

United Nations Development Programme
Country Programme Action Plan of the Government of Kenya
2006 Annual Work Plan

Long title: 1KEN06102-YES- MSE Programme

Short title: 1KEN0610 2- YES-MSE
Number: 1KEN/06/10/2A/01/99
ATLAS: 00050269
Award: 00043181

Estimated Annualized Budget (in US\$):		
Allocated Resources:		
UNDP	2006	93,000
Total		93,000

UNDAF Outcome: Outcome 13- "Expanded opportunities for sustainable production and income diversification"
ACC/UNDP sector & subsector: 104 – Trade expansion, trade promotion and export development

Implementing Partner: Ministry of Trade and Industry, Ministry of Youth Affairs

Collaborating partners: Ministry of Labour and Human Resources Development, Ministry of Education Science and Technology, other relevant line ministries and donors to be identified during the course of the AWP

Estimated Start Date and Duration: 1 April to 30 June 2006

Project Summary: - i) Outcome, ii) Outputs, iii) Activities, iv) Inputs

i) The long-term outcomes of this initiative are enhanced institutional and human capacity to participate in and benefit from the multilateral trading system and enhanced foreign/domestic direct investment. (CPAP paragraph 42). Specifically it aims to enhance capacity of Kenyan youth so in order to make them relevant to the micro and small enterprises (MSE) sector, thereby being injected as productive labor force for MSE development and overall economic growth as planned in the Government of Kenya's Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 (ERS). ii) The project will have 3 outputs to achieve this goal: a) Programme developed to expand capacity of youth to become active participants in the country's MSE sector; b) Training module developed and training conducted for enterprise development agents; c) Resource mobilized to implement the developed programmes and framework for cost-sharing mechanism developed. iii) The activities to be carried out to produce these outputs include: a) Establishment of a secretariat to coordinate the preparatory phase of the project; b) Hiring 2 International and a National consultants to develop the YES (Youth Employment Scheme) – MSE (Micro Small Enterprise) programme components; c) Conducting a dissemination workshop with the stakeholders and donors for resource mobilization. d) Selecting enterprise development agent candidates; iv) The inputs required to produce the outcomes above include financial resources to establish a secretariat, procure international and national consultants to develop the programme, and conduct workshops with various stakeholders.

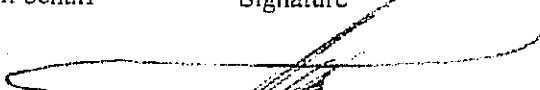
Approved on behalf of

Signature

Date

Name/Title

UNDP



13/04/06

Paul Andre de la Porte
Resident Representative

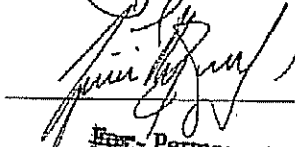
Ministry of Trade and Industry



8/4/06

David S. Nalo
Permanent Secretary

Ministry of Youth Affairs



29/3/06

Kinuthia N. Murugu
Permanent Secretary

Permanent Secretary
Office of the Vice-President
& Ministry of Youth Affairs
P.O. Box 30478, NAIROBI.

I. Situation Analysis

The decline in Kenya's economic performance over the past decade eroded the vitality and strength of its private sector. At the beginning of the 1990s, Kenya had a regional financial center in Nairobi, the second largest stock market in the continent, a large manufacturing sector and a dynamic tourism market. However, deterioration in the investment climate, quality of physical infrastructure and institutions supporting the market together with uncertainties over commitment to economic reform, led to a general economic slowdown in all sectors.

In recognition of the role of the Private Sector in economic development, the Government of Kenya has over the years, articulated its importance in various government policy documents. In the Economic Recovery Strategy, Sessional Paper No. 2 of 2005, and in the Eighth National Development Plan, the government places the private sector at the center stage of planned development initiatives.

Kenya's socio-economic problems are largely attributed to under-utilization of human resources, especially the youth. Kenya's population is growing, which is currently 30 million and expected to rise to 37 million by the year 2010. As per the Economic Survey of 1984-2003, 15% of the total labour force is unemployed, with youth accounting for 78% of the total current unemployment. The national completion rate for Primary and Secondary education is 35% and 55% respectively leading to a high attrition rate of 47%. As a result a large number of youth are left without requisite qualifications for jobs and hence lack employability.

The rapid growth of population combined with shrinking opportunities in traditional areas of industry places pressure on employment generation but will also pose serious threats to the socio-economic condition of the nation in the coming years. Reversing the incidence of perpetuating unemployment is, therefore, a daunting challenge and a pressing necessity.

The Micro and Small Enterprise (MSE) Sector has been identified as a key strategic sector to address these issues. Estimates in the *Economic Recovery Strategy for Wealth and Employment Creation* indicate that about 500,000 jobs need to be created annually, of which 88 percent must be from the MSE sector. Its importance has also been underlined by the Ministry of Labour and Human Resources Development in its Sessional Paper No. 2¹.

Table 1: Economic contribution of the MSE Sector (Source: 2003 Economic Survey)

Employment in MSE Sector (millions)		% of Total Employment	% of GDP
2000	2002		
4.2	5.3	74.2	18.4

¹ Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction, Sessional Paper No. 2 of 2005, Republic of Kenya

Despite its vital role, currently the MSE sector in Kenya is under pressure and its development subject to numerous constraints. It remains weak and fragmented, without any forward and backward linkages and lacks strategic, technical, functional, and entrepreneurial capacities. Likewise, state corporations and business that have a mandate to foster entrepreneurship exist but their capacity remains weak.

II. Implementation Strategies

To address these deficiencies, a conceptual framework programme was developed and presented to the Ministry of Trade and Industry² in December 2005. The two complementary goals of the programme will be achieved through the following objectives:

1. To create enabling policy, regulatory, and socio-cultural environment for supporting the MSE through policy advocacy, and enhance interactions between MSE stakeholders through capacity building workshops
2. To strengthen capacity of unemployed youth to make them relevant to the private sector as a productive labour force, especially to the MSE sector
3. To establish a network of Business Skills and Entrepreneurship Development service and training centres through private sector initiative
4. To introduce entrepreneurship as a subject in the formal education curriculum to prepare students for self-employment as an alternative to job careers
5. To establish a delivery mechanism at the district level to ensure delivery of need-based development and support services reaching the intended target beneficiaries in a coordinated manner.

The primary emphasis in the programme is on 'human and institutional capacity building'. The development strategy will deliver on two key factors – the youth and the MSE sector. Both are mutually interdependent and the programme will work to develop a competitive MSE sector as well as a capable youth creating economic opportunity within that sector.

Programme Activities

In order to develop the final program, the following interim activities will be undertaken in four segments:

Programme Coordination

1. Establish a secretariat to coordinate the preparatory phase of the project.

Youth Employment Scheme (YES) Programme Development

2. Hire 2 international consultants, supported by a national consultant, to develop the Youth Employment Scheme programme components, both BDS and micro finance / village banks.
3. Convene a validation workshop with the MOTI and a dissemination

² Conceptual Framework for Programme on Youth Employment Scheme and Promotion of Micro-Small Enterprises in Kenya, December 2005, UNDP Kenya.



workshop with other stakeholders, including donors for buy-in and resource mobilization.

Programme Implementation

4. Conduct an overall validation workshop with all stakeholders to finalize programme components.
5. Draft the following Annual Work Plans to implement programme components:
 - a. Establishment of the National Council for Small Enterprises
 - b. Establishment of District Business Solution Centers

Resource Mobilization

The implementation of the programmes that will be developed under this AWP clearly requires the mobilization of additional resources. To this end, UNDP will work with the MOTI to ensure that the validation and dissemination workshops envisioned under the activities of this AWP are effective means to win the buy-in and financial commitment of various development partners.

Parallel to this effort, UNDP will continue to carry on bilateral discussions for cost sharing and joint programming with various development partners, including, but not limited to the Netherlands Tropical Institute, Netcorps Canada, the European Commission, and the African Development Bank.

III. Management Arrangements

A. Implementing Partner

The Ministry of Trade and Industry is the Implementing Partner of this project. The Ministry will work closely with UNDP to ensure that the state outputs are achieved through the carrying out of agreed activities as per this AWP.

B. Financial Management and Reporting

Support Service

UNDP will provide the following support service for this project:

- a. recruitment and contract awarding of national consultants
- b. processing of DSA and air tickets for project personnel and staff
- c. procurement of workshop facilities
- d. procurement of equipment

All payments for goods and services in accordance with the Annual Work Plan shall also be made by UNDP Kenya.

Fiduciary Compliance



In managing the annual work plan resources, the implementing agencies have fiduciary and compliance responsibilities to the funding institutions. They also have compliance responsibility for funding institutions' reporting procedures. Thus an audit of this annual work plan must fulfill the following set of objectives:

- a. Disbursements are made in accordance with the annual work plan;
- b. Disbursements are valid and supported by adequate documentation;
- c. An appropriate system for internal control is maintained by the implementing agency and can be relied upon;
- d. Annual work plan financial reports are fair and accurately presented;
- e. The annual work plan monitoring and evaluations are prepared as required; and
- f. Annual work plan disbursements are duly verified and replenishments are duly authorized by the implementing agency on a three-monthly basis.

C. Procurement of Goods and Services.

As all procurement for this project will be done by UNDP through the provision of Support Services, UNDP's established rules and procedures governing procurement will be used.

D. Monitoring and Evaluation

Monitoring of specific annual work plan activities will be the responsibility of the UNDP SARR. 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.

E. Legal Context

The United Nations Development Programme's Country Programme Action Plan for Kenya 2004-2008 (CPAP) shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Kenya and the United Nations Development Programme, signed by the parties on 17 January 1991. The Annual work plan constitutes an annexe to the CPAP.

The UNDP Rules and regulations shall regulate the AWP general management.

Revisions which involve significant changes in the immediate objectives, activities or outputs of the project, shall be made to this Annual Work Plan with the signature of the United Nations Development Programme Resident Representative only. Revisions which do not involve significant changes in the immediate objectives, activities or outputs of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation may be made to the AWP with the signature of the Resident Representative only.



F. Publicity and Publications

Unless UNDP requests or agrees otherwise, collaborating parties shall take all appropriate measures to publicize the fact that the project has been funded by UNDP. Information given to the press, project beneficiaries, all related publicity material, official notices, reports and publications, shall acknowledge that the activity was carried out with funding from the UNDP, and shall display in an acceptable way the UNDP logo. In addition, all publications must be reviewed by UNDP before publication and shall bear the appropriate UNDP disclaimer.

E. Work Plan and Budget

The work plan and budget is detailed in the Annual Work Matrix below.



Annual Work Plan Matrix

Expected Outputs	Key Activities/Annual Objectives	Monitoring Actions	Success Indicators	Timeframe		Collaborating Party	Source of funds	Planned Budget	Budget (USD)	
				2006	2007					
Programme developed to develop capacity of youth to become active participants in the country's MSE sector	Purchase equipment to provide secretarial support	Supervised by UNDP SAAR	AWP's approved	X		UNDP		Equipment purchase (2 computers, 1 laptop, 2 telephones)	5,000	
	Hire 1 national consultant to develop YES programme components and conduct training to enterprise consultant candidates		Performance as per ToR	X		UNDP		1 national consultant for 4 months	20,000	
	Conducting a dissemination workshop with government, stakeholders and donors for resource mobilization	Facilitate workshop			X		UNDP, MOTI			3,000
	Recruit international consultant for enterprise training	Monitor training courses	Successful completion of training course by candidates to become enterprise development agents		X		UNDP		International consultant	28,000
Training module developed and training conducted for enterprise development agents	Recruit international consultant for microfinance / village banks							International consultant	15,000	
	Select enterprise development agent candidates							Selection of enterprise development agents	5,000	
Monitoring and Evaluation	Procurement of training facilities, training materials and equipment			X				Training facility & materials	15,000	
				X	X	UNDP	UNDP		2,000	
TOTAL									93,000	

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Annex 1: The Annual Work Plan (AWP) Monitoring Tool

Year

CP Component

Implementing Partner

EXPECTED CP OUTPUTS AND INDICATORS INCLUDING ANNUAL TARGETS	PLANNED AC TIMELINES <i>Identify the activities and the monitoring and evaluation activities to be implemented during the year to be planned in the CP outputs</i>	EXPENDITURES <i>List actual expenditures against activities completed</i>	RESULTS OF ACTIVITIES <i>From each activity, state the results of the activity</i>	PROGRESS TOWARDS ACHIEVING CP OUTPUTS <i>Using data on annual indicator targets, state progress towards achieving the CP outputs. Where relevant, comment on factors that facilitated and/or constrained achievement of results including: - If the risks and assumptions as identified in the CP M&E Framework material had or whether new risks emerged. - Internal factors such as timing of inputs and activities, quality of products and services, coordination and/or other management issues.</i>
OUTPUT 1: INDICATOR 1.1 WITH TARGET FOR THE YEAR: INDICATOR 1.2 WITH TARGET FOR THE YEAR: INDICATOR 1.3 WITH TARGET FOR THE YEAR:				
OUTPUT 2: INDICATOR 2.1 WITH TARGET FOR THE YEAR: ETC.				

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