



United Nations Development Programme

Country: Kuwait

Project Document



Project Title	Drafting SME Legislation
Expected CP Outcome(s): <i>(Those linked to the project and extracted from the CPAP)</i>	3.1 Improved business environment for more effective Public-Private sector Partnerships (PPP) 3.2 SME energized through stimulating mechanisms
Expected Output(s): <i>(Those that will result from the project and extracted from the CPAP)</i>	3.1.3. Regulations enacted to enhance the overall competitiveness of the economy 3.2.1. Reduced administrative barriers to stimulate SME entry 3.2.2. Financing opportunities created for SME expansion 3.2.3. Managerial capacity of SME developed
Implementing Partner:	Ministry of Trade and Industry
Responsible Parties:	UNDP, Kuwait Economic Society

Brief Description

The Kuwaiti Parliament with the Government is urgently looking into passing a law that supports Small and Medium Enterprises ('SME') to encourage young adults to enter the private sector and become entrepreneurs as well as to create job opportunity for the huge inflow of job seekers annually. Kuwait lacks a law that supports and promotes SME development. The Ministry of Trade and Industry, UNDP and Kuwait Economic Society will collaborate in formulating an SME law that takes into account international best practices, and avoids common pitfalls and drawbacks.

Programme Period:	<u>2009-2014</u>	Direct Project costs	110,000USD
Key Result Area (Strategic Plan):	<u>Economic & Private Sector Development</u>	General Management Support	<u>3,300USD</u>
Atlas Award ID:		Total Project Budget:	113,300 USD
Start date:	<u>September 2011</u>	Total Allocated Budget:	113,300 USD
End Date:	<u>December 2011</u>		
Management Arrangements:	<u>NIM</u>		

Agreed by Implementing Partner (Ministry of Trade and Industry)

Amani Bourisly, Minister, Ministry of Trade and Industry

Agreed by Responsible Party (United Nations Development Programme)

Adam Abdelmoula, Resident Representative, UNDP

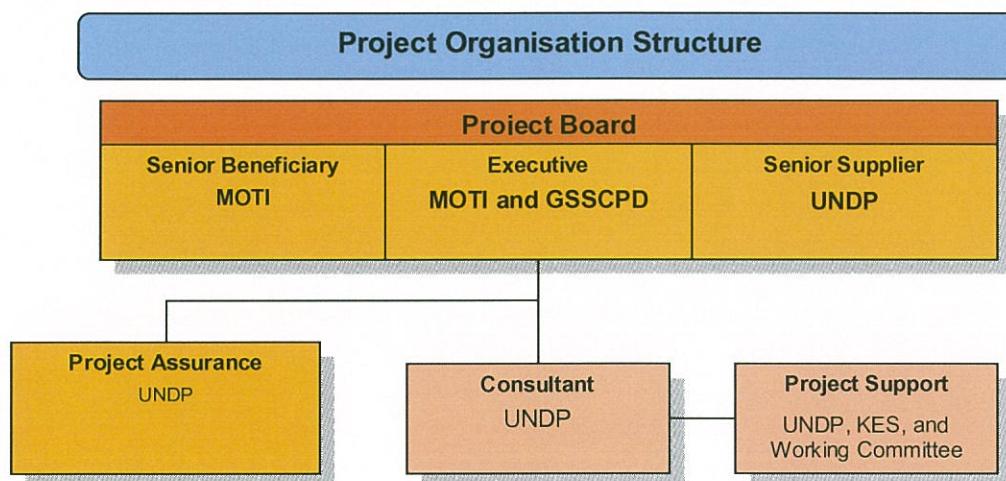
List of Acronyms and Abbreviations

AWP	Annual Work Plan
CPAP	Country Programme Action Plan
CSO	Civil Society Organizations
GSSCPD	General Secretariat of the Supreme Council for Planning and Development
KES	Kuwait Economic Society
M&E	Monitoring and Evaluation
MOTI	Ministry of Trade and Industry
SC	Steering Committee
SME	Small and Medium Enterprise
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme

<p>3.1 Improved business environment for more effective Public-Private Partnerships (PPP)</p>	<p>6. Workshop/Seminar to present legislation to be held at Kuwait Economic Society</p> <ul style="list-style-type: none"> • Invite key players • Determine Agenda 	<p>X</p>	<p>Consultant, KES, UNDP</p>	<p>UNDP</p>	<p>Workshop expenses (printing supplies, catering, organization, interpreter, etc)</p>	<p>15,000 USD</p>
<p>Output 2. Reduced administrative barriers to stimulate SME entry</p> <p>Output 3. Managerial capacity of SME developed</p> <p>Output 4. Financing opportunities created for SME expansion</p> <p>Baseline:</p> <p>1. Lack of an apex body</p>	<p>1. SME Expert to develop work plan to implement drafted legislation</p> <ul style="list-style-type: none"> • Provide recommendations for next steps to ensure implementation of the law. • Develop a project document for the implementation of the law. 	<p>X</p>	<p>Consultant</p>	<p>-</p>	<p>-</p>	<p>-</p>
<p>Indicators:</p> <p>1. # of administrative procedures redefined</p>						
<p>Targets:</p> <p>1. A structure for an apex body to monitor SMEs</p> <p>2. A work plan to ensure legal implementation</p>						
<p>Related CP outcome:</p> <p>3.2 SME energized through stimulating mechanisms</p>						
<p>Annual Project Costs</p>						<p>110,000USD</p>
<p>Annual General Management Support (GMS)</p>						<p>3,300USD</p>
<p>Total</p>						<p>113,300USD</p>

II. MANAGEMENT ARRANGEMENTS

The project will be implemented by the Ministry of Trade and Industry who will act as the national implementing agency and UNDP will support them as a responsible agency; as defined in UNDP's National Implementation Manual released by UNDP on 1 July 2011 and is hereby incorporated by reference. The General Secretariat of the Supreme Council for Planning and Development will act in its capacity as national coordinating agency and will conduct field visits and receive regular progress and financial reports on the status of the project's progress. The management arrangements for this projects are in line with UNDP requirements as reflected in the UNDP national implementation manual referenced above, and are as follows:



The Project Board: A Project Board will be established to take executive management decisions and to provide guidance to the Consultant, including approval of project revisions and of the project's annual work plan. Project assurance reviews by this group are made at designated decision points during the running of the project or as necessary when raised by the Consultant. The Board contains three roles: two Executives to co-chair the group, a Senior Supplier to provide guidance regarding the technical feasibility of the project, and a Senior Beneficiary to ensure realization of project benefits from the perspective of project beneficiaries.

The group will meet on a necessary basis and will be composed of:

- The Executive Co-Chair: Ministry of Trade and Industry
 - The Executive Co-Chair: General Secretariat of the Supreme Council for Planning and Development
 - Senior Supplier: United Nations Development Programme
 - Senior Beneficiaries: MOTI
- Ex officio: The Consultant
Project Support: KES

UNDP will act as secretariat for the group (organization structure), being responsible for convening the meetings, preparing the agenda, overseeing preparation of materials for presentation to the meeting and for preparing and distributing minutes of the meetings.

Project Assurance: This role is held by UNDP and supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate management milestones are managed and completed.

The Consultant is responsible for the day-to-day implementation of the project in coordination with different stakeholders and the project's team. This includes ensuring the quality and timeliness of all project activities and outputs and supervising the work of consultants; requesting the advancement of project funds; preparing Quarterly and Annual Progress Reports; liaising with the Project Assurance role, and requesting ad-hoc directions from the Project Board when required. The draft terms of reference are attached.

Project Support Unit:

The Project Support will provide project administration and management support to the Project Manager as required by the needs of the project or Consultant.

Kuwait Economic Society Role as a Responsible Party: As a responsible party, KES will help identify stakeholders for the consultant to meet. KES will assist in scheduling appointments needed with relevant stakeholders. KES will also take a central role in the workshops to be led by the UNDP Consultant.

UNDP Support to Implementation: As implementation proceeds, UNDP will provide specific services to the implementing partner in support of delivering the expected outputs. The costs of these support services will be charged directly to the project budget.

Working Committee: The working committee will consist of UNDP, KES, and other individuals to assist the Consultant in day to day operations and implementation.

Facilities and Administration (F & A): The budget includes 3% Facilities and Administration to UNDP defined as General Management Support (GMS).

III. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project

- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quality Management for Project Activity Results

OUTPUT 1: Regulations enacted to enhance the overall competitiveness of the economy		
Activity Result 1 (Atlas Activity ID)	<i>Recruitment of SME policy development expert</i>	Start Date: August 2011 End Date: September 2011
Purpose	<i>To contribute to achievement of the project output.</i>	
Description	<ul style="list-style-type: none"> • <i>Develop the TOR</i> • <i>Advertise consultancy</i> • <i>Recruit consultant</i> 	
Quality Criteria	Quality Method	Date of Assessment
Expert chosen and recruited	Progress reports on a quarterly and annual basis	Quarterly/annual basis

OUTPUT 1: Regulations enacted to enhance the overall competitiveness of the economy		
Activity Result 2 (Atlas Activity ID)	<i>Form Working Committee</i>	Start Date: August 2011 End Date: September 2011
Purpose	<i>To contribute to achievement of the project output.</i>	
Description	<ul style="list-style-type: none"> • <i>Develop the TOR</i> • <i>Advertise for interested volunteering participants</i> • <i>Choose volunteers</i> 	
Quality Criteria	Quality Method	Date of Assessment
Volunteers chosen and recruited	Progress reports on a quarterly and annual basis	Quarterly/annual basis

OUTPUT 1: Regulations enacted to enhance the overall competitiveness of the economy		
Activity Result 3 (Atlas Activity ID)	<i>Identification of all efforts supporting SME growth</i>	Start Date: September 2011 End Date: October 2011

Purpose	<i>To contribute to achievement of the project output.</i>	
Description	<ul style="list-style-type: none"> • <i>Review related existing domestic laws and draft laws</i> • <i>Meet with stakeholders</i> • <i>Identify best practices</i> • <i>Identify obstacles</i> • <i>Translation of current laws</i> 	
Quality Criteria	Quality Method	Date of Assessment
Report on SME efforts in Kuwait	Progress reports on a quarterly and annual basis	Quarterly/annual basis

OUTPUT 1: Regulations enacted to enhance the overall competitiveness of the economy		
Activity Result 4 (Atlas Activity ID)	<i>Workshop with Key Players conducted to be held at Kuwait Economic Society</i>	Start Date: October 2011 End Date: October 2011
Purpose	<i>To contribute to achievement of the project output.</i>	
Description	<ul style="list-style-type: none"> • <i>Identification of stakeholders and key players</i> • <i>Determine Agenda</i> • <i>Invitations and concept note sent out</i> • <i>Interpretation for workshop</i> 	
Quality Criteria	Quality Method	Date of Assessment
Workshop Results in a report	Progress reports on a quarterly and annual basis	Quarterly/annual basis

OUTPUT 1: Regulations enacted to enhance the overall competitiveness of the economy		
Activity Result 5 (Atlas Activity ID)	<i>SME legislation drafted</i>	Start Date: September 2011 End Date: November 2011
Purpose	<i>To contribute to achievement of the project output.</i>	
Description	<ul style="list-style-type: none"> • <i>Incorporate best practices into law</i> • <i>Incorporate results from workshop in Activity Result 3</i> • <i>Translate</i> 	
Quality Criteria	Quality Method	Date of Assessment
Completed draft legislation	Progress reports on a quarterly and annual basis	Quarterly/annual basis

OUTPUT 1: Regulations enacted to enhance the overall competitiveness of the economy		
Activity Result 6 (Atlas Activity ID)	<i>Workshop/Seminar to present legislation TO BE HELD AT Kuwait Economic Society</i>	Start Date: November 2011 End Date: November 2011
Purpose	<i>To contribute to achievement of the project output.</i>	
Description	<ul style="list-style-type: none"> • <i>Invite key players</i> • <i>Determine Agenda</i> 	
Quality Criteria	Quality Method	Date of Assessment

Workshop results in a report	Progress reports on a quarterly and annual basis	Quarterly/annual basis
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Output 2: Reduced administrative barriers to stimulate SME entry		
Output 3: Managerial capacity of SME developed		
Output 4: Financing opportunities created for SME expansion		
Activity Result 6 (Atlas Activity ID)	<i>SME expert to develop work plan to implement drafted legislation</i>	Start Date: December 2011 End Date: December 2011
Purpose	<i>To contribute to achievement of the project outputs.</i>	
Description	<ul style="list-style-type: none"> <i>Provide recommendations for next steps to ensure implementation of the law</i> 	
Quality Criteria	Quality Method	Date of Assessment
Work plan completed	Progress reports on a quarterly and annual basis	Quarterly/annual basis

IV. LEGAL CONTEXT

This document together with the revised CPAP signed by the Government and UNDP on 25 July 2011, which is incorporated by reference constitute together a Project Document as referred to in the Revised Basic Agreement, signed on 13 February 1962 and all CPAP provisions apply to this document. Consistent with Article III of the Revised Basic Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

1. Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
2. Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.
3. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.
4. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.



Annex 1: RISK LOG

Project Title: Draft SME Legislation	Award ID:	Date:
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#	Description	Date Identified	Type	Impact & Probability	Countermeasures / response	Owner	Submitted, updated by	Last Update	Status
1	Political tensions amongst parliamentarians surrounding legislation	2011	Political	Probability = 4 Impact = 4	Involve as many stakeholders as possible.	UNDP	UNDP		
2	Negative outcome on the proposed legislation due to urgency of passing the legislation.	2011	Strategic	Probability	Avoid deviating from the AWP and follow the timeline.	UNDP	UNDP		

Annex 2: Terms of Reference: TOR for Expert to Draft SME legislation

**TERMS OF REFERENCE
Consultant to Draft SME legislation
For UNDP Kuwait**

I. Background

In the Government of Kuwait's development plan, the country is intended to become a commercial and financial hub led by the private sector by 2035 (Vision 2035). To achieve this vision, the private sector must overcome certain challenges, especially the bottlenecks and cumbersome procedures regarding the business environment. UNDP Kuwait aims to build strategic partnerships in Kuwait to facilitate achieving this mission and enable private sector growth. UNDP Kuwait has identified two potential areas for UNDP's involvement: Private Sector Development (legislative reform, incentivizing innovation and business development, etc) and Private Sector Engagement (business partnerships based on Corporate Social Responsibility).

The consultant will work specifically on drafting legislation that will enable and encourage SME growth. Development of the SME sector forms an integral part of the long-term objectives to be achieved under the broader macro-economic reform initiatives of the government to revitalize the local economy. Generation of employment, increasing national productivity, diversification of economy, and promoting inclusive growth are some of the key objectives of the SME sector policies. It is imperative that a supportive legislative framework is put in place to consolidate some of the SME development initiatives and aid implementation of policy objectives outlined by the government.

II. Duties and Responsibilities

The objective of the consultancy is to draft a legislative framework that is supportive of the SME sector in order to create a level playing field for SMEs and thereby improve the existing legal, regulatory and administrative environment throughout the country to facilitate SME sector development.

In undertaking the assignment, the consultant is expected to undertake the following tasks:

- Identify international and regional SME legislative frameworks/ models that are conducive for SME sector development that, in particular, promotes employment of youth, women, and vulnerable groups;
- Review existing trade related and sector specific domestic laws, regulations and administrative procedures and identify factors hindering development of a conducive business environment for SMEs;
- Undertake relevant consultations with related stakeholders;
- Identify the gaps in the legislative framework for SME development

Based on the government policy framework for SMEs, the consultant is expected to recommend appropriate draft legislation that addresses adequately the needs of Kuwait's SMEs. The legislative proposal among other things shall address the following aspects(not exhaustive):

- Structure of a central Government authority to promote SME Development;
- Definition of SMEs taking regional economic settings and economies of scale into account;
- Registration of SMEs;

- Priority economic sectors for SME promotion;
- Funding framework: financing facilities – Grants, Government Aid, provision of debt, provision of equity; eligibility criteria, process and policies;
- Entrepreneur development framework, policies and process;
- Facilitation of SME participation in public procurement;
- Mainstreaming of SME in economic & business activities both in the public & private sector – policies so that large private businesses have an allocation for SME contribution in their supply chain; public sector project tendering process to support SME business;
- E-commerce infrastructure support for SMEs;
- Business incubation – especially for start-ups in the identified priority economic sectors;
- Facilitate a legal and business environment supportive to timely payments in commercial transactions for SMEs and ways to adjudicate on cases of delayed payment
- Facilitate upgrading of skills and know-how in SMEs
- Facilitate listings of SMEs on the stock exchange
- Incentive Structure including concessions for rewarding SME best practice/performance at regional level
- Terms and conditions for SME value chain including sub contracts
- Property rights protection for SME development
- Legal enforcement of contracts
- Building up of human capital skills on vocational education and other kinds of training, extension services which support the entire chain of production, marketing and distribution may also be considered to be provided through the government
- Review and suggest recommendation on strengthening existing institutional coordination mechanism with clear roles and responsibilities to support SME related development
- Amendments in current labor laws to support SME development
- Amendments in current Commercial Law, Capital Market Law, etc. to tie in with the provisions of the proposed SME law

III. Outputs

At the end of the consultancy the expert shall deliver following specific outputs:

- Summary report identifying factors hindering the development of a conducive business environment for SMEs and recommendations for improving the legal, regulatory and administrative aspects relating to governance of SME sector
- A draft SME legislation based on stakeholder consultation
- Workshop to validate the legislation framework with stakeholders
- Final draft of a SME Bill with stakeholder comments incorporated
- Roadmap identifying subsequent legislative measures to enhance and broaden support for investment in and development of the SME sector

IV. Competencies and Key Success Factors

- Demonstrates integrity by modeling the UN's values and ethical standards
- Promotes the vision, mission, and strategic goals of UNDP
- Creates visibility of UNDP and supports UNDP's capacity to advocate
- Ability to advocate and provide policy advice
- Promotes organizational learning and knowledge sharing.
- Ability to lead strategic planning, results-based management and reporting
- Ability to lead formulation, implementation, monitoring and evaluation of development programmes and projects,
- Ability to research and analyze national development situation
- Focuses on impact and result for the client and responds positively to feedback
- Consistently approaches work with energy and a positive, constructive attitude

- Demonstrates in-depth knowledge of the subject matter and understands more advanced aspects of primary area of specialization.
- Develops innovative and creative approaches to meet programme and capacity development objectives.
- Creating an emotionally intelligent organization and promoting an enabling environment for open communication.
- Demonstrates fair and transparent decision making and calculated risk-taking.
- Demonstrates strong oral and written communication skills

I. Duration of Assignment

The total duration of the mission is two months with a possibility of an extension.

II. Qualifications

Education:

Advanced Degree in Law.

Experience:

A minimum of 7-10 years of relevant experience at the national or international level. Experience in dealing with commercial and SME related business matters and transactions will be of added advantage. Ability to work in a team.

Language Requirements:

Fluency in English.

Fluency in Arabic (not a requirement, but preferable).

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