



United Nations  
Development Programme

KENYA



Government of Kenya

### Title of Project:

## **District Business Solution Centers (DBSCs) as BDS Delivery Mechanisms.**

### Summary

#### **i) Outcome; ii) Outputs; iii) Activities; iv) Inputs.**

- i) The long term outcome this programme aims to achieve is the development and implementation of stronger linkages between the formal and informal sectors (CPAP paragraph 48).
  
- ii) The outputs which will contribute to the realization of this outcome are (a) Six (6) District Business Solution Centres (DSBCs) established and functional i, (b) National Council of Small Enterprises (NCSE) establishment fast tracked, (c) three (3) institutions strengthened and positioned to support MSMEs.
  
- iii) That activities which will contribute to the achievement of the outputs are (a) Facilitate the business planning process for each DBSC and institutionalizing of operations guidelines, (b) Establishment of ICT hub (Business Information Systems and Networking) for the nine DBSCs and facilitating delivery of selected, highly specialized, high impact BDS to MSMEs, (c) Development of mechanism for DBSCs coordination by NCSE; institutionalize its operations, (d) conduct institutional audit and refocus of MSMEs support strategies and training of staff of Kenya Industrial Estates, KIRDI and Kenya Investment Authority.
  
- iv) That the inputs required to realize these activities are: (a) Dialogue fora with stakeholders (such as MPs, research institutions, development partners, communities etc); (b) Short Consultancies on technical assignments – policy reviews, organizational audits, technical studies, feasibility assessments, business profiling etc; (c) Development & printing of information packs and IEC materials; International Consultant (Technical Advisor, Private Sector Development); (d) Office facilities - furniture, equipment, computers, printers, photocopier, Scanner, facsimile, vehicles, LCD Projector, (e) Training and management support - training in governance & performance assessment, staff training in project mgt (Result Based Mgt, Prince 2, Resource mobilization), financial procedures, & Business Skills & entrepreneurship training / entrepreneurship development agents training.

SIGNATURE PAGE

Country: Kenya

UNDAF Outcome(s)/Indicator(s)<sup>1</sup>: 13. Expanded Opportunities for sustainable production and income diversification.

Expected Outcome(s)/Indicator (s)<sup>2</sup>: Development and implementation of stronger linkages between the formal and informal sectors.

Expected Output(s)/Annual Targets<sup>3</sup>:\* Six (6) DBSCs established and Functional providing BDS services to youth, women, MSMEs at districts.  
 \* National Council of Small Enterprises establishment fast tracked to guide SMEs development and growth in Kenya.  
 \* Three (3) MSMEs support institutions strengthened and positioned to support MSMEs.

Implementing partner: Office of the Deputy Prime Minister and Ministry of Trade  
 (Designated institution/ executing entity)

Collaborating parties: Kenya Industrial Estates

Programme Period: **2006-2013**  
 Programme Component: **Expanded Opportunities**  
 Project Title: **District Business Solution Centers (DBSCs) as BDS Delivery Mechanisms.**  
 Project ID: **1KEN08102**  
 Project Duration: **June – December 2008**  
 Management Arrangement: **NEX**

Budget	US \$ 223,000
General Management Support Fee:	
Total budget:	<u>US \$ 223,000</u>
<u>Allocated resources:</u>	
• TRAC	US \$ 223,000
Other:	
o Donor	-
• In kind contributions	-
• Unfunded Budget:	

Agreed by (Executing Agency): \_\_\_\_\_ Date 13-6-08

**Ministry of Finance / Treasury**  
 PERMANENT SECRETARY  
 MINISTRY OF TRADE & INDUSTRY  
 P. O. Box 30430 - NAIROBI

Agreed by (Implementing Partner): \_\_\_\_\_ Date 6/6/08

**Office of the Deputy Prime Minister and Ministry of Trade**

Agreed by (UNDP): \_\_\_\_\_ Date 19/06/08



**UNDP/Kenya**

**PROJECT RESULTS AND RESOURCES FRAMEWORK – YR 2008**

<b>Intended Outcome as stated in the Country Programme Results and Resource Framework:</b>			
1. <u>Expanded Opportunities for sustainable production and income diversification.</u>			
<b>Output indicators; baseline.</b>			
<b>Output 1:</b> Five (5) District Business Solution Centres established as one – stop – shop delivery mechanisms for provision of business development services to internally displaced persons, youth, women, MSMEs at district and lower levels.			
<b>Output 2:</b> National Council of Small Enterprises establishment fast tracked to guide SMEs development and growth.			
<b>Output 3:</b> Three (3) MSMEs support institutions (KIE, KIA, and KIRDI) strengthened and positioned to support MSMEs.			
<b>Baseline:</b>			
Output 1: Two DBSC established but not yet operational (Bungoma, Siaya)			
Output 2: There is no institutional mechanism for coordination of MSMEs development at National level as well as effective and sustainable delivery of BDS to the lower end MSEs and Youth at district and lower levels.			
Output 3: MSME support institutions with key mandate to support MSMEs development in the country particularly Kenya Industrial Estates and Kenya Investment Authority, Kenya Industrial Development institution (KIRDI) are not effectively undertaking their mandates.			
<b>Applicable MYFF Service Line:</b>			
<b>Partnership Strategy: National Execution (NEX)</b>			
<b>Project title and ID (ATLAS Award ID):</b>			
<b>Output Targets for (year)</b>			
1.1.1 Five (5) DBSCs established and operational before the end of year 2008 at Siaya, Bungoma, Kisumu, Nakuru and Eldoret.	<b>Indicative Activities</b> (i) Facilitate the business planning process for each DBSC and institutionalizing of operations guidelines.	<b>Responsible parties</b> <ul style="list-style-type: none"> <li>• Project Manager – MOT.</li> <li>• Technical Advisory – UNDP.</li> <li>• Technical backstopping – ILO, UNIDO,</li> </ul>	<b>Inputs</b> (a) <u>Business Planning and institutionalization:</u> <ul style="list-style-type: none"> <li>• Business planning sessions</li> <li>• Stakeholder meetings (MPs, research institutions, community etc).</li> <li>• Short Consultancies – IEC materials development, information pack printing, International Consultant (Technical Advisor)</li> <li>• Launch (media, refreshments)</li> </ul>

<p>1.1.2 BDS and information provided to Youth, Women and MSEs (50% women); 35 new MSEs supported to start; and 100 existing MSEs supported to improve their profitability; employment created for 2,430 people through the supported MSMEs by each DBSC per annum.</p>	<p>(ii) Establishment of ICT hub (Business Information Systems and Networking) for the nine DBSCs and facilitating delivery of selected, highly specialized, high impact BDS to MSMEs.</p>	<ul style="list-style-type: none"> <li>• MOYS, UNDP Monitoring – MOYS, MOTI, ILO, UNIDO, UNDP, DBSCs.</li> <li>• Project Assurance – UNDP</li> </ul>	<p>(b) <u>Procurement:</u></p> <ul style="list-style-type: none"> <li>• Facilities <ul style="list-style-type: none"> <li>○ Furniture (tables, chairs, cabinet)</li> </ul> </li> <li>• Equipment <ul style="list-style-type: none"> <li>○ Computers and Printers, Photocopier, facsimile, LCD Projector etc.</li> <li>○ Vehicular</li> </ul> </li> <li>• Services <ul style="list-style-type: none"> <li>○ Management support</li> </ul> </li> </ul> <p>© <u>Capacity Development</u></p> <ul style="list-style-type: none"> <li>• Board training in governance &amp; performance assessment.</li> <li>• Staff training in project mgt (Result Based Mgt, Prince 2, Resource mobilization); financial Mgt &amp; procedures; Business Skills &amp; entrepreneurship training / entrepreneurship development agents training.</li> <li>• Staff and board exposure visit to other small enterprise development Centres.</li> <li>• Technical support in developing strategic, business, marketing and financial plans for sustainable growth.</li> <li>• Institutionalization of energy production systems as a product line by DBSCs</li> </ul>
		<ul style="list-style-type: none"> <li>• Project Manager – MOT</li> <li>• Technical Advisor</li> <li>• DBSCs</li> </ul>	<p>(d) <u>ICT Connectivity &amp; Information</u></p> <ul style="list-style-type: none"> <li>• ICT potential assessment study in the seven (7) DBSC locations</li> <li>• Procurement of appropriate soft &amp; hard ware and networking.</li> <li>• Training in ICT for user – support and users.</li> <li>• Data collection, analysis, dissemination of sectoral data, investment profiles, technology profiles, enterprises data, factor access and availability data, policies &amp; procedures, general economic and commercial (market) data.</li> </ul>

<p>1.2.1 Framework / mechanism for national coordination of DBSCs (now and in future) at MOTI developed and institutionalized.</p>	<p>(iii) Development of mechanism for DBSCs coordination by NCSE; institutionalize its operations; Consultative meetings with MOTI; KEPSA; MoLHRD;; MOTI tooling / equipping for coordination role.</p>	<ul style="list-style-type: none"> <li>• Project Manager – MOT</li> <li>• Technical Advisor</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an Internet Telephony for interactive contact between the DBSC and the clients.</li> </ul> <p>(e) <i>Technical and DBS Services delivery</i></p> <ul style="list-style-type: none"> <li>• Institutionalizing delivery of Business Skills and Entrepreneurship Development (BSED) training and Business Advisory Training Services (BATs) at DBSCs.</li> <li>• Undertaking specialized business profiling on high potential areas based on existing local resources and developing database of district resource endowment profiles.</li> <li>• Provide technical incubation linkages and support for high potential profiled MSMEs in areas of their comparative advantages such as agro – produce, dry land commodities, tourism, rural energy sources etc</li> <li>• Institutionalizing delivery of Micro financing support (access and linkages) to lower level village financial institutions, groups, farmer field schools.</li> </ul>
<p>1.3.1 Kenya Industrial Estates, Kenya Investment Authority, KIRDI providing effective, support services to MSMEs in Kenya.</p>	<p>(iv) Institutional audit and refocus of MSMEs support strategies and re-orientation of staff of Kenya Industrial Estates, KIRDI and Kenya Investment Authority.</p>	<ul style="list-style-type: none"> <li>• Project Manager – MOT</li> <li>• Technical Advisor</li> </ul>	<p>(f) <i>Technical backstopping and capacity support</i></p> <ul style="list-style-type: none"> <li>• Short technical consultancy &amp; consultative meetings to develop coordination framework with consideration of all current views / opinions in MOT, MoLHRD, private sector, development partners.</li> <li>• Visit to similar small business support &amp; coordination initiatives in Brazil, Uganda.</li> <li>• Training, equipping, tooling and technical backstopping of Directorate of Internal Trade (MOT) for coordination role.</li> </ul> <p>(g) <i>Institutional Audit and capacity support</i></p> <ul style="list-style-type: none"> <li>• Short technical consultancy – Institutional audit and strategy focus.</li> <li>• Staff training in project mgt (Result Based Mgt, Prince 2, Resource mobilization) and investment portfolio development and management.</li> <li>• Technical backstopping in strategy implementation.</li> </ul>

United Nations Development Programme  
Kenya

Year: 2008

Project Number: (Award ID)

Project Title: DBS Delivery Mechanisms at Districts (DBSCs)

Expected Output

Expected Output	Key Activities	Timeframe				Respon. Party	Planned Budget			
		Q1	Q2	Q3	Q4		Fund	Donor	Budget Description	Amount
				X	X		X	UNDP	00012	UNDP
Five (5) District Business Solution Centres established and functionally operational	1. Facilitate the business planning process for each DBSC and institutionalizing of operations guidelines.				UNDP	00012	UNDP	71600 Travels	7,000	
	2. Tooling / equipping and training of DBSC stakeholders (members, Board, Mgt).				UNDP	00012	UNDP	72100 Learning Costs	5,000	
					UNDP	00012	UNDP	Professional / mgt services (UNVs)	30,000	
Five (5) District Business Solution Centres established and functionally operational	3. Facilitating delivery of effective, highly specialized, high impact Business Advisory, Financial and Counsel training & info-services for MSMEs, youth, women and IDPs.				UNDP	00012	UNDP	72200 Equipment and Furniture	27,000	
					UNDP	00012	UNDP	72100 Learning Costs	26,000	
<b>Sub total</b>									<b>188,000</b>	

The National Council of Small Enterprises establishment fast tracked	1. Development of mechanism for DBSCs coordination;									71300	Local Consultants	6,000
	2. Institutionalization and operationalisation within MOTI.				UNDP	00012	UNDP				Equipment & furniture	9,000
					UNDP	00012	UNDP				Travel	4,000
					UNDP	00012	UNDP				Learning costs	5,000
<b>Sub total</b>												<b>24,000</b>
Two (2) MSMEs support institutions strengthened and positioned to support MSMEs.	1. Institutional audit of KIA & strategic planning for One-stop-investment shops; Strategic planning for KIRDI Technology transfer initiative to MSMEs and re-orientation of staff of Kenya Industrial Estates and Kenya Investment Authority.				UNDP	00012	UNDP			71300	Local Consultants	6,000
					UNDP	00012	UNDP				Learning costs	5,000
<b>Sub Total</b>												<b>11,000</b>
<b>TOTAL</b>												<b>223,000</b>

**Learning costs**

1. KIRDI (Strategic planning) - \$ 30,000 – 45,000
2. KIA – Institutional audit - \$ 6,000
3. Learning costs for KIE and KIA- \$ 5,000

## **I. Situation Analysis**

In Kenya the youth aged from 15-35 are estimated to have reached 13 million by 2006, of which 50% is expected to be in gainful economic activities in the public, private and MSE sectors while the other 50% remain unemployed. Whilst Statistics show that 82% of the Youth have primary and secondary education, 92% have the *formal* education but no skills training. This is because academic and technical institutions have been and to a large extent continue to produce candidates earmarked for the formal sector –type employment

Unemployment therefore exists not just because there are no jobs but because of absence of entrepreneurial culture and lack of skills resulting from failure to match market needs with relevant training. To reverse the trend, emphatic strategies have been articulated by government emphasising developing both production and entrepreneurial capacities of the country targeting specifically the youth and women, who are often the most vulnerable segment of the society. These are clearly spelt out in the:-

- (i) The new *Sessional Paper No. 2 of 2005 on “Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction”*, which focuses on strategies meant to overcome the challenges and constraints that hamper job and wealth creation. These strategies include amongst others, the need to undertake skills upgrading for MSEs and the development of mechanisms that promote Business growth for MSEs.
- (ii) The GoK’s *Private Sector Development Strategy (PSDS) (2006/2012)* states in Goal 5 to facilitate the development of Entrepreneurship and Enterprises with key focus in facilitate the graduation and evolution of enterprises, promote firm-to-firm linkages, promote broader MSME representation in Business Associations and improvement of access to capital.

Further, lack of access to grid based energy in Kenya for the rural population, sub-optimal use of locally available energy, negative environmental consequences of current trends in energy usage (diesel generators/batteries), significantly decrease the quality life of entire rural communities. Above all, lack of access to reliable and affordable energy sources, discourages productive activities and thus low income generation in rural areas.

UNDP, in 2005 commissioned a study to assess the needs and profile of the Kenya’s unemployed Youth; the quality of institutional infrastructure for enterprise development; and the quality and outreach of business development services (BDS). These studies served to identify existing gaps currently not covered by any other donor / Government initiatives and any weaknesses where such initiatives are ongoing summarised below:

1. Lack of a National SMME Development and coordination Agency and district level specialised MSEs support agency;
2. Gaps or weaknesses in donor or NGO – driven Business Development Services which included lack of representation of Professional Associations in the Districts, non – conformance to BDS delivery best practices;



3. Inadequacy of programmes that support financial services provision to SMMEs and to village financial.
4. The MSEs operating in the rural areas are thus disadvantaged and operate in an environments characterized by fragmented and incomplete information with very low awareness of markets, technology, policy, regulations and financial services.

The above resulted in the design of the GoK / UNDP YES-MSE Programme (2006/2013), which has entrepreneurship & enterprise development training and sustained delivery of business development services through establishing District Business Solution Centres as key components. The proposed support in establishing a sustainable BDS delivery mechanism (District Business Solution Centres) will be joint effort of ILO, UNIDO and UNDP's contribution to the key government strategies to revitalize the SME sector and thus the economy. The establishment of DBSCs is premised on the establishment of the National Council of Small Enterprises (NCSEs) that shall be the apex body that will guide, advice and coordinate on policies and programmes that affect the environment in which the MSMEs operate. Further, the Programme recommends the improvement / revitalization of the operations of state parastals that have a mandate in addressing the MSMEs development and growth in the country. Specific parastals include Kenya Investment Authority and Kenya Industrial Estates.

## **II. Management Arrangements**

The Deputy Prime Minister and Ministry of Trade will implement the project with technical backstopping of an International Consultant provided by UNDP as Technical Advisor. The Department of Internal Trade of the Ministry of Trade will directly be responsible for implementing the project. The project will be implemented under the support service modality whereby the Government of Kenya will request the procurement of goods and services as stipulated in the Annual Work Plan (AWP). UNDP's rules and regulations shall apply at all times in the procurement process.

UNDP, ILO and UNIDO have agreed to join hands in complementing each others efforts as well as pooling capacities (resources, expertise) together in supporting the establishment of the three pilot BDSCs.

Given that the activities and the outputs of the project are common to the ones of the new European Commission Private Sector Programme, it was decided that the funds to be allocated by the European Commission will be channeled through UNDP for the implementation of this AWP.

Co-ordination of implementation will be done by UNDP under guidance of the joint ILO, UNDP, UNIDO, MOT project technical committee drawn from the respective organisations Kenya offices. In delivering the project, UNDP will work closely with the management committee of the targeted institutions for implementation. Relevant collaborating parties will actively be involved during the implementation of the activities. Members of the steering committee will comprise of the office of the Deputy Prime Minister and Ministry of Trade, the Ministry of Youth and Sports, the Kenya Industrial Estates, UNIDO, UNDP, European Commission, ILO and relevant development partners.

### III. Defined Method of Approach

UNDP will use its experiences of supporting private sector development in developing countries to facilitate the establishment of demand – driven, private sector led / oriented district business solution solutions. ILO will bring on board their extensive experience and manuals in start and grow your business training programmes.

UNIDO will use their vast experience in rural energy systems and small scale technologies / technical skills to create value in the services delivery by the DBSCs. UNIDO will provide its in-house expertise in renewable energy based power generation (micro and mini hydro, organic waste based biogas digesters, biomass gasifiers, straight vegetable oil based power generation, solar, wind - as appropriate) and work closely with the UNDP and other agencies involved with this project to come up with sustainable programmes for vocational training and setting up functional models focusing on renewable energy and applications related to the productive use of power generated, primarily for income and employment generation in the rural context.

Funding will be secured through UNIDO HQ, UNDP and other Donors/stakeholders for implementing the SVO power generation facility in selected DBSCs.

In all respects, focus will be made to the lower – end MSEs, the majority of whom are women, artisans and start ups. They will be supported to start and grow their enterprises, with the DBSCs provided continuous and affordable business development services.

The following graph illustrates the stages in terms of activities:



#### **Planning**

The purpose of the planning stage is to set the course on how the project will be implemented. The planning stage involves, identifying the implementing partner, finalizing on the PID and other project management processes, sharing the project concept with the Project Board, and all staff of the implementing agency.

#### **Awareness / mobilization**

This stage involves meetings with stakeholders at district levels and members of parliament of the target districts. The team from UNDP has visited and met stakeholders from the 9 targeted districts. On Plan is the meeting for the MPs and research and investment promotion agencies.

The mobilisation phase will also extend to the creation of the interim Governing Boards to facilitate the coordination for the establishment and launch of the DBSCs; a representative board that brings the private sector, local government and CSOs together in furthering the cause of the DBSCs will eventually be established.

## **Capacity development**

Capacity development of the DBSCs will take the form of governance and management audit for the boards and management of the DBSCs. Boards will be trained in governance while management will be trained in financial management, services delivery to MSEs. Guiding Manuals will be developed for the DBSCs. There will be consideration for equipment and facilities to the DBSCs and Youth Employment Scheme – Entrepreneurs Association (YES – EA) to facilitate services delivery.

## **Technical backstopping**

All participating institutions will provide technical backstopping support to the DBSCs in the areas of services delivery and sustainability. Services delivery will look at the aspects of individual / sectoral needs assessments / mapping, interventions development products development / institutionalization and methodologies of services delivery. Sustainability will look at supporting DBSCs in coming up with their own sustainability, business, marketing and financial (SBMF) plans for their planned and sustainable growth. Implementation of the developed plans will become a continuous area of backstopping for an agreed period of time.

## **IV. Legal Context**

All nationally executed annual work plans may be audited once in their lifetime. The objective of the audit is to provide the United Nations Development Programme administrator with the assurance that United Nations Development Programme resources are being managed in accordance with:

The financial regulations, rules, practices and procedures for the annual work plan or project;  
The annual work plan activities, management and implementation arrangements, monitoring evaluation and reporting provisions; and  
The requirements for implementation in the areas of management, administration and finance

The United Nations Development Programme may audit non-United Nations implementing agency annual work plans by sub-contracting private auditors to carry out the audit exercise. Funds for audit expenses will be budgeted within the annual work plan. In the event of such an audit, the implementing agency will ensure that auditors are given all records and information that they will need to perform a meaningful performance audit. The implementing agency will ensure that final accounts of the year under audit are submitted to United Nations Development Programme and for government implementing institutions to the Controller and Auditor-General (or an appointed sub-contractor), by the end of January of the following year. It is the responsibility of the implementing agency (NOU) to ensure that all audit observations are attended adequately

## **V. Monitoring and Evaluation**

Tracking of the achievement of benchmarks/indicators for each activity will monitor the performance of the annual work plan. Monitoring of specific annual work plan activities will be the responsibility of the implementing agency. The aim will be to provide timely information about the progress, or lack thereof, in the production of the outputs and achievement of the annual work plan objectives. The mechanisms that will be used to monitor the annual work plan will include:

Quarterly progress report, technical and financial report prepared by the annual work plan implementing agency;  
Annual progress report, technical and financial report prepared by the annual work plan implementing agency at the end of the year; and  
Field visits undertaken jointly by implementing agency and United Nations Development Programme, ILO, UNIDO and European Commission.

An evaluation of the United Nations Development Programme outcome to which the activities of this annual work plan contribute to achieve will be carried out.

## **VI. Publicity and Publications**

Unless UNDP requests or agrees otherwise, the Implementing Agency (MOT) and collaborating parties shall take all appropriate measures to publicize the fact that the project has been funded by UNDP, ILO, UNIDO, and European Commission. Information given to the press, project beneficiaries, all related publicity materials, official notices reports and publications, shall acknowledge that the activity was carried out with funding from the noted institutions and shall display in an acceptable way the respective logos. In addition, all publications must be reviewed by concerned parties before publication, and shall bear the appropriate organisations disclaimer.