

Abstract

Entrepreneurship ecosystem and regional development in Kenya: post Covid-19 economic recovery

Kenya has been fronted the Silicon Savannah owing to its leadership position in digital economy within the East Africa Community (EAC) region. Facilitated by the government policy of access to universal broadband, build ICT infrastructure, entrench ICT institutional framework in business and government transactions Kenya's economy has more than doubled in the last decade. As more and more services were digitized, new digital platforms emerged revolutionizing the interaction of government, businesses, civil society and citizens not only in Kenya and the East Africa regional integration. Internet adoption aided innovations, access to services, reduced transaction costs, expanded markets and financial inclusivity of communities. However, job creation and entrepreneurship did not grow in tandem. Kenya's estimated 138,000 formal establishments where only 3% have 50 or more employees and 7.4 million micro, small and medium enterprises where 94 % are unlicensed micro firms points to scaleup bottlenecks in entrepreneurial digital platform economy (DPE) ecosystem. Spatial and sectoral disparities abound with most of the businesses being skewed to Nairobi where over 80% are in service sector despite government adoption of manufacturing as one of the Big Four policy agendas. The Covid-19 pandemic and the attendant measures to save lives and livelihoods widened inter and intra-regional inequalities in Kenya with worsening national and rural / urban poverty. However, World Bank and other official documents have indicated that Kenya's economy remained resilient and shown signs of recovery to the pre-Covid 19 levels. This study examined the entrepreneurial ecosystem factors supporting the economic recovery and identified the constraints of digital DPE in comparison to other benchmark middle income countries by evaluating it against the 12 pillars of Digital Platform Economy (DPE) Index and augment with administrative data from Kenya National Bureau of Statistics. Policy recommendations are discussed in the study.

Key words: Entrepreneurship ecosystem, Digital platform economy index, Kenya