POLICY BRIEF NO. 03

BUILDING PRACTICAL INTELLECTUAL PROPERTY (IP) SUPPORT FOR MSMES IN KENYA: EVIDENCE FROM THE DIGIKEN PROJECT

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Executive Summary

Kenya's innovation ecosystem is expanding through startups, Micro, Small and Medium Enterprises (MSMEs) and Digital Innovation Hubs (DIHs). As MSMEs develop new products, technologies, software, designs, creative content and brands, they also create intellectual property (IP) that can contribute to the growth and competitiveness of their businesses. However, evidence from the DigiKen needs assessments shows that there is a gap between innovation and the ability of MSMEs to identify, protect, manage and commercialise the IP they create.

The Green and Digital Innovation Hub (gDIH) is implementing Digital Platforms Kenya (DigiKen), a digital literacy programme across Kenya to help youth, women and marginalised groups benefit from the economic and social opportunities available within the digital ecosystem. DigiKen seeks to support the development of home-grown digital platforms that contribute to Kenya's sustainable social and economic development, with particular attention to women, youth, communities in arid and semi-arid areas, and residents of urban informal settlements. IP was included in the curriculum because MSMEs develop software, digital content, brands, product designs, technologies and other innovations, and create intellectual assets that may have commercial value. MSMEs and innovators therefore need practical knowledge to identify these assets, establish ownership, select appropriate protection measures, use third-party intellectual property lawfully and explore opportunities for commercialisation.

Among the 161 DigiKen respondents who answered the question on their knowledge of the IP registration process in Kenya, 138 rated their knowledge as poor, representing approximately 86% of respondents to that question. The gap extends beyond registration. Only 27 respondents indicated that they understood the importance of IP to their businesses, while 75 did not and 59 were unsure. Commercial use of IP was also limited. Only 13 respondents reported that their businesses had requested or obtained permission or a licence to use another party's IP, while only 8 reported having sold or licensed their IP.

The assessment of 14 Digital Innovation Hubs shows that Hubs can help close this gap. The assessed hubs already reach startups, MSMEs, women, youth and underserved communities, and most provide mentorship after training. However, most hubs reported only basic familiarity with IP. Their potential therefore lies in acting as accessible first points of support, backed by trained focal persons, practical tools and reliable referral links to specialist institutions and professionals. They provide an existing institutional network through which practical IP support can be brought closer to MSMEs. This approach is consistent with recent evidence that commercialisation depends on capable support infrastructure and coordinated institutional services (Jjagwe et al., 2024).

The policy challenge is therefore broader than increasing IP awareness. MSMEs need support throughout the innovation journey, beginning with identifying the intellectual assets within their businesses and establishing ownership, through to determining appropriate forms of protection and eventually using those assets commercially. The DigiKen findings also show that MSMEs need continued mentorship and handholding rather than one-off training.

This brief recommends integrating IP into entrepreneurship and innovation programmes, strengthening the IP capacity of Digital Innovation Hubs, introducing practical IP audits, establishing clear referral and handholding mechanisms, incorporating IP into investment readiness, and placing greater emphasis on IP management and commercialisation.

1. Introduction

Innovation creates intangible assets that may have commercial value i.e. a technology startup may create software and proprietary know-how; an agritech innovator may develop a new device or technical solution; a manufacturing business may improve a product or production process; or a creative business may develop original content, videos or flyers, while businesses across sectors create value through their names, logos and brands. Depending on the nature of the asset and the applicable legal requirements, these innovations may be protected through patents, utility models, trademarks, industrial designs, plant varieties, copyright, Geographical Indications or trade secrets. However, IP becomes commercially useful only when MSMEs recognise what they have created and make deliberate decisions about ownership, protection and use. The World Intellectual Property Organisation (WIPO) supports this through its IP diagnostic framework, which begins with identifying business assets and uses that assessment as the basis for an IP management strategy or preliminary "IP audit" that provides a solid foundation for a long-term business roadmap (WIPO, 2023).

The findings from the DigiKen Needs Assessment and Assessment of hubs demonstrate why this matters. The findings found significant gaps in how MSMEs identify, protect, manage and commercialise IP. Most respondents had poor knowledge of IP registration, many did not know how to protect their ideas, and 83.2% either did not understand or were unsure about the importance of IP to their businesses. Licensing and other forms of IP commercialisation were also uncommon to the respondents. Although Digital Innovation Hubs are well placed to provide local support, most require stronger IP capacity, practical tools and referral links to IP experts.

Assessing IP knowledge was therefore important because MSMEs across the counties are already creating brands, software, designs, content and technical solutions, but limited knowledge may leave these assets unprotected and restrict their commercial use. The findings also provided evidence for integrating practical IP support into the curriculum and connecting training to mentorship, referrals and continued support.

The findings further identify IP as an important mechanism for helping MSMEs protect and commercialise their ideas. The policy issue is therefore not whether MSMEs know about patents, trademarks, industrial designs, plant varieties, utility models or copyright, but whether they have the knowledge and support required to identify the IP within their own businesses, determine who owns it, make informed protection decisions and use those assets to support business growth.

2. Key Findings

Finding 1: Most MSMEs have limited knowledge of how to protect their intellectual property

The findings indicate that majority of the respondents reported poor knowledge of the IP registration process and did not know how to navigate Kenya's IP registration system. Of the 161 respondents who answered this question, 85.7% rated their knowledge as poor, 13.7% as good and only 0.6% as very good. Additionally, a total of 42.2% did not know how to protect their ideas or designs, 24.8% had not thought about protection and 24.2% relied on secrecy. Only 8.7% reported registration with an institution such as the Kenya Industrial Property Institute or the Kenya Copyright Board. These responses show that 67.0% either did not know how to protect their work or had not considered protection. This has practical implications for MSMEs who may already be creating potentially valuable intellectual assets e.g. a new product, technology, software application, design or brand. MSMEs also need to understand whether the asset can or should be protected, which form of protection is appropriate and when protection should be considered. The finding shows that IP support needs to move beyond general awareness. MSMEs should be able to connect different forms of IP to their own businesses and understand the practical steps required to protect relevant assets.

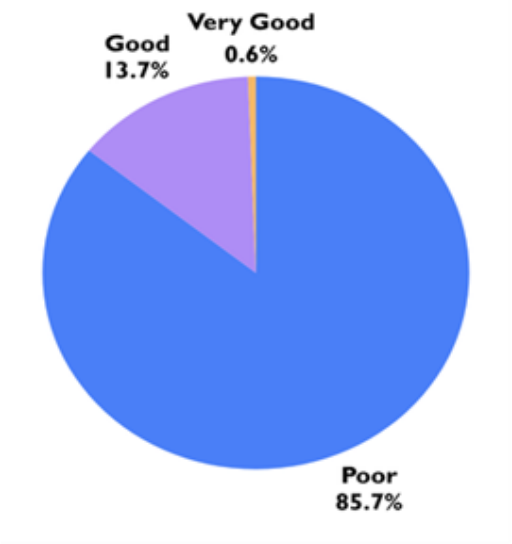


Figure 1: Knowledge of the IP Registration Process

Finding 2: Many MSMEs do not yet recognise IP as a business asset

Limited understanding of IP extends beyond registration procedures. The findings suggests that IP is still understood mainly as a legal subject or a concern for large firms. Only 16.8% of the respondents indicated that they understood the importance of IP to their businesses. 46.6% reported that they did not understand its importance, while 36.6% were unsure. This means that approximately 83.2% either did not understand or were unsure about the importance of IP to their businesses. This finding helps explain why IP protection is often overlooked. An MSME may have heard about patents or trademarks but still fail to recognise the intellectual assets already present in their business. IP support should therefore help MSMEs understand IP in relation to their businesses rather than as a legal subject. The starting point should be identifying what intellectual assets the business has, why those assets matter and how they should be managed.

Once MSMEs can see IP within their own operations, they are better placed to decide whether and how to protect it.

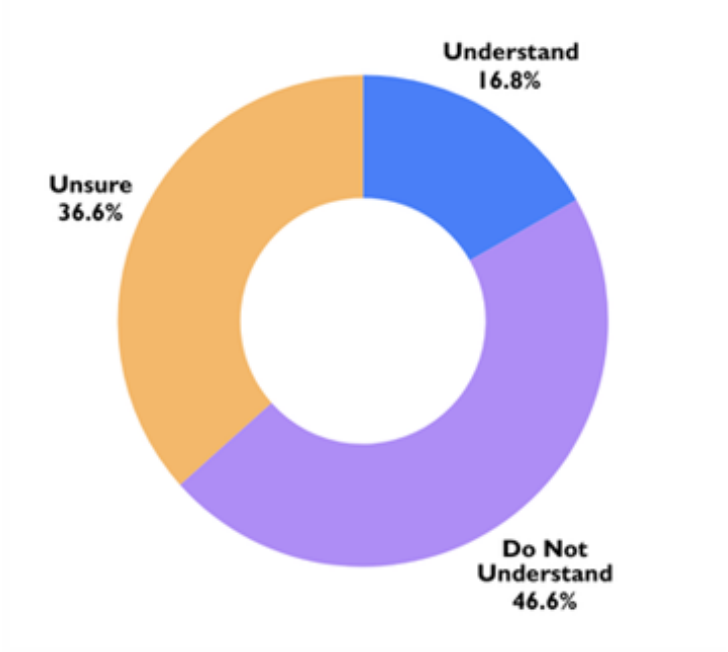


Figure 2: Understanding of importance of IP to Business

Finding 3: IP commercialisation is very limited among MSMEs

The findings indicate gap between creating intellectual assets and using them commercially. Only 13 of the 161 respondents reported that their businesses had requested or obtained permission or a licence to use IP belonging to another party, such as software, technology, a brand or design. Only 8 respondents reported having sold or licensed their own IP. These figures demonstrate that licensing and formal IP commercialisation were uncommon within the surveyed group. This is important because protecting IP should not be viewed as the end of the innovation process. Depending on the asset and the business model, IP may support licensing, technology transfer, partnerships, market expansion or other commercial arrangements. The findings similarly recognises this connection, noting that legal advisory services can help MSMEs both protect and commercialise their ideas. The policy objective should therefore extend beyond increasing registrations to helping MSMEs understand how appropriate IP can contribute to enterprise growth.

Finding 4: Digital Innovation Hubs have the reach to support MSMEs on IP, but need stronger IP capacity

Digital Innovation Hubs are already important points of contact for entrepreneurs and MSMEs, but the Digital Innovation Hubs needs assessment findings show that their capacity to provide IP support needs strengthening. Across the hubs, there was recognition of the growing importance of IP. However, most reported only a basic understanding of the subject. Africa Media Hub and Kilifi Innovation Hub demonstrated greater familiarity because of previous engagements involving IP protection. The hubs also identified deeper integration of IP training as one of the areas required to meet the evolving needs of their communities.

At the same time, the hubs already have considerable reach among the groups that need this support. 13 of the assessed hubs provide support to startups and entrepreneurs and ten serve MSMEs. This makes them potentially valuable entry points for decentralising basic IP services. The opportunity is therefore not to turn every Digital Innovation Hub into a specialised IP office. Rather, selected hub personnel should have sufficient knowledge to recognise common IP issues, provide basic guidance and identify cases requiring specialist assistance. Strengthening hub capacity would allow IP considerations to become part of routine entrepreneurship, product-development and business-support activities.

Finding 5: IP is not sufficiently integrated into the innovation and business development journey

The findings show that MSMEs already receive support in areas such as business modelling, financial planning, market development, mentorship, product development and investment readiness. IP, however, needs to be more deliberately integrated into these stages of business development i.e., an innovator developing a technical solution may need to consider how information is disclosed; a startup engaging external developers may need to establish ownership of the resulting software; founders may need to clarify who owns technology developed before or after incorporation; or a business building a new brand may need to consider its protection before committing significant resources to marketing. Introducing IP only through an occasional awareness workshop risks addressing these questions too late or without sufficient connection to the actual business. IP support should therefore accompany MSMEs throughout the enterprise journey, from ideation and product development through market validation, business growth, investment readiness and commercialisation. This would allow IP decisions to be made when they are commercially relevant rather than treating IP as a separate administrative exercise.

Finding 6: MSMEs need continued IP handholding, not only one-off training

The findings also demonstrate the value of post-training support. 13 of the 15 Digital Innovation Hubs already provide some form of mentorship or follow-up support to participants. This existing infrastructure could provide a foundation for more sustained IP assistance. An innovator who identifies a potentially valuable intellectual asset may need support well beyond an initial training session. Depending on the circumstances, this could include determining the appropriate protection route, clarifying ownership, obtaining specialist advice, navigating registration processes or exploring commercialisation opportunities. There is therefore an important distinction between IP training and IP support. Training improves knowledge, while sustained support helps MSMEs apply that knowledge to their businesses. A stronger IP intervention should combine practical training with IP audits, referral to appropriate specialists and continued follow-up. This would increase the likelihood that improved awareness results in actual changes in business practice.

3.Policy Recommendations

i.Integrate IP into entrepreneurship and innovation programmes: IP should become a core component of entrepreneurship, innovation, product-development and investment-readiness programmes. Training should help MSMEs understand the forms of IP relevant to their businesses and address practical issues such as ownership, confidentiality, disclosure, protection, use of third-party IP and commercialisation. The training should be business-oriented and based on situations MSMEs are likely to encounter. The objective should be to enable participants to recognise an IP issue and understand what action may be required rather than simply teaching legal definitions.

ii.Introduce practical IP audits for MSMEs and Innovators: Basic IP audits should be incorporated into incubation and advanced entrepreneurship support. An IP audit would help a business identify its inventions, brands, designs, software, creative content, confidential information and other intangible assets and examine whether ownership has been adequately established. This would provide a bridge between IP training and actual business practice. Rather than asking MSMEs generally whether they know about IP, programmes would help them determine what IP exists within their own businesses and what needs to be done about it.

iii.Strengthen Digital Innovation Hubs as first points of IP support: Selected Digital Innovation Hubs should provide basic IP information, screening and referral services. Their role should complement rather than replace specialised institutions and IP professionals. Hub personnel should be able to help MSMEs identify potential IP issues, provide reliable introductory information and connect them with the appropriate specialised support. This would bring IP assistance closer to MSMEs, particularly those outside established innovation and professional networks.

iv.Build the IP capacity for the trainer of trainers and all hub personnel: The effectiveness of hub-based IP support will depend on the capacity of the people delivering it. Designated Trainers of Trainers or IP focal persons should therefore receive practical training in IP identification, ownership, protection and commercialisation. They should also understand the limits of their role and know when a matter requires referral to a specialised institution or professional.

v.Move from IP registration-led advice to business-led IP strategy: IP protection decisions should reflect the commercial objectives and resources of the business. MSMEs should instead be supported to develop basic IP strategies that consider what needs protection, why protection is necessary, who owns the asset, which markets matter and how the IP will contribute to the business. The objective should be appropriate protection and management rather than registration for its own sake.

vi.Strengthen IP commercialisation and investment-readiness support: Given the limited commercialisation activity identified among respondents, greater attention should be given to the commercial use of IP. MSMEs should receive practical guidance on licensing, assignment, technology transfer, partnerships and other appropriate mechanisms for exploiting IP. IP should also be incorporated into investment readiness. Innovation-driven businesses should be able to explain what important

intellectual assets they own, how ownership has been established, how those assets are protected or managed and how they contribute to the business competitive position.

vii.Establish structured referral and handholding mechanisms: IP interventions should provide a clear pathway from training to expert/professional IP assistance. MSMEs requiring more advanced support should be referred to the appropriate institutions or professionals and, where possible, receive follow-up to ensure that the referral results in action.

4. Conclusion

The DigiKen Need Assessment & Hubs Assessment findings reveal that many assessed MSMEs are already creating products, content, brands and technical solutions but do not yet have the capability to manage the IP arising from that activity. Many respondents do not recognise IP as a business asset, use no deliberate protection method and have little experience with licensing or other forms of commercialization. Digital Innovation Hubs provide an existing route for addressing this gap because they already support startups, MSMEs and underserved communities and many continue mentoring participants after training. Their role should be carefully defined and strengthened to identify common IP issues, provide reliable first-line guidance and connect MSMEs to specialist support. The priority is therefore a connected support system. Practical training should lead to asset identification; asset identification should lead to an appropriate protection or management decision; and that decision should be followed through to commercialisation, investment readiness or another business objective. This approach would help Kenyan MSMEs protect value more deliberately and use IP as part of business growth.

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Related outputs

- Needs Assessment Report: Data-Driven Insights On The Digital Gaps Of Micro, Smalland Medium Enterprises (Msmes) And Marginalized Populations In Kenya (Leave-No-One-Behind)
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