



# **MICRO AND SMALL ENTERPRISES AUTHORITY**

## **STRATEGIC PLAN 2020-2024**


### **STAKEHOLDERS FORUM**

**30<sup>TH</sup> APRIL 2021**



## A JOINT EFFORT OF

- Micro and Small Enterprises Authority (MSEA)
- MSEAs Internal and External Stakeholders
- Ministry of Industrialization, Trade and Enterprise Development
- United Nations Department of Economic and Social Affairs (UN-DESA)



MSEA SP 2020-2024 is formulated with the technical and financial assistance from the Division for Sustainable Development Goals, United Nations Department of Economic and Social Affairs (DSDG/DESA)



# WORKSHOP OBJECTIVES

- To expose the stakeholders to the MSEA Strategic Plan
- To get inputs from the stakeholders for purpose of value addition and inclusion
- To adopt stakeholders contributions as appropriate



# THE PROCESS

- Make a presentation of the highlights of the Strategic Plan
- Invite inputs on substance of the Strategic Plan from the stakeholders
- Incorporate stakeholders input

# SP STRUCTURE

- Background information of the MSEA, and the rationale, methodology and organization of the Plan
- Kenya's development challenges at the Global, Regional and at National level
- Kenya's development agenda
- Role of the organisation vis-à-vis the national development agenda
- Achievements made by MSEA so far
- Challenges and Lessons learnt

# SP STRUCTURE

- Analysis of both the external and internal environments
- Strategic model - MSEA's vision, mission, core values, key result areas and objectives
- Coordination Framework
- Capacity - the organizational structure responsible for the successful integrated implementation of the Plan
- Resource flows, looks at the resource needs and sources
- Accountability and risk, effective Implementation, Monitoring, Evaluation, Reporting and Learning

# Achievements

The following are some of the milestones of the Authority during the last seven years:

- 1) Advocacy of MSE issues at National Level
- 2) Collaborated with county governments, donor agencies including ILO,UN-DESA
- 3) Continuous capacity building of the Board through training, seminars, workshops and exposure visits
- 4) Developed draft MSE worksites management and associated registration Regulations
- 5) Developed the National MSE coordination Strategy
- 6) Development of operational manuals
- 7) Enhanced institutional capacity through recruitment of staff and development of policies





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- 8) Establishment of Biashara Centre
- 9) Facilitated 10,971 MSEs access to markets through ASK shows and exhibitions
- 10) Facilitated 2,768 MSEs access to the EAC markets through EAC jua kali, nguvu kazi exhibitions
- 11) Formulation and review of the Strategic Plan
- 12) Gender mainstreaming of the MSE sector
- 13) Implementation of MSE legal framework
- 14) Initiated deployment of staff to counties to improve on service delivery on the ground

# Continued.....

- 15) Issued business start-up/expansion grants to 1070 youth through the KYEOP programme
- 16) Lobbying for sector funds
- 17) Made progress towards enhancing visibility of the sector to relevant stakeholders through the media and other fora
- 18) Mobilized resources from donors (World Bank) amounting to Kshs.2.52B under the Kenya Youth Employment and Opportunities Project
- 19) Offered internship and apprenticeship to the youth
- 20) Offered short training on entrepreneurship and Management to 14,833 MSEs
- 21) Recruitment of MSEA staff
- 22) Refurbished and operationalized Constituency Industrial Development Centres (CIDCs)
- 23) Initiated review of sessional paper (2) of 2005 on development of MSE for wealth and employment creation for poverty reduction



## Challenges faced

During the strategic period under review, the Authority and the Sector faced the following challenges:

- 1) Bureaucracy in management, process and procedures
- 2) Duplication and conflict of roles by other players and agencies
- 3) Dynamic nature of technological landscape
- 4) Entry barriers (both formal and informal)
- 5) Grabbing of MSE worksites and land
- 6) Historical social, economic cultural issues causing serious barrier to technology diffusion in the country
- 7) HIV and AID'S, TB, Malaria and now Covid-19

## Continued.....

- 8) Inadequate access and affordability of financial resources by MSEs
- 9) Inhibitive legal and regulatory environment
- 10) Lack of a comprehensive Monitoring and Evaluation policy
- 11) Lack of maintenance of existing infrastructure and worksites
- 12) Lack of relevant data on MSEs
- 13) Lack of ownership and documentation of the worksites
- 14) Limited access to market information
- 15) Limited linkages with medium and large enterprises
- 16) Unfavorable taxation regime

# Continued.....

- 17) Low standardization, certification and absorption of locally developed content and manufacturing solutions
- 18) Low Market competition occasioned by Globalization
- 19) Misinterpretation of MSEA mandate under county governments
- 20) Rapid and unavoidable need for access to ICT infrastructure and services
- 21) The increasing MSE's base both as a result of improved service delivery in some areas, increase in MSE's demands and awareness of their rights
- 22) Constraint access to credit
- 23) Inadequate finance for vertical expansion and diversification

# Continued.....

- 24) Inadequate linkages with medium and large enterprises through subcontracting and franchising
- 25) Underdeveloped and fully serviced MSEs cluster/worksites
- 26) Inappropriate access to public (National, County and Parastatals) procurement and tenders
- 27) Weak MSEs Associations linked to industry players.
- 28) Inadequate mechanisms for internationalization for MSEs
- 29) Absence of skills upgrading programmes for MSEs employees for enhancing business creation
- 30) Inappropriate mechanisms for acquired appropriate and modern technology for enhancing competitiveness
- 31) Poor infrastructure and utilities development and maintenance and escalating costs.



# STRATEGY ELEMENTS

## MOTTO

*Entrepreneurship  
transforming Kenya*



# VISION

*A vibrant coordinated Micro  
and Small Enterprises driven  
economy*





# MISSION

*To promote, develop and regulate globally competitive and sustainable micro and small enterprises*



## CORE VALUES

1. *Collaboration*
2. *Innovation*
3. *Equity*
4. *Integrity*
5. *Sustainability*



## KEY RESULT AREAS

- 1. Promotion*
- 2. Development*
- 3. Regulation*
- 4. Institutional Capacity*

# STRATEGIC OBJECTIVES

1. *To create conducive operating environment*
2. *To increase MSEs market access*
3. *To provide suitable facilities and adequate funding for MSEs*
4. *To foster entrepreneurship and technical skills in MSE sector*
5. *To develop and promote gender participation and inclusion of youth and vulnerable groups*
6. *To initiate and implement formalization of the MSE sector*

## **CONTINUED.....**

- 7. To coordinate sector players and facilitate integration of programmes and activities***
- 8. To establish prudent management and mobilization of resources***
- 9. To leverage on information communication technology***
- 10. To attract, develop and retain competent staff***
- 11. To Institutionalize corporate governance***



# **KRA 1: PROMOTION**

## **STRATEGIC OBJECTIVE 1: To create conducive operating environment**

### **Strategies:**

- Formulate an enabling policy/operational environment for MSE formalization
- Enhance County Governments collaborations
- Develop partnerships with local, regional and international stakeholders
- Partner with Small Business Administration like (SBA) of the US and Enterprise Singapore



## **STRATEGIC OBJECTIVE 2: To increase MSEs market access**

### **Strategies:**

- Facilitate MSEs to access County, National, Regional and International markets
- Ensure implementation of the MSE public procurement policy





# **KRA 2: DEVELOPMENT**

## **STRATEGIC OBJECTIVE 1: To provide suitable facilities and adequate funding for MSEs**

### **Strategies:**

- Develop, upgrade, refurbish the MSE workspace Infrastructure
- Establish County MSE Centres of Excellence / incubation centres in specific MSE worksites
- Develop MSEs Industrial Parks
- Operationalize the MSE Fund
- Establish MSE Levy
- Link MSEs to financial institutions and other sources of Funds

## **STRATEGIC OBJECTIVE 2: To foster entrepreneurship and technical skills in MSE sector**

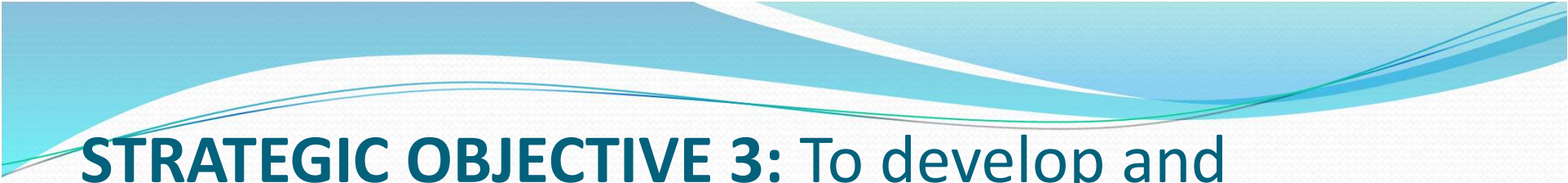
### **Strategies:**

- Collaborate with research, education and training institutions in the development and implementation of technical and entrepreneurship curricula
- Improve product quality and competitiveness
- Support value addition in agribusiness, trade and services



## CONTINUED.....

- Facilitate technology acquisition, adoption and adaptation
- Protect intellectual property rights
- Promote quality standards and standardization of MSE products and services
- Promote research and development



## **STRATEGIC OBJECTIVE 3:** To develop and promote gender participation and inclusion of youth and vulnerable groups

### **Strategies:**

- Mainstream Youth, Women and Vulnerable Groups
- Mainstream HIV/AIDS and anti-COVID-19 initiatives
- Address issues of social and health concerns
- Mainstream Disability
- Undertake impact assessment to understand the challenges, demands and gaps faced by women and youth led MSEs



# **KRA 3: REGULATION**



## **STRATEGIC OBJECTIVE 1:** To initiate and implement formalization of the MSE sector

### **Strategies:**

- Operationalize the office of the registrar of MSEs Associations
- Register MSE Associations and Umbrella Organizations
- Review and harmonize laws, rules and regulations relevant to MSEs
- *Explore the cooperative model*



## **STRATEGIC OBJECTIVE 2:** To coordinate sector players and facilitate integration of programmes and activities

### **Strategies:**

- Develop National MSE coordination Strategy
- Develop stakeholders' monitoring and evaluation framework
- Review Sessional Paper No. 2 of 2005 on Development of MSEs for Wealth and Employment Creation for Poverty Reduction





# **KRA 4: INSTITUTIONAL CAPACITY**



## **STRATEGIC OBJECTIVE 1:** To establish prudent management and mobilization of resources

### **Strategies:**

- Develop and implement annual plans
- Develop and implement internal control systems
- Enhance efficiency in utilization of funds
- Implement Monitoring, Evaluation, Reporting and Learning strategy



## CONTINUED.....

- Review and institutionalize a sound Performance Management Framework
- Develop risk management framework
- Secure MSEA Land
- Mobilize resources



## **STRATEGIC OBJECTIVE 2:** To leverage on information communication technology

### **Strategies:**

- Enhance information generation, gathering and dissemination
- Establish a dynamic and sustainable ICT Infrastructure & Connectivity



## **STRATEGIC OBJECTIVE 3:** To attract, develop and retain competent staff

### **Strategies:**

- Undertake Human Capital Planning and Policy development
- Establish an optimal staff size
- Improve performance management and reward system
- Enhance staff training and development
- Improve staff welfare
- Establish succession planning and management framework
- Improve on the Work Environment



## **STRATEGIC OBJECTIVE 4:**To institutionalize corporate governance

### **Strategies:**

- Adopt good corporate governance practices
- Mainstream HIV/AIDS, drug and substance and Gender issues in the Authority
- Strengthen Corporate communication policy



## **PART TWO**

- **Strategy Implementation framework for the year 2021/22**



# ANNUAL IMPLEMENTATION FRAMEWORK

- A combination of Balanced Score Card & Performance Contracting
- Balanced score card for tracking
- Performance contracting for reporting





# THE BALANCED SCORE CARD

1. Customer Perspective
2. Financial Perspective
3. Internal processes Perspective
4. Learning and Growth Perspective

# AT CORPORATE/DG LEVEL

- 1. Perspective
- 2. Strategic objective
- 3. Activities
- 4. Performance indicators
- 5. Targets
- 6. Weight in %
- 7. Quarter
- 8. Responsible person



## DIRECTORS & HODS

- Extract activities in their areas of responsibilities
- Perspective
- Strategic Objectives
- Activities
- Performance indicators
- Targets weighting in %
- Quarter



# PERFORMANCE CONTRACTS

- The matrixes will be used to negotiate performance contract targets
- MSEA Board
- Director General/Board
- Directors & HoDs/Director General
  
- All these will be subjected to the monitoring, evaluation, reporting & learning



# PERFORMANCE REPORTING TOOL

Reports will be prepared and submitted quarterly and annual basis

- Perspective
- Objectives
- Activities
- Performance indicators
- Predetermined targets
- Predetermined weights of targets
- Achieved targets
- Performance weights in %



# RESOURCE MOBILIZATION

The Authority will mobilize financial resources for its activities as follows:

- Seek enhanced Budgetary allocations from government
- Development partners and donors
- Operationalize MSEA Fund
- Establish MSE Levy
- Income from worksites and centres of excellence



## CONTINUED.....

- Fines and filing fees from the MSE Tribunal
- Participation fees for local and regional trade fairs and exhibitions
- Registration fees from MSE Associations and umbrella organizations

# Role of MSEA in SDGs

Sustainable Development Goals	Role of MSEA
<b>Goal No. 1: No Poverty</b>	<ul style="list-style-type: none"><li>▪ Assisting MSEs to access finance, BDS and markets for enhancing income for MSE owner managers, employees and families contributing to poverty reduction.</li><li>▪ Entrepreneurship and technical skills development to MSEs</li><li>▪ Improve MSEs product competitiveness</li><li>▪ Provide Market Access to MSEs</li><li>▪ Provide worksite and common user facilities</li><li>▪ Promotion of agribusiness and value addition</li></ul>



# Continued.....

<b>Goal No. 2: Zero hunger</b>	<ul style="list-style-type: none"><li>▪ Promotion of agribusiness</li><li>▪ Entrepreneurship skills development to MSEs</li><li>▪ Collaboration on food security initiatives as stipulated in the Big Four</li></ul>
<b>Goal No. 3: Good Health and well-being</b>	<ul style="list-style-type: none"><li>▪ Collaboration with other partners to train MSEs on work place safety and health</li><li>▪ Sensitization of MSEs on HIV/AIDs, Drug abuse</li><li>▪ Sensitization of MSEs on COVID-19</li><li>▪ Collaboration with stakeholders on post Covid-19 initiatives</li></ul>

# Continued.....

<b>Goal No. 5: Gender Equality</b>	<ul style="list-style-type: none"><li>▪ Mainstreaming Gender in all MSEA programs and activities</li><li>▪ Seek funding for women entrepreneurs</li></ul>
<b>Goal No 6: Clean Water and Sanitation</b>	<ul style="list-style-type: none"><li>▪ Collaborate with relevant stakeholders to sensitize MSEs on work place environment and sanitation</li><li>▪ Collaborate with NEMA as appropriate</li></ul>

# Continued.....

<b>Goal No 7: Affordable and Clean Energy</b>	<ul style="list-style-type: none"><li>▪ Promote MSEs that produce green energy solutions</li><li>▪ Sensitize MSEs on use of green energy</li><li>▪ Collaboration with stakeholders on promotion and absorption of green energy</li><li>▪ Lobby Government for subsidized energy for MSEs</li></ul>
<b>Goal No. 8: Decent work and economic growth</b>	<ul style="list-style-type: none"><li>▪ Provision of work space and common user facilities for MSEs</li><li>▪ Sensitization on workplace occupational hazards and safety</li><li>▪ Sensitization on existing labour laws</li><li>▪ Collaborate with stakeholders to sensitize MSEs on health insurance and retirement benefit schemes</li></ul>

# Continued.....

## **Goal No. 9: Industry, Innovation and Infrastructure**

- Provide workspace and common user Manufacturing facilities
- Promote agribusiness through value addition to agricultural products
- Entrepreneurship and technical skills development to MSEs
- Improved quality and competitiveness of MSEs products
- Acquisition and development of MSEs worksites
- Refurbish, equip and ensure accessibility to CIDCs
- Provide incubation facilities to MSEs
- Technology acquisition and transfer of skills to MSEs
- Market access through online platforms

# Continued.....

<b>Goal No. 10: Reduced inequalities</b>	<ul style="list-style-type: none"><li>▪ Gender Mainstreaming in programs and activities</li><li>▪ Inclusion of vulnerable groups in programs and activities</li><li>▪ Regional balance in access to opportunities and resources</li></ul>
<b>Goal No 12: Responsible Consumption and Production</b>	<ul style="list-style-type: none"><li>▪ Adherence to cleaner production</li><li>▪ Sensitize MSEs on proper industrial waste disposal</li><li>▪ Promotion of quality products by MSEs</li><li>▪ Sensitization of MSEs on standardization of products and services</li><li>▪ Lobby for consumer protection through stakeholder collaboration</li></ul>

# Continued.....

<b>Goal No. 14:Life Below Water</b>	<ul style="list-style-type: none"><li>▪ Form association of MSEs involved in the blue economy</li><li>▪ Provide relevant common user facilities</li><li>▪ Sensitization of MSEs on water pollution</li><li>▪ Sensitization of MSEs on opportunities in the blue economy</li></ul>
<b>Goal No. 15:Life on Land</b>	<ul style="list-style-type: none"><li>▪ Promote agribusiness through value addition to agricultural products</li><li>▪ Entrepreneurship and technical skills development to MSEs</li><li>▪ Sensitization of MSEs on environmental pollution and conservation</li></ul>



# Continued.....

<b>Goal No. 17: Partnerships to achieve goals</b>	<ul style="list-style-type: none"><li>▪ Collaborate with relevant stakeholders to achieve in program implementation</li><li>▪ Resource mobilization</li><li>▪ Collaboration on favourable policy formation</li></ul>
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# Role of MSEA in Africa Agenda 2063

## **Aspiration No. 1:**

A Prosperous Africa, based on inclusive growth and sustainable development

- Promote MSEs development contribution in economic growth
- Formalization of MSEs
- Promotion of Entrepreneurship culture
- Promoting access to enabling business environment



# Continued.....

**Aspiration No. 3:**

An Africa of good governance, democracy, respect for human rights, justice and the rule of law

- Strengthening the governance capacity of the existing umbrella and sectoral MSEs associations to comply and operate democratically
- Promote Governance through formation of MSEs Associations
- Promote democracy through regular election of Leadership of MSE
- Implement rule of law



# Continued.....

**Aspiration No. 6:**

An Africa whose development is people driven, relying on the potential offered by people, especially its women, youth and caring for children

- Entrepreneurship skills development
- Promote participation in terms of gender, youth and vulnerable groups
- Hold consultative forums with key stakeholders
- Provide youth with business start-up grants and BDS

# The East African Community Vision 2050

- The EAC Vision 2050 articulates the dreams and aspirations of the East African people and makes a commitment to what they will do to achieve these dreams. It follows closely on the development of the African Union Agenda 2063, which articulates the aspiration of all the people of the African continent. The vision is grounded on four pillars; Custom Union, Common Market, Monetary Union and Political Federation. The Authority's role will mainly be within the pillar of Common Markets, seeking Market access to and for MSEs. This will involve holding consultative forums with key stakeholders in East Africa.



# MSEA's role in implementation of the Third Medium Term Plan

MSEA will play its role in implementing MTP III by doing the following:

- 1) Promoting industrial dispersion and balanced economic development in the country through development of MSE workspace infrastructure;
- 2) Implementing MSEs development programmes that improve productivity, sustainability and competitiveness of MSEs;
- 3) Promoting value addition to agricultural products through agro/food processing (Dairy, Meat, fish, Animal feed, sugar, Fruit & Vegetables, Poultry, Piggery, pyrethrum, cotton and others);
- 4) Promoting research, technology and innovation through strengthening the innovation & entrepreneurship ecosystem of MSEs;
- 5) Provide for research based prioritization for value chain for MSEs engagement;
- 6) Implementing suitable funding opportunities for MSEs.

# Role of MSEA in the Big Four Agenda

<b>1) Manufacturing</b>	<ul style="list-style-type: none"><li>▪ MSEA Provides workspace infrastructure and common user manufacturing facilities.</li><li>▪ Acquisition and development of MSEs worksites.</li><li>▪ Refurbish, equip and ensure accessibility to CIDCs.</li><li>▪ Provide incubation facilities to MSEs.</li><li>▪ Technology acquisition and transfer of skills to MSEs.</li><li>▪ Sensitize the public on entrepreneurship.</li><li>▪ Seek opportunities for SMEs to make components for big manufacturing organizations.</li></ul>
<b>2) Affordable housing</b>	<ul style="list-style-type: none"><li>▪ MSEA is key enabler in the housing as the MSE sector provides key materials and labour supportive to housing.</li><li>▪ Encourage youth to be involved in housing projects.</li></ul>

# Continued.....

<b>3) Food Security</b>	<ul style="list-style-type: none"><li>▪ MSEA promotes, develops and regulates agri-business, which directly prescribes to higher food production even as it promotes trade in agricultural products.</li><li>▪ In pursuit of agri-business, food production will be generated as a start of the agri-business value chain.</li></ul>
<b>4) Universal Health care</b>	<ul style="list-style-type: none"><li>▪ MSEA promotes and supports MSEs that produce Health equipment such as Ventilators and Personal Protective Equipment's (PPEs).</li><li>▪ MSEA will sensitize its members to register with available health schemes.</li><li>▪ MSEA will sensitize its members on observing government Covid-19 protocols.</li></ul>

# **MSEAs MEASURES TO FIGHT COVID - 19**

## **Short Term Measures**

- 1) Re-opening the suspended/closed fresh produce and livestock market through stakeholder engagement -** Counties to allocate additional temporal areas where land is available and relocate these traders instead of closing the markets and ensure the markets operates within the directive.
- 2) Upscale sharing of simplified information on COVID -19 to MSEs-** Authority to support ground sensitization of MSEs on the need to adhere to the COVID -19 directives such as observing social distance, washing of hands and sanitization.



## Continued.....

- 3) **Provide hand washing facilities and clean water to MSE clusters** - Establish MSE clusters requiring hand washing facilities and provide tanks and clean water.
- 4) **Expedite Government Procurement Procedures**–The Authority to immediately procure products/services related to the prevention of COVID-19 from local MSEs - e.g. sanitizers, Hospital Beds, Water washing tanks, dust bins.
- 5) **Subsidize operational service fee for MSEs at workspaces**– The Authority to subsidize service fee charges for MSEs accessing the workspace and common machinery.





## **Long term /Post Covid-19 Measures**

- 1) **Grants for MSEs-** In order to cushion MSEs better, the Government could mitigate by issuing grants to business within the MSE sector. This would help in bridging the gap that the current situation has created by addressing financial constraints caused by the effect of Covid-19 in the Kenyan Economy.
- 2) **Suspension of Consumer and Small Business Loan Repayments-** Loan Obligations by directly affected persons be deferred for a period of at least 3 months or until this pandemic is contained and a moratorium on interest payment be extended to all loans and credit notes during the period of the Pandemic. This will help MSEs to withstand the crisis by eliminating debt payments for the duration of the crisis at a time when many Kenyans will be confined in their homes, which will deter them to work and earn themselves an income. Furthermore borrowers with payment suspensions should not be subjected to accrue any interests or fees during the payment suspension period and should be provided other favourable options to repay their loans.



# Continued.....

- 3) **Tax Rebate for MSEs** – This initiative would relieve MSEs since the tax liability will have reduced to about 50% due to the pandemic. Therefore a rebate of taxes paid in excess would be necessary.
- 4) **Affordable Loans to ALL directly affected MSEs**-The National Treasury in collaboration with other selected financial institutions to make available guaranteed interest free business loans to MSEs that have been affected directly by the Pandemic with a moratorium of at least six month or for the duration of the pandemic. These loans are meant to cater for recurrent expenditure like paying salaries of employees and other requisite fixed over heads during the pandemic period.

## Definition of MSMEs components(WB)

- According to the World Bank, Micro, Small and Medium Enterprises (MSMEs) are defined as follows – micro enterprises: 1–9 employees; small: 10–49 employees; and medium: 50–249 employees. However, the local definition of MSMEs vary from country to country, and is based not only on number of employees, but also by inclusion of other variables such as turnaround and assets. MSMEs play an important role in the wider eco-system of firms. Start-ups and young firms, which are generally small or micro firms, are the primary source of net job creation in many countries and are the driving force of innovation and sustainability in the private sector. There are about 365-445 million MSMEs in emerging markets: 25-30 million are formal SMEs, 55-70 million are formal micro, and 285-345 million are informal enterprises.



***THANK YOU***