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PROGRAMME PLANNING AND IMPLEMENTATION

Country, intercountry and global programmes

EXTENSION OF THE FIFTH COUNTRY PROGRAMME FOR KENYA

Note by the Administrator

<u>Period of extension</u>	<u>Resources</u>	<u>\$</u>
1993	IPF for extension period	9 000 000

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I. JUSTIFICATION

1. The fifth country programme for Kenya was approved by the Governing Council in June 1988 at its thirty-fifth session for the programme period January 1987 to December 1991. The mid-term review was held in March 1990, at which time it became clear that the programme was inadequately focused and that there were problems relating to the attainment of its broad objectives. It was subsequently redefined with four subcategories of activity, namely, small-enterprise development, economic management, rural development and assistance to technical areas, and extended for a period of one year, beginning 1 January 1992.

2. The Government of Kenya has now requested a further extension, through December 1993, to ensure the synchronization of the sixth programme period with the seventh five-year development plan, 1994-1998, and to provide an additional transition period for phasing out projects which are not in the areas of concentration envisaged for the sixth programme but are characterized by activities vital to the realization of major outputs. The extension would also make it possible to assess economic and other policy changes emanating from the major reforms and the democratization process initiated in recent months and reflecting the return to a multiparty electoral process.

3. The conclusions reached and the recommendations made in the course of the fifth programme evaluation conducted in January 1992 indicated a need to refocus the programme, consolidating its major achievements and concentrating the resources allocated to it on small-enterprise development and economic management, where UNDP has comparative advantages vis-à-vis other donor agencies. Owing to the extensive contribution made by the Government to the evaluation and to the subsequent dialogue with UNDP, these subcategories of activity were confirmed as priority areas for UNDP support. The one-year extension proposed will enable the Government, in collaboration with UNDP, to further define the concentration of programme activities on small-enterprise development and human resources development for improved economic management capacity.

II. OBJECTIVES

4. The long-term national objective is to mobilize and utilize limited domestic and external resources so as to achieve sustainable development and improve the quality of life in the country. In its efforts to realize this objective, the Government formulated a national programme on resource mobilization for sustainable development to serve as a cornerstone in the preparation of the seventh development plan and began to design strategies to promote employment and the development of income-generating activities.

5. The original focus of the fifth country programme was employment generation as a major development goal. The main objectives of this area of concentration were: (a) development of an improved enabling environment for policy formulation, design and integration; (b) adoption of strengthened national programmes relating to self-employment; (c) promotion of sustained employment

programmes; (d) increased efficiency and productivity in selected public services.

6. From the mid-term review, it was concluded that although the programme was designed around an appropriate theme, it was inadequately focused, resulting in project proliferation and difficulties in implementation and necessitating a redefinition of the broad employment theme into subcategories with the following IPF resource distribution: 29.1 per cent to small-enterprises development; 28.9 per cent to economic management; 22.4 per cent to rural development; 13.4 per cent to technical areas and 6.2 per cent to miscellaneous areas. These refocused objectives remained broadly valid during the 1992 programme extension period.

III. PROGRAMME DESCRIPTION

7. The fifth programme focus on employment is being further defined and sharpened, the idea being that activities will be concentrated in the following two programme areas during the additional one-year extension period (1993) and expanded upon in accordance with the suggestions made in the UNDP advisory note on the sixth country programme.

Area I - Human resources development for improved economic management capacity

8. The programme activities envisaged in this area are aimed at strengthening institutional, administrative and managerial capacities for designing and implementing policies which help to promote high levels of employment and translate economic growth into human well-being. These activities will focus on enhancing capacities for economic management and for implementation in selected national institutions. Specific activities will relate to policies on population, HIV/AIDS, health, water, education and housing and to natural-resources management, questions pertaining to the environment, drought recovery and the coordination of aid.

Area II - Small-enterprise development and employment

9. Since businesses in this category constitute a major source of income and a potential means of alleviating poverty among the urban and rural poor, the activities undertaken in this area will focus on private-sector initiatives related to small and medium-sized enterprises, promoting entrepreneurship, technical training and the development of credit schemes for small enterprises. They will also include measures for improving the enabling environment for the development of small and medium-sized enterprises through policy reforms aimed at strengthening non-traditional and traditional (bank) lending to the sector through the reorientation of priorities. Specific activities will be mounted for the expansion of programmes relating to women entrepreneurs. These activities will focus on business counselling and extension services for women.

IV. EXPECTED RESULTS

10. In the area of human resources development for improved economic management capacity, the results expected from the proposed extension include the consolidation of programme activities in the fields of public-sector management and drought recovery; an increased role for women in policy-making and management thanks to the availability of structured local training in policy development and implementation in the context of the civil service reform programme; the expansion and operation of a parastatal database and management information system (MIS) in the context of the parastatal reform programme; the establishment of a national human development strategy; the promotion of programmes and initiatives designed to offset the negative socio-economic impact of HIV/AIDS and the formulation of a programme on the coordination and management of aid.

11. In the area of small-enterprise development and employment, the extension is expected to result in a situation analysis of urban and rural poverty and targets for cooperation in the area; the establishment and operation of a database on small-enterprise development; the promotion of policy reforms as regards the regulation of micro, small and medium-sized enterprises leading to enhanced private-sector participation in national development; the establishment of implementable programmes on relevant operational policies covered in Sessional Paper No. 2 on small-enterprise development and employment; the achievement of improved access by women to credit for small-enterprise development and an increase in their participation in related community development activities; the preparation of an environmental overview for the sixth country programme and of environmental awareness programmes and an increase in the use of resources under GEF, the Africa 2000 Network and Capacity 21 and the design and operation of a programme on the effective transfer, acquisition, dissemination and adaptation of technologies used for small-enterprise development and for the promotion of quality control.

V. COORDINATION

12. Consultations will be held with EC, the World Bank, Canada, Denmark, Japan, the Netherlands, Sweden, the United Kingdom and the United States with regard to programme activities and possibilities for cost-sharing in the areas of civil service reform, parastatal reform, the promotion of the private sector and the alleviation of poverty. Mechanisms for coordinating programme activities are in place. These include monthly donors meetings chaired jointly by the World Bank and UNDP; donor subcommittees on small-enterprise development, non-governmental organizations, the socio-economic impact of HIV/AIDS, gender in development and other topics and local donor consultative meetings with the Government (Ministry of Finance) on policy reforms. Within the United Nations family, coordination and complementarity as regards key areas in the extension of the fifth country programme and the sixth programme are ensured by JCGP and UNDMT. Coordination is also ensured for activities supported by bodies such as UNIFEM and UNSO.

VI. RECOMMENDATION

13. The Administrator recommends that the Governing Council approve the second extension of the fifth country programme for Kenya.

VII. FINANCIAL SUMMARY

ESTIMATED RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

	\$
A. <u>Ongoing country programme</u>	
Fourth cycle IPF	40 767 000
Third cycle carry-over	6 185 000
1987 expenditure	(5 589 000)
Less fourth-cycle carry-over	(6 101 000)
Estimated expenditure for 1992	<u>12 000 000</u>
Subtotal	47 262 000
B. <u>Anticipated resource needs for extension period</u>	
IPF	<u>9 000 000</u>
Total	<u>56 262 000</u>
C. <u>Fifth-cycle balance available after extension period</u>	
Fifth-cycle IPF	46 548 000
Fourth-cycle carry-over	6 101 000
Less 1992 estimated expenditure	(12 000 000)
Anticipated resource needs for 1993	<u>(9 000 000)</u>
Total	<u>31 649 000 a/</u>

a/ Of this amount only \$20,012,000 can be applied to programming because of the 25 per cent unprogrammed reserve of \$11,637,000.

