Paper Laid
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MINISTRY OF INDUSTRY, TRADE AND CO-OPERATIVES

STATE DEPARTMENT FOR INVESTMENT AND INDUSTRY

The State Department of Investment and Industry is one of the three State Corporations under the Ministry of Industry, Trade and Cooperatives established under the Presidential Executive Order No. 1/2016 of May 2016.

1.0. Mandate of the State Department

The Executive Order spells out the mandate of the State Department of Investment and Industry as follows:-

1) Industrialization Policy and Planning;
2) Value Addition/Agro Processing;
3) Quality Control including Industrial Standards;
4) Investment Promotion Policy and Facilitation;
5) Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovation);
6) Textile Sector Development;
7) Leather Sector Development;
8) Ease of Doing Business;
9) Special Economic Zones and Industrial Parks;
10) Industrial Training and Capacity Development;
11) Enterprise Development and Innovation;
12) SME Policy and Development; and
13) SME Training.

2.0. Core Functions

The State Department Core functions are as follows:

1) Formulation, co-ordination, and implementation of the National Industrialization, Private Sector and Investment Policies regulatory framework and legislation;
2) Formulation, co-ordination, implementation of Industrial Property Rights Policy;
3) Formulation, co-ordination, and implementation of the Special Economic Zones Policy;

4) Enhance market access for locally manufactured goods;
5) Promotion, coordination and facilitation of the development and enforcement of quality standards and accreditation services;
6) Promotion, coordination and facilitation of Industrial Research and Development, Innovation, Technology Transfer and Cleaner Production;
7) Promotion, coordination and facilitation of Leather and other value added products;
8) Facilitation of the development of technical, entrepreneurial and managerial skills, management support for enterprise development;
9) Facilitation of access to short, medium and long-term loans and equity financing, and management support and consultancy services;
10) Promotion and facilitation of subcontracting linkages and worksites;
11) Mainstreaming of good corporate governance;
12) Promotion and facilitation of productivity, value addition, marketing and private sector growth and competitiveness.

3.0. Semi-Autonomous Government Agencies

The State Departments, otherwise referred to Semi-Autonomous Government Agencies (SAGAs) set up to implement the mandates of the State Department are as follows:-

1) Kenya Industrial Research and Development Institute (KIRDI)
2) Kenya Industrial Estates (KIE)
3) Kenya Industrial Training Institute (KITI)
4) Numerical Machining Complex (NMC)
5) East African Portland Cement Co. Ltd (EAPCC)
6) Kenya Bureau of Standards (KEBS)
7) Kenya Industrial Property Institute (KIPI)
8) Kenya Leather Development Council (KLDC)
9) Industrial Development Bank (IDB)
10) Kenya Investment Authority (KENINVEST)
11) Kenya Accreditation Services (KENAS)
12) Export Processing Zones Authority (EPZA)
13) Industrial, Commercial and Development Corporation (ICDC)
14) Special Economic Zones Authority (SEZA)
15) Micro and Small Enterprises Authority (MSEA)

4.0. State Department Programmes, Projects and Activities

The Department is undertaking the following Programmes, Projects:

4.1. Kenya's Industrial Transformation Programme (KITP)

The KITP is the Government's blueprint to guide the industrial transformation of the country at the medium term. It was launched on 16th September 2015 with the overall goal of developing Kenya into a new industrial hub in Africa. The programme is designed to accelerate the development of industries that will drive the country's economic growth.

The ten year programme is expected to achieve various outcomes that include:

- Create 1 million additional jobs;
- Increase Foreign Direct Investment (FDI) by 5 times;
- Increase the contribution of the manufacturing sector to the Gross Domestic Product (GDP) from the current 9.5% to 15% by 2020;
- Improve Kenya's ranking in the ease of doing business to the top 50 by the year 2020.

The programme is to be achieved through the following five-point strategy to be implemented over the next ten years:

i. Launch sector-specific flagship projects in agro-processing, textiles, leather, construction services and materials, oil and gas and mining services and IT related sectors that build on our comparative advantages
ii. Develop Kenyan small and medium enterprises (SMEs) by supporting rising stars and building capabilities with model factories.
iii. Create an enabling environment to accelerate industrial development through industrial parks/zones along infrastructure corridors, technical skills, supporting infrastructure and ease of doing business.
iv. Create an industrial development fund.
v. Drive results through the newly formed Ministerial Delivery Unit.

The projects under the Kenya Industrial Transformation Plan include:

4.1.1. Textiles Sector

The KITP envisages that Textiles are a major growth driver of industrial exports and its potential for growth has been further enhanced by the extension of the African Growth and Opportunity Act (AGOA) for an additional 10 years. It is **expected** that during the implementation period of KITP, the share of exports into the US market will grow, diversification of exports into other new markets and expansion of Kenya's product range into higher value products in order to generate an additional USD 140 to 200 million in GDP and create 105,000 jobs.

Implementation Status

- The Department has completed the Textiles and Apparels value chain study and established an Inter-Ministerial Textiles and Garments Delivery Team;
- Construction of Industrial Warehouses/ Go-downs to expandthe Textile Industrial Clusters at Mombasa Zone and Athi River Industrial Cluster is ongoing.
- Plans are also underway to develop the Mariakani Apparel Park and Naivasha Textile Park to attract more investment into the sector.
- Work is also ongoing at the Export Processing Zones, Athi River site for establishment of warehouses for Textile Industries with additional 30,000 M^2 of industrial space comprising 4 Large clusters (each of 4 sheds @ 1,500 m2) and 2 small clusters (each of 4 sheds @ 750 m2) already 80% complete. This is the 1st expansion of the Zone since 1996.
- New investments in EPZ enterprises increased from Kshs.48.1 billion in 2015 to Kshs.51.2 billion in 2016 spread across the 58 zones in 19 counties.
- The Ministry has established a Textile Desk that has been undertaking/Coordinating several activities that include:
    - Trade and Investment Promotion tours to Bangladesh and India in March 2017. Bangladesh is the largest Exporter of Cotton, Textiles and Apparels (CTAs) in the World and investors have shown interest in expanding their facilities into Kenya.
    - Vocational Training Centres for CTA are being developed in Athi River, EPZA and the Ministry's Kenya Industrial Training Institute using McKinsey's Social initiative, Generation Program. It is envisaged that through this training, that includes bootcamps and experiential training, over 10 such Vocational Centres will be developed across the Country.
    - The Vocational Training on CTA has been completed and will be launched on 22nd May 2017.
    - Through support from the Infrastructure Leasing and Financing Services (IL&FS), a skills gap analysis is being conducted for the CTA Sector.
    - Demand Analytics study, through the support from World Bank is being conducted for the proposed Naivasha Industrial Park.
    - Plans are underway to develop an Artisan Village at the EPZA in Athi River as an export centre for handicrafts.

- The Fashionomics Programme has been initiated through support from HIVOs. The program, was as a result of study entitled: "The Kenyan Textile and Fashion Industry: The role of fashion designers and small tailors in the fibre to fashion value chain" seeks to integrate the fashion industry into the CTA value chain.
- Anchor Buyer Program: This seeks to attract buyers to open sourcing offices within the country and develop a regional supply chain. It is envisaged that Anchor buyers guide the CTA investments in various regions. Two buyers have already expressed interest in setting up buying offices in Kenya and this is expected to enhance Foreign Direct Investment from foreign textiles firms and help expand and diversify CTA exports.
- Mitumba Intervention and Policy Standards: This initiative seeks to reduce the influx of second hand textile products into the Country. Through this initiative, EPZs are being encouraged to start product lines targeting the local market through various incentives and promotion programs.
- A first ever 'Super Sale' comprising of high quality export products from the EPZs was recently successfully held in KICC, Nairobi from 29th to 31st March 2017 and attracted over 50,000 buyers. Other 'Super Sales' are planned for 5th – 7th May 2017 in Mombasa; 2nd – 3rd June 2017 in Eldoret.

4.1.2. Leather Sector

The Leather Sector was prioritized as one of the Ministry's priority projects from the financial year 2014/2015 to date. The world trade in leather is estimated at over US$ 100 billion a year. Leather footwear accounted for half of that amount at US$ 53.5% in 2013. Demand for leather and leather products is growing faster than supply in all regions of the world.

Kenya's leather sector contributes 0.3% of GDP and 0.7% of formal employment. Kenya has one of the largest livestock herd in Africa (60 million) hence a huge potential for growing the sector. 90% (US$ 94 million) of its exports are unfinished 'wet blue' leather.

Implementation Status

- The Ministry, with support from the World Bank undertook and Leather Sector Value chain study to develop strategies for promoting the Leather Sector within the next 5 to 10 years.

- The Master Plan, Feasibility Study and Strategic Environmental Assessment (SEA) for the development of the Leather City have been completed on a 500 acre parcel of land at Kinanie, Machakos County.
- The Investment criteria for investments in Tanning and value addition have been completed and it is expected that this park will create at least 20,000 direct jobs once operational.
- As part of the Leather Park development and to preparations for the launch of the park, the following has been undertaken:
  - 4 Kms out of the total of 5.4 Kms of the fencing has been completed;
  - Gate and Project Office has been completed;
  - 7 Kms of internal roads have been stock piled with murram and have been opened up for use;
  - Procurement of Consultancy Services for Design and Construction of Common Effluent Treatment Plant (CETP) has commenced; and
- The Kariakor Cluster upgrade, has started with over 60 Enterprises (SMEs) profiled and the entire area mapped and equipment purchased. The cluster is considered to have 761 SMEs with employment to 7,000 people.
- Over Kes.300m was disbursed as loans to SMEs in Leather and Textiles through Kenya industrial Estates, creating 6,000 new jobs.

4.1.3. Special Economic Zones

A Special Economic Zone refers to a designated area in a Country with special economic regulations that differ from other areas of the same country. These regulations tend to contain measures that are conducive to attract foreign direct investment.

SEZs encompass a broad range of traditional and commercial zones (processing and non-processing zones) and related concepts including Industrial Parks, Free ports, Free Trade Zones, Science and Technology Parks, Information Communication Technology Parks, Tourism Development and Recreational Zones, Regional Headquarters and Business Incubation Parks.

The goals of SEZs are to:

(i) Alleviate large-scale unemployment;
(ii) Support wider economic reform strategies;
(iii) Promote and diversify exports;
(iv) Attract local and Foreign Direct Investments (FDIs);

(v) Allow Governments to test out new policies and approaches while maintaining the status quo for the rest of the country.

Kenya intends to develop 3 SEZs in Mombasa, Lamu and Kisumu. Land has been identified adjacent to Mombasa Port in Dongo Kundu and in the planned port area of Lamu. The Lamu Port is part of the Lamu Port/South Sudan/Ethiopia Transport (LAPSSET) Corridor Programme. Industrial Parks will be identified along the 2,900 Km of railway from Lamu to Ethiopia and South Sudan.

Additionally, Industrial Parks will be identified along the 480 km Standard Gauge Railway (SGR) line from Mombasa to Nairobi (Under Phase I) and Nairobi to Kisumu/Malaba under Phase II.

Implementation Status

- The Special Economic Zone (SEZ) Policy was approved by Cabinet and SEZ Act, 2015 enacted in December 2015
- SEZ Regulations 2016 was Gazetted in July 2016. The 2nd Draft of Regulations has been prepared and is to be subjected to Stakeholders validation.
- The SEZ Authority Board was appointed and Gazzeted in October 2016. Board Induction was carried out in March 2017.
- SEZ Fiscal incentives have been Gazetted as part of the Finance Act 2015/2016 and the Budget 2017/2018.
- The Master Plan for the 3,000 acres Dongu Kundu (DK) SEZ was been completed with support from the Japanese Government and SEZ Promotional materials developed.
- Land identification and mapping has been done along the SGR in Miritini, Sultan Hamud/Email, Voi, Galana/Kulalu, Naivasha, Eldoret, Siaya and Kisumu.
- The SEZ Authority (SEZA) Board has been established and the Authority operationalized. SEZA has received ten (10) Private SEZs from across different regions of the country touching on different schemes provided in the SEZ Act 2015 and is in the process of evaluating them with a view of licensing.

4.1.4. Ease of Doing Business and the Sub-National Doing Business

Doing Business measures how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.

The Sub-National Doing Business studies expand the Doing Business analysis beyond the largest business City of an economy. They measure variation in regulations or in the implementation of national and county laws across locations within an economy. The report documents business reforms in four (4) areas namely: starting a business; dealing with construction permits; registering property; and enforcing contracts.

Implementation Status

- To support the Business Environment Unit, the Ministry enlisted support of IBM East Africa Ltd, Strathmore University Business School and the McKinsey Consultancy.
- Business Environment Delivery Unit has been undertaken as follows;
  - Business processes survey
  - Documentation of government business processes
  - Re-engineering and remodeling of processes
  - Recommendation of new business processes and legal/policy reforms necessary processes
  - Engagement of process owners to buy-in into the recommended processes and reforms
  - Following up the implementation of the new processes
  - Capturing impact of the reforms (monitoring and evaluation)
  - Communicating the impact of reforms

- Kenya has been prioritizing reforms in the 6 out of the 10 EODB Indicators:
  i. Starting a Business;
  ii. Registering Property;
  iii. Getting Electricity;
  iv. Getting Credit;
  v. Paying Taxes;
  vi. Dealing with Construction Permit;

- These initiatives resulted into improvement of Kenya's Global Ease of Doing Business Ranking by 44 places from position No. 136 in 2015 to No. 108 in 2016 and then to position 92 in 2017out of 190 global economies.

- Kenya was ranked 3rd most improved Country globally, 2 years in a row in the World Bank Ease of Doing Business Reports of 2016 and 2017.
- Kenya hosted the 7th edition of the EDBI conference that brought together over 376 participants from 26 countries in May 2016.
- The edition marked the largest representation by various African Countries and for the 1st time brought together countries from the West and Central African Countries under the theme: "*Digitizing Business - Leveraging ICT to enhance the Business Environment*".
- The EDBI is a peer-to-peer learning event aimed at facilitating knowledge sharing on Doing Business reforms among countries in the region; showcasing and facilitating replication of best practice and best fit; and ultimately paving the way for bigger and better business and investment flows in Africa.

4.1.5. Agro-Processing

Kenya is largely an Agricultural based country. More than half of Kenya's exports are related to agriculture. There is therefore need to identifying opportunities in agro-processing to unleash the potential of the manufacturing sector for investments and wealth creation by exploiting a wide range of natural and agricultural resources endowment in the country to form the basis of value addition.

The four strategic initiatives being undertaken to promote this sector are:

(i) Establishment of Agropolis,
(ii) Mombasa Food Hub,
(iii) Lamu Tuna Fish Canning Hub; and
(iv) Establishment of an Integrated Value Chain Project.

Implementation Status:

- The Concept Note on Agro-processing Initiative has been developed in and submitted Development Partners (Trade and Private Sector Donor Group) for funding.
- 5 sites totaling estimated 9,000 acres identified for Agroindustrial park sites across Kenya have been namely:
    i. Lord Egerton Agri-City in Njoro, Nakuru County: A 2,500 acre integrated Agro-industrial Park
    ii. Lake Victoria Industrial City, Muhoroni, Kisumu County: 200 acre integrated Agro-industrial park located in the 150,000 ha Nyando sugar-belt 60 km from Kisumu City.

iii. Menengai Agro-industrial Park (Geothermal Direct Use technology): Proposed 1000-acre geothermal direct use industrial park located in the Menengai Caldera within the Menengai Geothermal Site.
iv. Muguga Agro-industrial Park, KALRO Muguga: Proposed park will sit on a 4,000 acre farm within the Biotechnology Research Institute is situated at the Muguga KALRO Campus in Kiambu County approximately 40 km from Nairobi, off Nakuru-Nairobi Highway.
v. Malindi Agro-industrial Park: Located on the Mombasa-Malindi Highway

4.2. United Nations Development Assistance Framework (UNDAF)

The United Nations Development Assistance Framework (UNDAF) 2014-2018 outlines the four year plan of action in response to the needs of the Government of Kenya (GOK). It was launched on 26th March 2014 by H.E. the President of the Republic of Kenya. It established four Strategic Results Groups (SRGs). Each SRG focuses on one of the four strategic results areas namely Transformative Governance, Human Capital, Inclusive Economic Growth and Environment, Land Management and Human Security. The SRA#3 Group is to constitute a Technical Committee during the meeting to be held on October 23rd, 2014, to hasten the process of transacting business. The TC should be based on the individual ministry's strategic plans and work focus, a marching of government ministries under this UNDAF Result Area and the appropriate UN agencies

The Technical Committee will provide technical support and coordinate the implementation of the Strategic Result Group (SRG) 3, throughout the key stages of the UNDAF 2014-2018 implementation period. It is the technical arm of the SRG# 3.

The SRG 3 Technical Committee (TC) will offer technical support and coordination in the planning and designing, implementation and monitoring, evaluation and reporting of the UNDAF SRG#3 Joint Work Plan. Specifically, the TC will undertake the following:

1. Align the UN Joint work plan with focal ministries / state departments annual work plans to avoid duplication and synergize for better results and value for money.
2. Operationalize a monitoring and evaluation system with clear key performance indicators, baselines and targets at the outcome and output levels through undertaking quarterly joint monitoring missions.

3. Coordinate and prioritize quick win activities for implementation with greater impacts on communities livelihoods
4. Finalize and validate Terms of reference for UNDAF SRG#3
5. Provide technical support to Counties in the implementation of activities under the Aligned GoK-UN Joint Work plan (JWP).
6. Develop and operationalize a communication strategy for SRG#3 for information and knowledge sharing.
7. Support integration of gender issues into the Aligned Joint Work plan.
8. Provide Secretariat to SRG3 and compile quarterly progress report for sharing with GoK and the UN.
9. Identify opportunities for synergy building with the other three UNDAF Strategic Results Areas and advice on the best strategies for complementarity.
10. Provide technical guidance for operational planning, mid and annual review, advocacy and resource mobilization for SRG#3.

4.3. Green Growth Strategy

The Global Green Growth was initiated by the Danish Government in 2011 in collaboration with Korea and Mexico. In 2012 China, Kenya and Qatar joined the partnership. In 2014 Ethiopia became the 7th government partner. The Global Green Growth Advisory Board members from Kenya are Ministry of Environment and Natural Resources, BIDCO Group and Kenya Private Sector Alliance.

Green growth, as agreed at the 5th Ministerial Conference on Environment and Development in Asia and the Pacific, is a strategy for achieving sustainable development. It is focused on overhauling the economy in a way that synthesizes economic growth and environmental protection, building a green economy in which investments in resource savings as well as sustainable management of natural capital are drivers of economic growth. An economy which is in closer alignment with sustainable development objectives provides opportunities for using financial resources effectively to meet the development needs and reducing the vulnerability of socio-economic systems to environmental change and resource constraints.

Green growth strategies can help economies and societies become more resilient as they work to meet demands for food production, processing, industry, transport, housing, energy, and water. The strategies can help mitigate the impacts of adverse shocks by reducing the intensity of resource consumption and environmental impacts, while alleviating pressure on commodity prices. Green growth also offers competitive advantages to those countries that commit to policy innovations. The global market, for green goods and services is vast and growing fast, offering countries the dual benefit of prosperity and job creation.

Implementation Status

- A Green Growth Coordinating Secretariat has been formed to coordinate both the public and private sectors in the mainstreaming and implementation of green growth approaches, with a view to building synergies and complementarities, in order to enhance efficiency in program implementation and minimize wastage of resources
- A Green Economy Strategy (Medium Term Plan 2013-2017) is being developed to support efforts towards addressing key challenges such as; poverty, unemployment, inequality, environmental degradation, climate change and variability, infrastructure gaps and insecurity.
- The Green Growth Coordination Secretariat has spearheaded the development of the 1st multi-sectoral green growth programme document.

4.4. Knowledge Sharing Program

The Ministry signed a Project Proposal with Korea Trade – Investment Agency (KOTRA) on 31st October 2014 for implementation of a one year program for conducting a feasibility study on Industrial Clusters.

The objectives of KSP are:

i. Seek practical and useful Korean development experiences and provide policy interventions for establishment of Industrial Clusters in Kenya;
ii. Assist implementation of KSP policy recommendations through building capacity to manage, formulate and build institutions in policy-related areas; and
iii. Foster mutually beneficial relationships through tangible and functional approaches to support Kenya's Industrial and Economic Development.

Implementation Status

- Korea Government approved the project proposal and started the KSP Program in January 2015. The project is expected to end in March 2017.
- Korea Institute of Education and Technology (KIET) was contracted to oversee the program and held a policy demand seminar on 14th July 2015.

- KIET then undertook their 1st study from 15th – 17th July 2015 covering EPZA Athi River; Proposed Machakos Industrial Park; Kenya Vehicle Manufacturers Ltd and Kevian Ltd in Thika
- KIET did a follow up visit and study from 14th – 17th September 2015 that covered Olkaria Geothermal area; Proposed Suswa Industrial Park; Konza City; Proposed Leather City in Kenanie; NMC's and EAPCC's land in Athi River; Mombasa Port and Proposed SEZ site in Dongo Kundu.
- The Koreans have developed an interim report that is to be shared in Korea.
- A KSP Interim Report Seminar and a Kenya Investment Forum was held in Korea from 16th – 21st November 2015 where the PS led a delegation of 6 senior Officers.

4.5. Kenya Petroleum Technical Assistance Project (KEPTAP)

This project is financed by World Bank International Development Assistance (IDA) aimed at building capacity at the Oil and Gas Sector. The Project has four components as follows:

COMPONENT A: Petroleum Sector Reforms and Capacity Building (total costsUS$39.68 million). The objective of Component A is tosupport strengthening the capacity of the GoK's major institutions engaged in the developmentand governance of the petroleum sector to allow them to execute their mandates in a way that isconducive to investments while ensuring that safeguards and safety standards are met inaccordance with international standards.

COMPONENT B: Revenue and Investment Management- Reforms and CapacityBuilding (total costs US$9.40 million). The objective ofComponent B is to support strengthening GoK's capacity to manage revenue streams from thepetroleum sector for sustainable development impacts.

COMPONENT C: Sustainable Impact of Oil and Gas Industry Reforms and Capacity Building (total costs US$11.82 million). Theobjective of Component C is to support strengthening GoK's capacity to integrate the petroleumsector in its broader economy.

COMPONENT D: Project Management (total costs US$1.1 million). The objective of Component D is to support the GoK in managing and coordinating the Project and building its procurement, financial management, safeguardsmanagement, and monitoring and evaluation capacity through the provision of technical advisoryservices, training, acquisition of goods, and operating costs.

The State Department is implementing Component C aimed at Stimulating Local Goods and Services procurement (Developing local content policy and to Stimulate the development of downstream oil and gas industry

The direct beneficiaries are: (i) the government institutions and their staff involved in managing the petroleum sectorwho will benefit from capacity building; (ii) workers in the petroleum and auxiliary sectors,including firms that supply goods and services to the oil and gas operators, who will receiveemployment and relatively well paid incomes; and (iii) civil society and institutions, such asparliament, which will benefit from capacity building and from improved information on thepetroleum sector.

4.6. UNIDO Programmes

a. Ultra-Low/Head Micro-Hydro Projects

The project site is at Mwea where an Ultra Low Head- Micro -Hydro Plant is located. This is under the Low Carbon Low Emission Clean Energy Technology Transfer (LCET) Programme. The project is ongoing and supposed to end in August, 2017.

b. Waste To Energy Programme

This project is for converting agricultural waste to Energy.

c. Kenya Pharmaceutical Programme (Pharmaq)

The Kenya Pharmaceutical Programme has been ongoing since 2012 and is expected to end in 2019. The Kenya programme developed the "Kenya Pharmaceutical Sector Development Programme" and the "Kenya GMP Roadmap" which expects to help the sector attain Good Manufacturing Practices (WHO-GMP) by the sector. At the moment, two manufacturing firms in the sector have attained the standards and have been certified.

4.7. SMAP Programme (Standards and Market Access Programme)

The programme aims at enhancing market access and competitiveness of Kenya's animal and plant based products, through greater adoption of relevant international standards and improved regulation and enforcement in the country.

The project has three specific objectives:

a) To contribute to the domestication of international standards for animal and plant-based products;
b) To enhance the capacities of the key Kenyan institutions in the enforcement of standards for animal and plant- based products and in service delivery;
c) To broaden the demand for SPS testing and standardization in animal and plant based products.

4.8. Kenya Youth Employment and Opportunities Project (KYEOP) funded by World Bank IDA

The project development objective is to increase employment and earnings opportunities for targeted youths. Specifically the project will provide support in (i) addressing the skills mismatch of youth by engaging training providers and private sector employers to offer training and work experience to the targeted youths (ii) responding to the need for job creation with initiatives to help launch new businesses, improve the productivity and job creation potential of existing micro-enterprises and among self-employed youth, and support innovative approaches to improve job earning opportunities among the hard to serve youth, and (iii) improve access to and quality of labour market information to help the public and private actors make decisions and formulate policies. The implementing agency within this Ministry is Micro and Small Enterprises Authority (MSEA).

4.9. SMAP Programme

The Standards and Market Access Program (SMAP) is a project funded through EDF contribution of € 12.1 million. The programme aims at enhancing market access and competitiveness of Kenya's animal and plant based products, through greater adoption of relevant international standards and improved regulation and enforcement in the country.

The project has three specific objectives:

a) To contribute to the domestication of international standards for animal and plant-based products;
b) To enhance the capacities of the key Kenyan institutions in the enforcement of standards for animal and plant- based products and in service delivery;

c) To broaden the demand for SPS testing and standardization in animal and plant based products.

Current Status

- The Financing Agreement was signed on 6th August 2013. The implementation period is 4 years ending 5th August 2017 followed by a two-year closure period ending 5th August 2019.
- The total EDF contribution is €12.1 million. The Kenya Bureau of Standards (KEBS) will implement its components through Programme Estimates (PEs), following EU procurement and programme implementation rules.
- In Result 1, Standards covering 6 agro-food subsectors will be developed through Technical Committees, approved and gazetted. In addition, SMAP will support establishment of technical regulations for industrial products enforceable under KEBS mandate. Internal Standard Operational Procedures for KEBS will also be reviewed to adopt risk based approaches in standards development, metrology and conformity assessment. KEBS conformity assessment officers in the regions and border points will be trained on the new requirements. There will also be publicity activities for the National Food Safety and Quality Standards.
- In Result 2, KEBS will expand its scope of analysis and develop and implement a risk- based Residues and Contaminants Monitoring Plan There will also be activities related to capacity building for technical staff including laboratory analysts, Certification body auditors, trainers as well as quality assurance and Inspection officers.
- KEBS will also contribute to Result 3, which will be implemented by UNIDO under a direct contribution agreement with the European Union, by providing inputs, technical advice and training in its area of competence for training programmes for the Private Sector.
- KEBS has set up a Project Implementation unit, composed of a Project Coordinator and appointed officers from the Departments of Standards Development, Quality Assurance and Inspection, Testing Laboratories & Metrology, Certification Body, National Quality Institute, ICT and Marketing.

5.0. Challenges facing the State Department

The following have hampered or slowed down the implementation progress of the development programmes and projects:-

i. Inadequate Budgetary Allocations, delays in exchequer releases and budgetary cuts;

ii. Inadequate human resources for deployment in the various programmes and projects (compounded by freeze in public recruitment);
iii. Unavailability of industrial land to provide worksites, and for industrial establishments;
iv. Inadequacy in policy environment and cumbersome business environment that does not facilitate the private sector;
v. Delays in enactment of the following legislation:
    - Draft Kenya Accreditation Service Bill, 2017
    - Draft Kenya Industrial Research and Development Institute Bill, 2017
    - Draft Geographical Indicators Bill, 2017
    - Draft Kenya Investment Policy
    - Trade Marks Bill, 2016
vi. Lack of Government Support/Guarantees for securing lines of credit; and or restructuring of the Balance Sheets for the Development Finance Institutions under the Ministry.