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**KENYA INDUSTRIAL TRAINING INSTITUTE (KITI)  
ENTREPRENEURSHIP DEVELOPMENT PROGRAMME**

DP/KEN/87/012

**KENYA**

**Technical report: Preparatory assistance mission\***

Prepared for the Government of the Republic of Kenya  
by the United Nations Industrial Development Organization,  
acting as executing agency for the United Nations Development Programme

**Based on the work of A. Canellas and Brian V. Keane,  
consultants in small industry/business development**

Backstopping officer: C. Antonio  
Institutional Infrastructure Branch

United Nations Industrial Development Organization  
Vienna

3a/21

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\* This document has not been edited.

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## ABSTRACT

The objective of the activity, which lasted two months was to develop a project aimed at strengthening and reorienting K.I.T.I. The restructured K.I.T.I. would have a capability of developing programme participants so that a target of 40% would enter self-employment, start microenterprises or expand existing ones, thus contributing to Kenya's pressing job creation drive.

The consultants interviewed key government personnel, representatives of economic development agencies and credit institutions. On the spot visits were made to Jua-Kali (microenterprises) sites, industrial training centres/polytechnics, and enterprises in leased industrial sheds. In depth discussions were held with the Principal and staff of K.I.T.I. during two visits to Nakuru.

The Project Formulation Framework was presented to the UNDP Project Appraisal Committee (PAC) in Nairobi and approved subject to the incorporation of some amendments. The draft project document was subsequently prepared by the consultants.

The main conclusions and recommendations for action in the implementation of the project are:

1. K.I.T.I. needs organization strengthening including appointment of a Chairman and Representative Board to facilitate policy development and linkages, the establishment of senior posts of Director of Technical Operations, Director of Administration.

2. The Institute requires upgrading in terms of the level, quality and delivering of entrepreneurial business and technical skills with a practical bias. This, coupled with entrepreneurial orientation of activities, is necessary for microenterprise creation and development targets to be met.
  
3. Linkages must be established with Credit Institutions (in particular KIE) to facilitate access to loan finance for graduates starting or expanding business.
  
4. Extension services embracing advice, counselling and hands-on help, should be established to guide entrepreneurs through the idea conception, planning, incubation, to sustain lift-offs.

## INTRODUCTION

Kenya faces a rapid population growth between now and the year 2000 and beyond. From a level of 24 million now, a population of 35 million on existing trends can be expected by the year 2000. In the same period the workforce is expected to grow from 8 million to 14 million. The job creation implications are therefore very evident and employment generation is the primary economic and social task facing Kenya.

Employment growth will come from three main areas: agriculture, manufacturing and the informal sector. The World Bank has estimated 2.1 million rural and 1.2 million urban jobs will need to be created in the informal sector between now and 1990.

Institutions such as K.I.T.I. have therefore a crucial role to play in the identification of people with entrepreneurial talent, their development, and their successful launch into self-employment or microenterprise ownership, with appropriate support services and credit linkages. The project therefore has its main objective, the development of K.I.T.I. so it can play a key role in the field of economic endeavor.

CHRONONLOGY OF ACTIVITIES  
AND COMMENTS

1. The consultants were briefed by the Backstopping Officer and other UNIDO personnel in Vienna. On arrival in Nairobi a timetable was drafted in cooperation with UNDP and UNIDO personnel.
  
2. An initial round of visits was made, to familiarize the consultants with the economic backdrop to the project being proposed. This included discussions with the Ministry of Industry and with other Kenyan Governmental and Non-Governmental Institutions. The general impression gained was that there was a substantial activity in the area of Small Enterprise Development, entrepreneurial development, availability of credit. In this respect, discussions with personnel engaged in the CENTRE Project (a Government of Kenya/UNDP/ILO project) -- "A Strategy for Small Enterprise Development in Kenya, towards the year 2000) were very relevant and useful.
  
3. The next step was a visit to K.I.T.I. in Nakuru. A week was devoted to discussions with the Principal, staff of the eight technical training areas and a number of trainees. A tour was made of facilities including woodwork, garment making, leatherwork, automotive, mechanical engineering and fabrication, electrical/electronics and business development. Immediate impressions were that the instruction was overly theoretical, equipment appeared underutilized (although obsolete, much of the equipment could play a useful training role), teaching/training staff did not have commercial/industrial experience. In addition, the organization structure was weak and the Institute lacked a Board, to guide policy

development and facilitate links with other development institutions, development banks, etc.

A visit was also made to the new 40-acre site on the outskirts of Nakuru. Here staff accommodation has been completed and construction is now well underway for living accommodation for trainees (male as well as female for the first time), training workshops, dining area, kitchens. Construction should be completed by 1990, but an equipment donor has not yet been identified, nor any new equipment sourced.

4. Following further discussions with development agencies in Nairobi, a visit was made to Kisumu. Here the UNIDO microenterprise project in cooperation with KIE was visited. Also visited was the impressive and well-equipped Kisumu Industrial Training Centre. A tour was made of the Kibuye market, a centre for Jua-Kali/microenterprise activity. Impressions were of a high level of activity with much inventiveness being demonstrated in, for example, the reworking into saleable articles of scrap metal and offcuts. However, the impression was also gained of many enterprises manufacturing identical products, raising the question of why there was not more product development and diversification.
5. The Youth Polytechnic in Keringa was visited where despite a lack of main electricity (portable generators were used for welding, spray painting, etc.) good practical relevant training was evident.
6. Back in Nairobi the consultants visited several credit institutions including KCB, SEFCO and KIE. A key meeting was held with the Managing Director of KIE who expressed an interest and wish to link with the revamped K.I.T.I. This was a critical meeting

as from the outset the consultants highlighted the need for K.I.T.I. graduates to have access to credit facilities if the project was to be successful.

7. The Project Formulation Framework (PFF) was prepared and presented to the weekly meeting of the Project Appraisal Committee of UNDP in Nairobi. This was in the presence of the Res. Rep. and Dep. Res. Rep. and staff. The Committee accepted the PFF with some recommendations on restructuring and alterations.

8. The final project document was then prepared in the field and finalized on debriefing in Vienna.

9. Before returning to Vienna, the consultants had an important meeting with the Director of Industries in the Ministry of Industry and the Principal of K.I.T.I. The SIDFA, Nairobi, also attended. The main features of the project document were explained and the recommendations in general accepted for implementation.



LIST OF INSTITUTIONS VISITED  
AND OFFICIALS MET

Minsitry of Industry

Mr. G. H. Okello, Director of Industries  
Mr. J. Obong'o, Head of Planning  
Mr. S.O. Ong'ong'o, Senior Economist

Ministry of Commerce

Mr. L. Gatuguta, Senior Planning Officer,  
Joint Loan Board

Kenya Association of Manufacturers (KAM)

Mr. C. Ita, Director/Chief Executive

Small Enterprise Finance Company (SEFCO)

Mr. W.K. Kiiru, Senior Projects Officer  
Dr. J.f. Van Rijn, Adviser

Kenya Industrial Estates (KIE)

Mrs. V. A. Nyamodi, Managing Director  
Mr. J.W. Tomecko, GTZ Team Leader,  
FIE Informal Sector Programme  
Mr. H.T. Odhiambo, Division Manager,  
Field Informal Sector  
Mr. H.N. Jura, Regional Manager, Kisumu  
Mr. Owade, Regional Manager, Nakuru

Kenya Commercial Bank (KCB)

Mr. L. A. Masaviru, Manager,  
Business Advisory Services Division  
Dr. Achieng', Assistant

Kenya Rural Enterprise Programme (KRE)

Mr. S. Mirero, Deputy Director, Credit

Kenya Management Association Programme (K-MAP)

Mr. M.V. Gohil, Deputy Executive Director

Africa Project Development Faculty (APDF)

Mr. Jack Thompson  
Mr. Hans-Jorgen Nyegaard

U.S. Agency for International Development (AID)

Ms. Sandra Severn, Private Enterprise Development Project  
Adviser

ILO/Skill Development for Self Reliance Project (SDSR)

Mr. Kevin Kane, Chief Technical Adviser  
Mr. George W. Gamerdinger, Training Specialist

ILO/CENTRE Project

Mr. Robert Gichira

Kenya Industrial Training Institute (KITI)

Mr. Dismas Ochieng', Principal  
Mr. Onchwati, Deputy Principal  
Mr. G. Abuoga, Administrative Assistant  
Mr. A. Nyamu, Staff (woodworking)  
Mr. Obora, Staff (management)  
Mr. J.K. Rhono, Staff (automobile engineering)  
Mr. J.N. Kiratu, Staff (mechanical engineering)  
Mr. Barnar Kangangi, Staff (electrical/electronics)  
Mr. J. Owuor, Staff (electrical/electronics)  
Mr. A. Alois, Staff (garment/tailoring)  
Mr. F. G. Kinyua, Staff (leather)  
Mr. A. Momanyi, Staff (management)  
Mr. A. Obara, Staff (management)  
Mr. D. Mureithi, Staff (management)

United Nations Development Programme (UNDP)

Ms. Judy Cheng-Hopkins, Resident Representative, a.i.  
Mr. H. Navajas, Assistant Resident Representative  
(Programme)  
Ms. T. Tatara, Project Officer  
Mr. A. Gaffga, Programme Officer, UNIDO  
Mr. Antonio Pagani, sidfa, UNIDO  
Ms. A. Oleche, PAC Secretary, a.i.  
Mr. L. Ngutter, Programme Officer  
Mr. V. Cumarasamy, UNIDO expert, KIE, Kisumu  
Mr. M. Humphreys, UNIDO expert, KIE, Kisumu

Ministry of Planning and National Development

Dr. I. A. Onyango, Head, Small-scale Enterprise Division

Kenyan Entrepreneurs

(Discussions were held with many micro-entrepreneurs at K.I.T.I. site, Jua-Kali centres at Kisumu, KIE sites at Kisumu and Naruru, and at the Youth Polytechnic located at Keringa.)

Keringa Youth Polytechnic

Mr. Denson Ndungu, Principal

Delegation of the European Communities in Kenya

Mr. Philippe Darmuzez, Economic Adviser