growth-Oriented SMEs in Kenya

The Opportunity

The Livelihood Impact Fund (LIF) invites regulated financial institutions to express interest in partnering to expand access to finance for a vetted portfolio of growth-oriented small and medium enterprises (SMEs) and their buyers across Kenya.

The initial portfolio comprises approximately 300 vetted businesses seeking financing that better aligns with their growth ambitions, transaction cycles and operating realities. Many have several years of operating history, verified buyer relationships, documented business records and identifiable financing needs. Their financing needs include working capital, purchase order finance, invoice finance, supply chain finance, asset and equipment finance, and other financing solutions that enable business expansion.

Over the past year, the LIF Entrepreneurship Initiative has invested in reducing borrower acquisition and preparation costs by developing this pipeline, strengthening business records and operations, improving market access, and preparing borrowers for finance through programmes implemented by the Kenya Association of Manufacturers (KAM) and the African Management Institute (AMI).

The next phase is to expand access to finance for this prepared pipeline. LIF is therefore seeking one or more financial institutions to partner in designing and deploying financing solutions that respond to the financing needs of participating SMEs and their buyers. Depending on the proposed partnership model, LIF may also provide catalytic support, including risk-sharing, concessional capital, and other targeted technical or operational assistance to help address practical barriers to serving this segment sustainably and at scale. The objective is to establish commercially viable financing models that can be expanded beyond the initial portfolio.

About the Partnership

The **LIF Entrepreneurship Initiative** aims to help growth-oriented SMEs scale into engines of productivity growth and decent job creation across Africa. The Initiative is funded by the **Livelihood Impact Fund (LIF)**, a US-based fund that invests in scalable solutions to improve livelihoods through enterprise growth and job creation. **BFA Global** designed and manages the Initiative on behalf of LIF, including programme design, partner coordination, implementation support, and measurement, working with ecosystem partners such as the Kenya Association of Manufacturers (KAM) and the African Management Institute (AMI).

The partnership aims to expand sustainable SME lending by combining a prepared pipeline of businesses with the lending capability, products and capital of participating financial institutions. Participating financial institutions will retain full responsibility for product design, credit assessment, underwriting, pricing, portfolio management and lending decisions. Depending on the proposed partnership model and demonstrated need, LIF may provide catalytic support to facilitate successful deployment, while maintaining the commercial sustainability of the financing model.

Why Partner?

This partnership offers participating financial institutions the opportunity to:

- **Access a prepared pipeline of SMEs and buyers.** Gain access to businesses that have been identified, engaged and supported through the Initiative, reducing customer acquisition costs and providing opportunities to grow or diversify your SME lending portfolio.
- **Build on your institution's strengths.** The partnership is designed to accommodate different lending models, products and risk appetites. Institutions may focus on the borrower segments, financing products or transaction sizes where they have demonstrated capability.
- **Grow SME lending portfolios.** Access businesses with demonstrated commercial activity and identifiable financing needs while participating in a market where Kenya's MSME financing gap is estimated at KSh 3 trillion (Government of Kenya, 2026).
- **Adapt and deploy financing solutions.** Refine financing products, underwriting approaches or partnership models to better align with enterprise cash flows, transaction cycles and buyer relationships. This may include cash flow lending, purchase order finance, invoice finance, supply chain finance and other commercially sustainable financing approaches.
- **Access catalytic partnership support.** Where appropriate, LIF may provide or structure catalytic support, including concessional capital, first-loss protection, partial credit guarantees, and other targeted technical or operational assistance to improve borrower terms and accelerate deployment.
- **Build a long-term financing partnership.** The initial portfolio is intended to establish a financing relationship that can expand as additional SMEs enter the Entrepreneurship Initiative through KAM, AMI and other ecosystem partners.

The Portfolio

The initial portfolio comprises approximately 300 SMEs and their buyers across Kenya that may be eligible for financing under this partnership, subject to each participating financial institution's lending criteria. The portfolio is sourced through two Entrepreneurship Initiative partners, the Kenya Association of Manufacturers (KAM) and the African Management Institute (AMI). Table 1 summarises the key characteristics of the KAM and AMI portfolios and their indicative financing needs.

Table 1. Portfolio Snapshot

Characteristic	KAM Portfolio	AMI Portfolio
Portfolio composition	Manufacturing SMEs and buyers including wholesalers & distributors	Growth-oriented SMEs
Prepared SME pipeline	~220 SMEs (180 SMEs and 40 Buyers)	~200 SMEs
Indicative finance-ready pipeline	~300 SMEs *(The programme pipeline reflects businesses receiving business development support. The finance-ready pipeline is indicative and subject to borrower demand and lender eligibility criteria.)*	
Primary sectors	Manufacturing (including food & beverage, agro-processing, chemicals, leather and textiles), retail, distribution & logistics, health care, tourism & hospitality, renewable energy and other growth sectors.	
Years in operation	≥3 years	≥1.5 years
Annual turnover	KES 1 - 200 million (~ USD 154,000 -1.54 million)	KES 2.5 - 13 million (~ USD 20,000 - 100,000)
Employees	1- 150 employees	3 - 30 employees
Financial records	Audited financial statements available for most businesses	Financial records and business plans, with audited financial statements available for some businesses
Locations	Nairobi, Machakos, Athi River and surrounding commercial areas	Nairobi, Mombasa, Kisumu, Nakuru, Uasin Gishu, Kiambu and other urban centres

The sections below provide additional information on the characteristics and indicative financing needs of each portfolio.

a) KAM portfolio and indicative financing needs: The KAM portfolio includes manufacturing SMEs and buyers. Through the Initiative, KAM has adopted a demand-led market access approach, beginning with the identification of buyer demand before selecting and preparing manufacturing SMEs to meet those requirements. Participating SMEs then receive support to understand and meet buyer requirements, including production volumes, quality standards, packaging and delivery timelines, thereby strengthening their market access. Through the Initiative, participating SMEs are expected to increase sales, grow their businesses and create jobs.

   To realise these commercial opportunities, participating SMEs are expected to require working capital to fund production cycles and input purchases, purchase order finance to fulfil confirmed buyer orders, asset or equipment finance to expand productive capacity, trade and supply chain finance, invoice or receivables finance to bridge payment delays after delivery, and growth capital to support business expansion and market entry.

   Buyers include wholesalers, distributors and retailers that purchase from participating SMEs and help move their products to market. Their indicative financing needs are likely to include working capital, trade and supply chain finance, invoice finance, and asset finance for vehicles, storage, warehousing and distribution equipment. Notably, some buyers are themselves small businesses with financing needs similar to those described above.

b) AMI portfolio and indicative financing needs:

   The AMI portfolio will comprise SMEs drawn from two complementary tracks under the LIF Entrepreneurship Initiative. The first consists of growth-oriented SMEs participating in AMI's six-month Grow Your Business (GYB) programme, where they receive practical business management training and coaching to strengthen business performance and growth. The second comprises a smaller cohort of high-potential SMEs selected from previous GYB cohorts based on their demonstrated business performance following completion of the initial programme, including ranking among the top 20% of businesses in revenue and employment growth. These businesses will receive advanced strategic growth coaching and finance-readiness support to help accelerate further expansion. Through the Initiative they are expected to achieve sustained business growth and job creation.

   In addition to the business support provided through the Initiative, participating SMEs are expected to require finance to accelerate business expansion. Indicative financing needs are likely to include working capital, asset or equipment finance, growth capital and other financing solutions that enable expansion, market access and operational improvement.

While financing requirements vary across the two portfolios, they broadly align around a common set of products and transaction sizes. Table 2 summarises the indicative financing profile of the portfolio.

Table 2. Indicative Financing Requirements

Category	Transaction size	Tenor
Working Capital / Short-term Loans	KES 650,000 - 3,250,000 (USD 5,000 - 25,000)	3–12 months
Asset / Equipment Finance	KES 1,300,000 - 13,000,000 (USD 10,000 - 100,000)	12–60 months
Invoice / Supply Chain Finance	KES 650,000 - 6,500,000 (USD 5,000 - 50,000)	30–90 days
Purchase Order Finance	KES 250,000 - 10,000,000 (USD1,923.08 - 76,923)	Linked to order cycle
Supply Chain or Buyer-led Facilities	KES 1,000,000 - 15,000,000 (USD 7,692 - 115,385)	30–90 days
The financing requirements below are indicative and should be sized against verified transaction values, borrower capacity and each participating financial institution's lending criteria. *Exchange rate used: KES 130 = USD 1.*		

Partner profile, financial products and facility expectations

This invitation to partner is open to commercial banks, microfinance institutions, SACCOs, fintech lenders and other regulated financial institutions authorised to provide credit in Kenya, with demonstrated relevant experience serving SMEs, buyers, or value chain actors. Applicants may apply individually or in partnership with another institution, provided roles, responsibilities, regulatory status, and lending arrangements are clearly defined.

The partnership has been designed to accommodate the diversity of products, lending models, risk appetites and target markets across these institutions, rather than prescribe a single financing approach. Applicants may propose solutions that build on their existing strengths and may focus on specific borrower segments, financing product categories or transaction sizes where they have demonstrated capability. Applicants are not required to cover every financing need and may propose additional or alternative products where these provide a stronger fit with borrower needs and the objectives of this Invitation to Partner. In line with this, LIF may partner with more than one financial institution where this provides the most effective financing solution for the portfolio.

LIF recognises that expanding access to finance for growth-oriented SMEs with demonstrated commercial activity, but limited traditional collateral, will require financing approaches that better align with enterprise cash flows, transaction cycles and growth ambitions. Applicants are encouraged to adapt existing products, underwriting approaches or partnership models where doing so improves access to finance while maintaining sound lending practices.

Applicants should propose a facility size and structure that they can responsibly underwrite, establish and begin **deploying by end of August 2026.** LIF places greater value on financing structures that are commercially viable, operationally realistic and aligned to the needs of the portfolio than on the overall size of the proposed facility.

Applicants should also explain the assumptions behind their proposed structure, including expected borrower uptake, average loan size, approval rates, repayment cycles, repeat borrowing, and any conditions required for successful deployment.

Available risk-sharing and capital support

The Initiative is open to exploring structures that use catalytic capital to reduce the cost of capital, improve risk-sharing, and expand access to finance for SMEs and buyers in the portfolio. These may include concessional capital, first-loss protection, partial credit guarantees, or other structures proposed by applicants, subject to agreement, due diligence, and final partnership terms. An indicative summary of potential mechanisms is provided in Annex 1. Limited technical assistance, system upgrade or operational support may also be considered where necessary to support the successful deployment of the facility.

Any catalytic support is intended to improve end-borrower terms, pricing, fees, collateral requirements, tenor, turnaround time, or approval conditions. Applicants should explain clearly how any proposed concessional or risk-sharing arrangement would translate into better terms for borrowers.

Applicants should also indicate what they would contribute to the facility, their own balance sheet participation, underwriting capability, portfolio management systems, and operational capacity. This invitation to partner is intended for financial institutions with existing SME lending products and the liquidity to deploy their own capital. As such, this Invitation to partner is not intended to establish a wholesale lending facility where LIF capital is simply on-lent to SMEs or other financial intermediaries.

Expression of Interest

Eligibility criteria

To be shortlisted for the second stage of the partnership selection process, applicants must:

1. Be legally registered in Kenya, or otherwise legally authorised to operate in Kenya.
2. Hold a valid licence, registration or authorisation from the relevant regulatory authority to provide credit or financial services.
3. Have at least three years of active lending or financial services operations in Kenya.
4. Demonstrate relevant experience serving SMEs, buyers, value chain actors or comparable enterprise segments.
5. Be in good financial standing, with no unresolved regulatory sanctions, insolvency proceedings or material adverse audit findings in the past two years.
6. Demonstrate the capacity to originate, assess, disburse, monitor and manage financing products for the proposed portfolio.
7. Demonstrate a commitment to responsible lending, transparent pricing, borrower protection and the prevention of over-indebtedness.

The following experience will be considered favourably:

8. Value chain finance, invoice finance, purchase order finance, asset finance or supply chain finance.
9. Digital lending or the use of alternative data in credit assessment.
10. Partnership-based financing arrangements, blended finance or other catalytic financing structures.

Submission requirements

The partnership selection process will be conducted in two stages. Interested applicants should first submit an Expression of Interest (EOI). Following the review of EOIs, shortlisted applicants will be invited to submit a detailed proposal. Applicants not shortlisted will be notified accordingly.

Applicants should complete the **Expression of Interest (EOI) Submission Template** provided in Annex 2. The completed submission should comprise:

- A completed **EOI Cover Sheet**.
- A narrative Expression of Interest of no more than **three pages** addressing:
  - **A. Institution Profile**
  - **B. Proposed Partnership Approach**

    - **C. Proposed Facility**
- Any optional supporting documentation the applicant considers relevant, such as product brochures, SME portfolio summaries, annual reports or case studies. Supporting documents will not form part of the three-page limit.

Further guidance on the information expected under Sections A, B and C is provided in **Annex 2**.

Submission process and timelines

Table 3: Deadlines

Milestone	Date
Invitation to Partner issued	Tuesday, 7 July 2026
Deadline for written questions	Tuesday, 14 July 2026, 17:00 EAT
Clarification sessions	Thursday, 16 July 2026
Responses to aggregated questions issued	Friday, 17 July 2026
EoI submission deadline	Monday, 27 July 2026, 17:00 EAT
Shortlisted applicants notified to submit detailed proposal	Friday, 31 July 2026
Full proposal submission deadline	Friday, 14 August 2026, 17:00 EAT

Applicants should submit their EOI and, if shortlisted, their detailed proposal electronically in PDF format to **pkinyua@bfaglobal.com**, copying **smburu@bfaglobal.com**. The email subject line should clearly indicate the submission stage and institution name, for example:

EOI Submission – [Institution Name]

All questions should be submitted in writing to **pkinyua@bfaglobal.com**, copying **smburu@bfaglobal.com**. Clarifications of general relevance may be aggregated and shared with all prospective applicants.

Applicants should not contact LIF, KAM, AMI or other Initiative partners outside the formal clarification process. Late or incomplete submissions may not be considered.

Annex

Annex 1: Potential risk-sharing options

The options outlined below are indicative only and do not constitute a commitment by the Initiative. Applicants should identify the structures most relevant to their proposed facility and may suggest alternative approaches where appropriate.

Mechanism	Description	What applicants should address
Subsidized wholesale funding	LIF may provide lower-cost wholesale capital to the selected financial partner, subject to agreement and due diligence. The financial partner would then on-lend to eligible SMEs and buyers in the Program portfolio.	Whether the applicant is willing to receive wholesale funding, proposed terms, how the lower cost of funds would be reflected in end-borrower pricing, and what portion of the facility would be funded from the applicant's own balance sheet.
First-loss protection	The Program may explore a first-loss tranche where LIF, the Program, or a third-party facility absorbs an agreed first layer of credit losses on eligible loans.	Proposed first-loss percentage, eligible loan pool, trigger conditions, claims process, recoveries treatment, and how this risk-sharing would improve borrower terms.
Partial credit guarantee	Applicants may propose a partial credit guarantee from a recognized development finance institution, guarantee facility, or other risk-sharing provider.	Whether the applicant has existing guarantee relationships, proposed guarantee coverage, expected cost, conditions, claims process, and how the guarantee would support lending to Program SMEs and buyers.
Blended rate structure	Where applicants use a mix of commercial capital, concessional funding, guarantees, or first-loss support, they should show how these sources combine to produce the proposed borrower rate.	A worked example showing cost of funds, operating costs, risk margin, fees, proposed borrower interest rate, total cost of credit, and any assumptions behind the pricing.

Other proposed structures	Applicants may propose other catalytic or risk-sharing mechanisms that improve affordability, access, or suitability for SMEs and buyers.	Description of the proposed structure, rationale, expected borrower benefit, operational requirements, risks, and conditions required for deployment.

Annex 2: Expression of Interest (EOI) Guidance

Applicants should complete the **EOI Cover Sheet** below and submit a narrative Expression of Interest of no more than **three pages** addressing Sections A, B and C.

A. Institution Details

Item	Response
Institution name	
Type of institution (Commercial Bank / Microfinance Institution / SACCO / Fintech / Other)	
Year established	
Regulatory authority	
Licence / Registration Number	
Head office location	
Primary contact person	
Title	
Email	
Telephone	

B. SME Lending Profile

Item	Response
Years providing SME finance	
Primary SME customer segments served	
Priority sectors served	
Geographic coverage	

Current SME lending products	
Typical loan size range (KES)	
Typical loan tenor	
Approximate active SME portfolio (number of borrowers)	
Approximate SME loan book (KES)	

C. Proposed partnership summary

Item	Response
Borrower segments you propose to serve	
Proposed financing products	
Indicative facility size (KES)	
Typical loan size range (KES)	
Expected deployment period	
Catalytic support requested (if any)	
Previous experience with partnership-based financing arrangements, blended finance or catalytic financing structures (Yes / No)	
If yes, briefly describe the arrangement, partner(s), approximate year(s) and financing mechanism (maximum 100 words)	

The completed EOI Cover Sheet above should be accompanied by a narrative Expression of Interest of no more than three pages addressing the sections below:

Section	Description
A. Institutional overview and regulatory status	Provide a brief overview of the institution, including existing SME financing activities, target customer segments, sectors served, relevant experience, geographic coverage, and the institution's regulatory status and authorisation to provide credit or financial

	services in Kenya. Experience with value chain finance, invoice finance, purchase order finance, supply chain finance, asset finance, digital lending, alternative underwriting approaches, or partnership-based financing arrangements will be considered favourably.
B. Proposed partnership approach	Describe the borrower segments, financing products or transaction sizes the institution proposes to serve, the role it sees for itself within the partnership, and any adaptations to existing products, underwriting approaches or partnership arrangements that would improve the fit with the portfolio. Applicants are also encouraged to highlight any key assumptions, constraints or partnership considerations relevant to successful deployment.
C. Proposed facility	Provide an indicative description of the proposed facility, including proposed financial products, target borrower segments, indicative facility size, indicative loan sizes, tenors, pricing (including fees and interest), collateral requirements, repayment structures, approval timelines, and any flexibility mechanisms relevant to SMEs with growing transaction volumes, long receivable cycles or limited traditional collateral. Applicants should also describe any catalytic support that would improve commercial viability while maintaining commercially sustainable lending.